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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

Thursday 9 December 2021

11 am

Prayers—read by the Lord Bishop of Carlisle.

## Disabled Students' Allowance Scheme Question

11.07 am

Asked by **Lord Holmes of Richmond**

To ask Her Majesty's Government what plans they have to review the operation of the Disabled Students' Allowance scheme to ensure it is working in a timely manner and in the best interests of those it is set up to support.

**The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con):** My Lords, the Department for Education continues to work closely with the Student Loans Company to seek ways to improve the efficiency and effectiveness of the disabled students' allowance. Current projects include improving the application experience for students and putting in place contracts for the provision of needs assessment and assistive technology, which should secure increased value for money and improve the service to students.

**Lord Holmes of Richmond (Con):** My Lords, considering the problems with the application process, the 150-day wait between application and potential award, and that there is no audit or quality assurance, the scheme is clearly not working in a timely or optimal manner for those it is set up to serve. Does my noble friend agree that it is time for a review and an overhaul of disabled students' allowance for visually impaired students and all disabled students? Will she agree to meet me and others to fully examine all the issues?

**Baroness Barran (Con):** I would of course be delighted to meet my noble friend to explore this, but a number of important improvements have already been introduced into the system. As we go forward, the Department for Education has set clear expectations for the quality standards that all DSA suppliers should meet. We will monitor these standards. We will have access to sound data with which to do this, in collaboration with the Student Loans Company, and will carry out audits at any time. We believe that the new procurement model will indeed improve the service for all DSA students.

**Lord Addington (LD):** My Lords, I declare my interests in this field. Would the Minister care to comment on the fact that if you are identified as dyslexic at 14, you have to be told again once you are 18 that you are still dyslexic—it is a lifetime condition—and pay roughly £600 on both occasions for this privilege? How does this help anybody other than the person doing the assessment?

**Baroness Barran (Con):** I am slightly confused by the noble Lord's question. My understanding is that his point was valid up until 2019, but we changed the criteria then so that any pre-existing dyslexia assessment from any age would be valid in higher education.

**Lord Blunkett (Lab):** My Lords, on that very point, will the Minister take back to other departments the immediate expansion of the pilot programme for the passport that allows the assessment to be carried through not just for disabled students' allowance but to access to work? If this were carried all the way through from school and college this problem would, at least in part, be resolved.

**Baroness Barran (Con):** I would be delighted to share that with colleagues in other departments.

**Lord Young of Cookham (Con):** I welcome the improvements to which my noble friend has just referred but can she say something about the totality of resources available to disabled students so that all those who are entitled to this equipment have access to it?

**Baroness Barran (Con):** My noble friend will be aware that changes have been made to how the allowance works. There will be a single annual allowance of £25,000, which will replace four separate allowances. Our aim is that it will be simpler and more flexible. When we did the equality impact assessment we found that, over three years, four students out of about 70,000 would be disadvantaged by this but that visually and hearing-impaired students in particular would have much flexibility about how they used the resource available to them.

**Baroness Sherlock (Lab):** My Lords, I think the Government reformed DSA only last year, but the official evaluation quoted by the Commons Library found that only 55% of those getting DSA agreed that the support they received met all their needs. The really interesting thing was when they were asked whether the DSA enabled them to participate more fully in their course than they would be able to otherwise, only two-thirds said yes. I think that means that it is better than nothing. Given that we are spending £120 million a year on this, does the Minister think that perhaps a more fundamental review is needed?

**Baroness Barran (Con):** I will look again at the research to which the noble Baroness refers, but, putting it another way, each student has a right to up to £25,000 a year. The average DSA—I appreciate it is the average and that there will be extremes at either end—is just below £2,000, so there is clearly no financial limit on students getting the support they need and we are absolutely committed to them receiving it.

**The Lord Privy Seal (Baroness Evans of Bowes Park) (Con):** My Lords, the noble Baroness, Lady Thomas of Winchester, wishes to speak virtually. I think this is a convenient point for me to call her.

**Baroness Thomas of Winchester (LD) [V]:** My Lords, a student I know with the hidden disabilities of ADHD and dyslexia has had very good support from Brunel

[BARONESS THOMAS OF WINCHESTER]

University because she had been told about DSA not at her school but at her diagnosis. Could the Minister encourage all schools to be more proactive in explaining the benefits of DSA?

**Baroness Barran (Con):** The noble Baroness makes a good point and it is helpful to have a specific example. We work very hard to raise awareness of DSA through multiple channels, but there is still a significant gap between the number of registered disabled students at university and those who access the grant.

**Baroness Hussein-Ece (LD):** Is the Minister satisfied with the take-up of DSA, particularly by students who have hidden disabilities? A report I saw recently—it was a few years ago—indicated that around 60% of students were not able to take it up and that only 13% or so were being informed about it by their university or college. Has there been an improvement on that?

**Baroness Barran (Con):** I do not have the most recent data to hand, but if there is more up-to-date data, I will be very happy to share it with the noble Baroness and the rest of the House. Our understanding is that most eligible students who go through the full application process are getting the support they need, but the noble Baroness raises a good point about what happens to students who start the application and perhaps do not complete it or who are unaware of it. We are trying to address both those points.

## UN Relief and Works Agency for Palestinian Refugees

*Question*

11.15 am

*Asked by Lord Hannay of Chiswick*

To ask Her Majesty's Government what the United Kingdom's contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) is in the current year and next year; and what steps they are taking to ensure that UNRWA does not run out of funds.

**The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con):** My Lords, the United Kingdom is a long-term supporter of the United Nations Relief and Works Agency—UNRWA. So far in 2021 we have provided £27.9 million to UNRWA, although final figures will be published in the annual statistics for international development report. This includes an additional £1 million that I can announce today for UNRWA's flash appeal following the Gaza conflict, taking our total contribution to the appeal to £4.2 million. We are also working with UNRWA to improve its financial viability.

**Lord Hannay of Chiswick (CB):** My Lords, I thank the Minister for his Answer, perhaps more for its tone than its substance. Could he confirm that the figure he gave for 2020-21 contrasts with the figure of £70 million in 2018; that is, a cut of something in the region of 60%? Does he also agree that UNRWA's work is more

valuable and more vital in a period such as now when there are no talks going on about resolving the Israel/Palestine dispute? Do not the two things contrast rather sharply?

**Lord Ahmad of Wimbledon (Con):** My Lords, on the noble Lord's second point about talks, I take encouragement that recently, for the first time in many years, President Herzog and President Abbas have spoken, which is a positive. On UNRWA, the noble Lord is correct. The budget has reduced, but nevertheless the funding I stated continues to provide important support, particularly in education for more than 500,000 children, half of whom are girls, within the Palestinian territories.

**Lord Collins of Highbury (Lab):** My Lords, I shall just pick up that last point about talks. Last month, at the UN International Media Seminar on Peace in the Middle East, the UN Secretary-General remarked that it is 30 years since the historic Madrid peace conference. He also underlined the ongoing commitment of the UN to work with both sides and with the Middle East quartet. Can the Minister tell us a little more about what we are doing as a country to initiate, facilitate and support our allies in ensuring that talks commence?

**Lord Ahmad of Wimbledon (Con):** My Lords, as the noble Lord will be aware, the US is taking a particular lead on these issues and positive initiatives have been undertaken by the new Administration in Washington, which we support. We work very closely with the Israelis and the Palestinian Authority on a wide range of initiatives underlining our continued strong support for a two-state solution. More recently, we have been encouraged by positive steps taken by the new Government of Israel, including engagement with Jordan, which will be a key partner in any future peace agreement. I agree with the noble Lord that this challenge—this issue, this dispute—has gone on for far too long and that we need a resolution.

**Lord Purvis of Tweed (LD):** I met the Commissioner-General of UNRWA on his recent visit to London and have visited two UNRWA facilities. Young people from the Shatila camp in Lebanon came to meet me because on the day that I was going to visit that camp there was a flash security alert about my visit. That shows the tense nature of these young people who continue to live in these camps. The 60% reduction of UK support is not only morally shameful given our historical obligations, but I saw schoolrooms with books, teaching staff, computers and other facilities funded by the UK. That 60% reduction will have a direct impact on those young people, removing life chances in a very vulnerable area. UNRWA has asked for an exceptional prioritisation mechanism from the UK FCDO. Will the Minister please consider that, because these cuts could be very dangerous?

**Lord Ahmad of Wimbledon (Con):** My Lords, I have already acknowledged that there has been a reduction which reflects the reduction in the overall ODA spend. Notwithstanding that, on Gaza specifically the United Kingdom has sought to provide support and the

£3.4 million has been enhanced with the additional £1 million that I have announced. Of course, I take note of the noble Lord's insight from visiting camps and meeting people directly. I will certainly take back his suggestion to the FCDO.

**Lord Polak (Con):** My Lords, I refer the House to my interests in the register. Some noble Lords call for unwavering financial support for UNRWA by the British people, but what part of the United Nations Relief and Works Agency should be engaged in teaching hate and encouraging jihad, violence and martyrdom—paid for by the British people? I urge my noble friend the Minister to talk to his colleagues in Canada, Australia and the US about total restructuring and reform that offers relief and work, as opposed to incitement and hatred.

**Lord Ahmad of Wimbledon (Con):** My Lords, my noble friend will be fully aware of my views on that. No British money should be spent on any textbook or support for any institution or organisation that suggests or inflicts that kind of extremist ideology on any community or any child anywhere in the world. I assure him that, in our support for UNRWA, we are vigilant on these issues. I am cognisant of reports that have been produced in this regard, and we have completed a full audit to ensure that the facilities we support are fully consistent with not just our values but those of the UN.

**Lord Grocott (Lab):** My Lords, the Minister has been in his post a good deal of time now and is a very effective Minister. How much longer must the people of the Occupied Territories suffer and be humiliated, in the way that they have for so many years, before the international community and the British Government in particular start taking some positive steps? How is it credible to continue to argue for a two-state solution when we recognise just one of the two states? Is it not high time that we at least recognised the state of Palestine?

**Lord Ahmad of Wimbledon (Con):** My Lords, I thank the noble Lord for his kind remarks. I share the point that he raises: as I said in an earlier answer, this has gone on for far too long; from both an Israeli and a Palestinian perspective, this needs resolution. I have been to Israel and the Palestinian territories. I have seen for myself the impact the conflict has on both communities. It requires peace negotiations to start again. We are encouraged by recent steps that the US has taken. The position has not changed on recognition of a Palestinian state: we will do so at a time when it serves the peace process in the best way. At the same time, we continue to support and work with the Palestinian Authority. For example, it was invited to, and attended, COP 26 recently.

**Baroness Deech (CB):** My Lords, the West has supported UNRWA financially for more than 70 years, contributing tens of billions of dollars towards not solving the refugee problem but perpetuating it. Is it not time that UNRWA's functions were transferred to the United Nations refugee council and the Palestinian Authority for the proper treatment of refugees and their resettlement and advancement? UNRWA is a failure.

**Lord Ahmad of Wimbledon (Con):** My Lords, the noble Baroness raises specific issues about UNRWA. As I said in my original Answer, the UK continues to support UNRWA but, as I have indicated, where concerns are raised about any UN agency it is right that the United Kingdom, as both a funder and a supporter of the multilateral system, ensures that this work is carried out effectively. I assure the noble Baroness that this is exactly what we do. As I reiterated earlier, UNRWA currently carries out some very valuable work, including on the education of young children.

**Lord Austin of Dudley (Non-Aff):** My Lords, UNRWA was founded in 1948 to help 700,000 refugees but now provides aid for more than 5 million. Uniquely, UNRWA status—unlike that of any other refugees anywhere in the world—is passed down through the generations. Should we not encourage UNRWA to press Lebanon, Jordan and the other countries to give these refugees citizenship and full rights, instead of perpetuating the so-called right of return that prolongs the conflict and undermines the policy of a two-state solution?

**Lord Ahmad of Wimbledon (Con):** My Lords, the noble Lord is quite right: UNRWA was set up under a unique mandate by the UN General Assembly to provide protection and core services to Palestinian refugees across the Middle East. We are clear that the final status of the Palestinian refugees must be agreed as part of the wider peace negotiations. Until that time, the UK remains firmly committed to supporting UNRWA and Palestinian refugees. I note his point about other countries, and we are supporting Palestinian refugees in those countries as well.

**Lord Campbell of Pittenweem (LD):** My Lords, is the Minister aware that there are persistent allegations of increased violence towards Palestinians by settlers illegally occupying lands on the West Bank? What representations have Her Majesty's Government made to the Government of Israel on this matter?

**Lord Ahmad of Wimbledon (Con):** My Lords, we consistently make representations on the issue of settler violence in the Palestinian territories. I assure the noble Lord that we work closely with Israel on security issues as well. For example, we very much encourage recent announcements from the new Israeli Government on the added support they are giving, in terms of both economic prosperity and security, for the Arab community in Israel. Israel is a key partner for the UK. That means that, as a friend and partner, where we have issues of concern we raise them directly.

## Future Farming Programme: Small Farms *Question*

11.26 am

*Asked by Baroness Jones of Whitchurch*

To ask Her Majesty's Government what steps they are taking to ensure small family farms remain economically viable during the transition to the Future Farming Programme for England.

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Benyon) (Con):** My Lords, I declare my farming interests as set out in the register. We will reinvest money saved by reducing direct payments—initially applying smaller reductions for farmers with the smallest claim sizes—into improved environmental schemes and opportunities for all farmers to get their businesses ready for the transition. These opportunities include grants to invest in productivity measures, support for new entrants, farmer-led innovations and improving farm resilience and sustainability.

**Baroness Jones of Whitchurch (Lab):** I thank the Minister for that reply, but he will know that farm incomes are already falling. By 2023, the smallest farms could be losing as much as 35% of the direct payments they received under the CAP. Of course, we all want the sustainable farming incentive to work, but the transition is relatively short and the Secretary of State's latest letter still does not provide the detail that farmers need to plan ahead. I ask the Minister to confirm that the practical financial impacts of the new scheme are being regularly reviewed. Can he confirm whether contingency plans are in place to ensure continued farm viability, particularly for smaller family farms?

**Lord Benyon (Con):** I am grateful to the noble Baroness for allowing me the opportunity to say: yes, precisely. We monitor farm incomes carefully and have data going back many years. The current area payments under the basic payment scheme are no friend of the smaller farmer: the largest 10% of farms in the country receive 50% of the money. We are trying to create a fairer system, and not only so that smaller farmers receive a fair amount. Many farmers who do not receive any—for example, 40% of sheep farmers—will have access to these funds.

**Baroness McIntosh of Pickering (Con):** Will my noble friend take this opportunity to correct the record? He inadvertently stated that tenant farmers had not complained about their status under the new schemes. If, as our honourable friend in the other place has said, legislation is required to amend the tenancy agreements, will the Government bring this forward as a matter of urgency?

**Lord Benyon (Con):** I am grateful to my noble friend for the chance to clarify my remarks made to her last month with regard to the Tenant Farmers Association. The TFA provides a constructive contribution to considerations on the letting of agricultural land and a huge input into our rollout of the new schemes. The Government are working to ensure that the design of our future farming schemes is accessible to as many farmers as possible, including tenant farmers. For example, we have designed the sustainable farming incentive scheme rules for 2022 to have shorter agreements and more flexibility to better suit tenant farmers, and we have removed the requirements to demonstrate landlord consent. We recognise that some agreements prevent farmers getting income from schemes because of restrictive clauses, and we are working with the TFA to correct that.

**Baroness Boycott (CB):** My Lords, while I appreciate the Government's support for small farmers, as I understand it, unless your farm is over 5 hectares you are not eligible for these schemes. You also have to have been in receipt of the basic payment system to qualify. Can the Minister outline whether this is correct?

**Lord Benyon (Con):** There is a threshold for access to the scheme, but it is designed to ensure that we are reaching as many small farmers as possible. As I said earlier, many do not receive any support, particularly in sectors such as the poultry and pig sectors. This is an opportunity for many of them to get access to government money that would not otherwise be available under area payment schemes.

**Baroness Rock (Con):** My Lords, I declare my interests as a director of a tenant farm and a trustee of the Prince's Countryside Fund, whose aim is to enable family farms to thrive. An increasing amount of future farm income will come from the various ELM schemes. However, areas such as biodiversity offsetting and tree planting do not fall within the definition of agriculture. Over a third of farmers in the UK are tenants, and virtually every tenant farmer in the UK will have a tenancy clause that requires them to use land exclusively for agriculture. If these tenants enter these environmental schemes, they may be in breach of their tenancy, and there would be a huge risk of an incontestable notice to quit from their landlord. What steps are the Government taking to ensure that tenant farmers, particularly those on short-term or restrictive tenancies, will not be constrained by landlords from entering new environmental schemes?

**Lord Benyon (Con):** I am grateful to my noble friend. We are working really hard to resolve some issues that predate the changes that we are making. Countryside Stewardship, for example, has had this difficulty with tree planting and possible wetland creation. We want to make sure that we are getting the money to the active occupiers of the land. We are working with the Tenant Farmers Association where we believe that there may still be issues relating to some aspects of the agreements. We are very keen to keep my noble friend and other Members of the House informed of those discussions.

**Lord Trees (CB):** My Lords, in the last 10 years, we have lost something like one-third of small abattoirs, and yet these are very valuable to the rural economy. They improve animal welfare by shortening journey times to slaughter, and, importantly, they aid livestock farmers to be financially self-sustainable by allowing local killing and processing, allowing them to add value and produce food of good provenance, good quality and low food miles. What plans do the Government have to support small abattoirs and prevent further loss of this important aspect of rural infrastructure?

**Lord Benyon (Con):** The noble Lord is absolutely right to raise this. At Defra, we chair the small abattoirs working group, which brings together industry representatives. I recently visited a project that is, in part, supported by government funding and which

seeks to create mobile abattoirs, which we think could be particularly valuable in certain areas. We continue to find other ways of trying to support this vital sector to shorten food miles and improve farm animals' access to properly run abattoirs, and I will keep the noble Lord in touch with our progress.

**The Lord Bishop of St Albans:** My Lords, I declare my interest as president of the Rural Coalition. Of course, one of the things that is really affecting the viability of small family farms is rural crime: theft of equipment, fly-tipping and, in particular, hare-coursing. As the Minister knows, we have been trying to bring forward amendments to the Police, Crime, Sentencing and Courts Bill, which Her Majesty's Government are resisting. They have the enthusiastic support of the NFU, police from all around the country and Members from every side of this House, so will the Minister tell us the timetable to introduce provisions to try to deal with this very harmful crime?

**Lord Benyon (Con):** The right reverend Prelate is absolutely right to raise this. I speak with some experience, as a regular victim of such crime. Like everyone, I would like to see greater measures brought in. We are working closely with our Home Office colleagues to ensure that proper provision can be brought in to clamp down on this particularly unpleasant crime, and I will keep him informed.

**Lord Whitty (Lab):** My Lords, does the Minister recognise that, while we may broadly support the general direction of agricultural policy, a number of farmers, particularly more elderly ones, do not think that they will be able to cope with the new system and are considering quitting and selling up? In the light of that, rather than allow their land to be bought by big agribusinesses or speculative funds, would it not be sensible for the Government to facilitate counties acquiring that land to establish a new generation of county farms and bring a new generation of farmers into the industry?

**Lord Benyon (Con):** The county farm structure is very attractive to me and my fellow Ministers, and there are certainly discussions on trying to expand it. We are also trying to make sure that those who want to exit the industry can do so with dignity and some resource, through the lump sum payment. We are also supporting new entrants: it is absolutely key that we create some mobility in the industry. So a combination of that and a potential increase in county farms is, I think, the right way forward.

**The Lord Privy Seal (Baroness Evans of Bowes Park) (Con):** My Lords, the noble Lord, Lord Jones of Cheltenham, wishes to speak virtually. I think that this is a convenient point for me to call him.

**Lord Jones of Cheltenham (LD) [V]:** With the reduction in help for agriculture since we left the EU and fears about unfair competition from new trade agreements, what special assistance are the Government considering so that British farms can continue to be viable and contribute to the making of—according to the British Cheese Board—more than 1,700 delicious British cheeses, including Stinking Bishop?

**Lord Benyon (Con):** I say to the noble Lord and the creators of that delicious cheese that there is no reduction in support. We have ring-fenced the amount of money that goes into the basic payments scheme, and we are rolling this out in a different, more effective and fairer way. In addition to that, we have, for example, our farming in protected landscapes fund; our farming investment fund to help innovation; our research and development and innovation fund; a slurry investment scheme, which is of particular interest to dairy farmers; and farm resilience support mechanisms. So there are a number of ways in which we are supporting precisely the kind of farms that the noble Lord is talking about.

## Northern Ireland: Supply of Medicines

### Question

11.36 am

Asked by **Lord Moylan**

To ask Her Majesty's Government what steps they are taking to ensure the uninterrupted supply of all medicines to Northern Ireland from the end of this year.

**The Minister of State, Cabinet Office (Lord Frost) (Con):** My Lords, the people of Northern Ireland must have access to the full range of medicines available to people elsewhere in the UK. We are currently in intensive discussions with the Commission to see whether we can establish a consensual way of resolving the current difficulties in this area, among many others. Some progress has been made, but agreement has not been reached.

**Lord Moylan (Con):** My Lords, does my noble friend agree that Her Majesty's Government have a unique and inescapable obligation to ensure the flow of medicines to all parts of the United Kingdom, including Northern Ireland, without disruption or barriers? Does he agree that the imperatives of health exceed any contractual obligations that we might have with partners and friends? Does he also agree that the Government would not only be justified in taking but are required to take all necessary steps to ensure that medicines continue to flow to Northern Ireland, as now?

**Lord Frost (Con):** My Lords, I very much agree with the question posed by my noble friend. There is obviously an obligation on this Government, as on any other, to provide medicines throughout the United Kingdom. Indeed, we would argue—and I think that it would be accepted—that the provision of medicines is an essential state function, as set out in Article 1 of the protocol. That is why it is important to find a solution that respects that.

**Baroness Ritchie of Downpatrick (Lab):** My Lords, it has been suggested in some quarters that a deal on medicines could be imminent and would result in the EU changing legislation to ensure that medicines, including generics and innovative drugs, could be licensed by the UK legislator for GB licence holders so that they could flow freely to Northern Ireland. When will

[BARONESS RITCHIE OF DOWNPATRICK]  
the Minister and the Government sign up to this approach and create the momentum that could lead to agreement in other areas?

**Lord Frost (Con):** My Lords, there are a number of difficulties in this highly technical area of the supply of medicines. We have been looking at the proposals made by the Commission. The problem set out by the noble Baroness is not the only issue that needs to be resolved. At the moment, we are not confident that what is on the table would resolve all the issues, but we continue to talk.

**Lord Dodds of Duncairn (DUP):** My Lords, does the Minister accept that the grace period to allow medicines to come to Northern Ireland from Great Britain is about to run out and that that will have devastating consequences for the supply of over-the-counter medicines and essential drugs for hospitals for people in Northern Ireland? What will he say to people in Northern Ireland to bring certainty on this vital issue? Does he accept that medicine should never have been part of the protocol in the first place? Why was it?

**Lord Frost (Con):** My Lords, the grace period formally expires at the end of this year, but we are also in a standstill agreed between the two sides in July that keeps current arrangements running. It is our expectation that the current grace period arrangements will continue beyond the end of the year as long as we are in constructive discussions with the EU. The existence of the grace period has meant that some of the supply difficulties that we had earlier in the year have changed, but obviously we need to find a permanent solution to this problem.

**Baroness Suttie (LD):** My Lords, surely it is vital to give certainty to the people of Northern Ireland on healthcare. Does the Minister agree that, in taking his decision tomorrow during the negotiations, now is the time to put pragmatism before ideology?

**Lord Frost (Con):** My Lords, we would love to find an agreement if one were available. We think that the proposal that we made to take medicines out of the protocol entirely would be the simplest way of solving this problem, but we continue to look at the proposals that the EU has put on the table. At the moment, we do not have the necessary detail or understanding of the texts to enable us to accept these proposals, but we continue to talk.

**Lord Lansley (Con):** My Lords, does my noble friend agree that the simplest and probably best solution would be if there were mutual recognition between the United Kingdom and the EU of the authorisations of the European Medicines Agency and our MHRA? That would be a bilateral, trade-related solution that would also serve the needs of Northern Ireland.

**Lord Frost (Con):** My Lords, that might indeed be a solution; it has not been part of the discussions so far, and I think that the regulators on both sides guard

their discretion closely and the ability to proceed at the speeds that they think best, as we have seen this year on vaccine licensing.

**Baroness Chapman of Darlington (Lab):** My Lords, there can be no question of any interruption to the supply of medicines to Northern Ireland. This is urgent for the UK, but we should remember that the EU needs to resolve this issue for Malta and Cyprus as well. Patients, their families and clinicians need certainty. Will the Minister confirm that he is not taking a “nothing is agreed until everything is agreed” approach? The EU needs to resolve this issue on behalf of member states and is likely to present further suggestions imminently. Does he accept that supply of medicines should be dealt with as a priority and, if necessary, separately from other Northern Ireland protocol issues?

**Lord Frost (Con):** My Lords, I repeat that the Government will not allow there to be any disruption to supply of medicines to Northern Ireland; that is an absolute obligation on us. Of course, medicines are only one of many problems that we have put on the table. They are a special case, if you like, of the issue of supply of goods more generally to Northern Ireland, so the matter cannot be seen entirely in isolation but needs to be solved as part of many of the other difficulties on the protocol.

**Lord Taylor of Holbeach (Con):** My Lords, my noble friend the Minister will be mindful of the fact that I have a family horticultural business. Before the House met today, I was on a call with the National Office of Animal Health, which emphasised to me that animal health medicines are also part and parcel of this package. Is he similarly negotiating for those?

**Lord Frost (Con):** My noble friend is absolutely right to raise this important aspect of the question. Although veterinary medicines are part of the general discussions that we are having with the EU, they are by no means as far advanced as those on broader medicines. Unfortunately, we are some way from a solution on that matter.

**Lord Kilclooney (CB):** My Lords, important as medicines and trade are, does the Minister recognise that the main challenge of the Northern Ireland protocol is a possible constitutional crisis?

**Lord Frost (Con):** My Lords, we are well aware of that aspect; we are well aware that the protocol is not working for the people of Northern Ireland. There are societal and economic difficulties, identity is being eroded, and it is compounded by trade diversion. We need to restore the balance if we are to avoid a loss of confidence in the institutions established under the Belfast/Good Friday agreement, and that is what we are working to try to ensure.

**Lord Foulkes of Cumnock (Lab Co-op):** My Lords, it is astonishing that the Minister confessed in the answer to a previous question that this is just one of many problems arising from the agreement. He is the Minister who negotiated that agreement—every aspect of it. When is he going to confess that he messed it up?

**Lord Frost (Con):** My Lords, it is well known by now that I was the Minister who negotiated this agreement; it is also well known that the agreement required careful handling, which it has not received during this year, and that is why we face so many of the problems that we are now trying to deal with.

**Lord Purvis of Tweed (LD):** My Lords, the Minister forgot to answer the second question from the noble Lord, Lord Dodds: why were medicines there in the first place?

**Lord Frost (Con):** My Lords, as I said in answer to an earlier question, medicines are a special case of the general issue of supply of goods into Northern Ireland. As the protocol covers that general issue, it includes medicines. It has created special difficulties that we are trying to resolve.

**Lord Kirkhope of Harrogate (Con):** My Lords, on the supply of medicines, I understand that one issue in these negotiations is that there is further information which apparently is not being provided to the UK Government. Could my noble friend elucidate on this a bit more because, obviously, we all want agreement to be achieved as soon as possible?

**Lord Frost (Con):** My noble friend is absolutely right that in an area as technical and complicated as this, it is obviously essential that we have full access to all the detail, all the potential legislation and all the potential guidance issued. At the moment, we do not have that. We have not been able to see it all, but I hope that we might be able to do so before too long. It is obviously not possible for us to reach agreement unless we have access to that level of detail.

## Duchy of Cornwall Bill [HL]

### *First Reading*

11.47 am

*A Bill to amend the succession to the title of Duke of Cornwall, to remove the presumption of Crown immunity applying to the Duke of Cornwall and Duchy of Cornwall; to remove certain exemptions and immunities from the Duke of Cornwall and Duchy of Cornwall; to allow the present Duke of Cornwall to purchase land and estates in land throughout the United Kingdom; to make provision about legal representation of and legal advice given to the Duke and Duchy of Cornwall; and to provide that the Duchy of Cornwall shall become subject to the Crown Estate Act 1961.*

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

## Scotland: Economic Recovery and Renewal

### *Motion to Take Note*

11.48 am

*Moved by Baroness Fraser of Craigie:*

That this House takes note of Scotland's contribution to economic recovery and renewal, and how this may support wellbeing and quality of life across the United Kingdom.

**Baroness Fraser of Craigie (Con):** My Lords, I am delighted to have the opportunity to introduce this debate on a topic close to my heart—even if it is not close to the hearts of those who are now walking out of the Chamber.

To have the chance to talk about Scotland's place within the United Kingdom is extremely important, and we do not do it enough. I refer to all my interests as laid out in the register but, most importantly, to the fact that I am a proud Scot: I live and work in Scotland. This debate is about the value of our United Kingdom and the value that we here, at its political centre in Westminster, place on Scotland. It is also about the future, about what kind of United Kingdom we want to build and about Scotland's contribution to that future. I appreciate that it is very difficult to put a price on well-being and quality of life, but most of the priorities that we ask a Government to support to ensure them have a price tag on them.

I had hoped to welcome the new Minister from the Scotland Office to his post, but unfortunately he is isolating. I am sure that all Members will join me in wishing him a speedy recovery and good health.

The House of Lords Library briefing for today starts by saying:

“Assessing Scotland's contribution to the wider UK economy and to UK wellbeing is complex.”

I do not expect that Members of this House have ever shied away from complex issues. Yes, defining “well-being” challenges most of us; the Scottish Government have been trying since 2007, with a national performance framework that has 81 measures of well-being, but potentially not much evidence of there having been any change. I am clearly not here today to speak for the Scottish Government, but I hope that the outcome is a commitment from this Government that they will not resort to pulling rank and that we build on the words of the noble Lord, Lord True, to this House in July to create a more regular rhythm of engagement and embed a culture of collaboration across all levels of government.

Today is an excellent day to highlight the Scottish economy, as the Scottish Finance Secretary is to set out her annual Budget in the Scottish Parliament. Clearly, she has different priorities from the Chancellor of the Exchequer, and I suspect that there will be a few caustic comments about how much the Scottish Government would like to do but cannot because of the constraints of Westminster—but I urge the Government not to rise to the bait. There is a bigger narrative here, to be found in the relation to well-being of the whole United Kingdom.

The real issue that I want to address is one of tone. While the SNP may want to argue that independence would make Scotland wealthier, much of the economic narrative regarding the devolved economies from the centre, countering that fiction, focuses on the union dividend. The majority of Scotland's trade is with the rest of the UK, and the majority of public spending in Scotland comes from the block grant, so apparently we would be doomed without the broad shoulders of the United Kingdom Government. This narrative leaves the impression that the Scots are lucky to have the UK. While I believe that all of us, from whatever part

[BARONESS FRASER OF CRAIGMADDIE]  
of the United Kingdom, are fortunate to live in it, that does not give us an appreciation of the full picture. The debate simply becomes about knowing the cost of everything and the value of nothing.

If we look at the value rather than simply the cost, the opportunity that devolution has afforded Scotland to do things differently often offers the rest of the UK a template—a test—of change, which through collaborative working could support well-being and quality of life across the UK. On Tuesday, your Lordships debated the Second Reading of the Health and Care Bill. Health and social care integration was established in law in Scotland in 2014; in conjunction with the Social Care (Self-directed Support) (Scotland) Act 2013, that legislation may not have delivered on the policy intention—I accept that—but, as England struggles to grasp the nettle of the future provision of health and social care, the integrated systems in Scotland, as well as in Wales and Northern Ireland, offer valuable lessons.

It is the same with digital healthcare. Our experience in Scotland, where the demands of serving remote communities such as Orkney, Shetland and the Western Isles from specialist centres in Glasgow, Edinburgh and Aberdeen has meant that, long before we all rushed online because of Covid, clinicians and patients in Scotland were testing video consultations from 2016. The system, which is now known as Near Me, has been evaluated for its clinical appropriateness and for how patients experience it by the University of Oxford, and its recommendations have been acted on. In my own area of neurology and neurological services, national guidance is being developed collaboratively for the use of virtual versus face-to-face appointments. The Scottish Government have commissioned a further phase of evaluation to explore the rapid scale-up of this system in response to the pandemic—evidence that would be extremely relevant to the current debates throughout the UK on face-to-face versus virtual access to doctors and health services.

If we look to the future, post the pandemic—in those sunny upland days, although there is a climate emergency—we see that Scotland is in the strongest position to drive growth of the green economy in the UK by significant margins, based on its existing green infrastructure and future potential. We have a strong base of existing green economy jobs in sectors such as onshore and offshore wind, solar and hydroelectric power and, based on the size of the labour market, we have the highest concentration of green jobs in the UK. For future sector planning, Scotland also benefits from the largest relative number of higher education students studying green-related subjects, such as engineering, technology, building and planning and agriculture. The Scottish Affairs Committee recently noted in its report in September that investment in the national grid was necessary so that the renewable energy generated in Scotland could reach the rest of the UK. Can the Minister give us some reassurance on future plans in this area? Is this not the union dividend that we should be emphasising?

An area that we must support throughout Whitehall is the Scottish business community. Strathclyde University recently found that Scotland had the second-highest

total early-stage entrepreneurial activity in the UK and, interestingly, that Scottish entrepreneurs were likely to be from non-white ethnic groups and activity was most prevalent in outlying hard-to-reach geographical areas such as the Highlands and Islands. Does this not feed very comfortably into the challenges that we face in other areas for levelling up in the rest of the UK?

I turn to the creative sector, because it is another Scottish success story. Just two and a half years after selecting Glasgow for a new hub, Channel 4 now has its biggest creative team based in Scotland. This is possible only because of the supply chain of independent production companies, which supports hundreds of jobs—and it is an example where a small level of publicly funded support in the early stages can generate positive economic, cultural and social impact in Scotland and across the UK. The 2019 report of my noble friend Lord Dunlop stressed that devolution must work not only in Scotland but throughout government here in Westminster. I hope that the Minister will keep a close eye on the impact of future plans that Channel 4 may have for this sector in Scotland.

Clearly now is not the time for indyref2 but, as my noble friend Lord Dunlop warned in his review, we must not devolve and forget. We must ensure that the unionist cause is not reduced simply to accountancy. To ensure quality of life throughout the whole UK, we have to work together across all levels—economic, health, education, social and cultural, on devolved and reserved matters, together. In closing, I ask the Minister to champion across government departments the integral role of Scotland in our recovery and to concentrate on the practical things that make devolution work for the whole UK. I look forward very much to this debate and beg to move.

11.58 am

**The Earl of Dundee (Con):** My Lords, I warmly congratulate my noble friend Lady Fraser of Craigmaddie on introducing this debate so very ably just now.

I shall briefly connect a few points: how devolved powers to Scotland, as well as those to Wales and Northern Ireland, can facilitate good practice within the UK; yet how UK regions and their locations represent the sources and engines in any case thus additionally, or irrespective of devolution. I refer next to the central issues of education, apprenticeships and jobs; then national and international benefits when economic targets and well-being standards are set and measured together.

Before considering how devolution in a variety of fields may assist good practices within the UK, perhaps we should first look at economic results since 1999. This is the extent to which devolution may have improved regional economic outcomes. As it is, those showings are rather disappointing; for their readings have hardly changed at all from 1999 to 2019; nor has devolution held back an increase in regional inequalities across the UK.

Those seeking to explain the UK's continuing geographical disparities sometimes point to the limited ability to raise income from local taxes. Certainly, it is often a more convincing story elsewhere, with local taxes accounting for more and central government

grants for less. In 2015, 67% of local government revenue in the UK came from central government grants, compared to only 26% in France, 30% in Sweden, 34% in Spain, 38% in Germany and 40% in Italy.

It is also alleged that regional disparities may have been partly sustained through an insufficient willingness by devolution recipient hubs, such as Edinburgh and Cardiff, to redistribute funds quite enough to the Scottish or Welsh areas under their respective controls.

Nevertheless, although it may not have enhanced economic performance to date, devolution remains a useful intervention, as my noble friend Lady Fraser has just pointed out. Each devolved authority can adjust and amend a wide range of services and disciplines such as health, local government and law and order, as relevant. Therefore, through comparison, evidence and synthesis, better practices have the chance of coming to light and becoming adopted throughout the UK, to the advantage of all. And much more so than they ever could have done when the delivery of these services was centralised, as it was before devolution.

This leads to a separate, if connected, focus. That is the enormous potential of various parts of Scotland to contribute to the UK economy. Here the Government's recently published strategy, *Build Back Better*, is to be welcomed.

In 2022 and 2023, and following their prescriptions, what steps will be taken to create free ports and trade hubs in Scotland? Where and how will Scotland benefit from the current review of United Kingdom transport links? Can the Minister also indicate when the process to roll out gigabit broadband in rural areas will begin and what timescale is envisaged for this? On proven growth industries, what plans do the Government have further to advance financial services and insurance, which in 2018 and 2019 was already the largest industry for Scottish exports to the rest of the UK? What plans do they have for utilities, the second largest Scottish growth industry, which has been driven by an increase in electricity exports?

Next, and concerning Scotland, are the very good prospects of the UK's creative industries. We may take heart that, between 2011 and 2019, their gross value-added measure grew four times faster than the rate for the rest of the UK economy. The sector exported £36 billion in services worldwide and accounted for almost 12% of the UK's services exports.

That apart, renewed efforts must continue to be made to spread out these advantages—still far too heavily concentrated in south-east England—much more to the rest of the UK. What government intentions and proposed actions, therefore, are there to extend them to Scotland?

The central issues may be education, apprenticeships and jobs. The Government are investing in city and growth deals in Scotland, Wales and Northern Ireland. In Scotland—and included within a range of new and worthwhile avenues—are international city partnerships, the vastly increased scope for education as a result of digital technology, and more effective options and approaches towards skills, apprenticeships and jobs.

In Europe, the structure of twinning cities together, initially to build up good will after the fighting of the Second World War, has now evolved a further and

pragmatic agenda which goes beyond reconciliation and good will. Through trade, culture and academic exchanges, increasingly the same twinned cities form working synergies, sometimes—for best mutual advantage—by widening the original network with additional cities.

As Scottish consul for Croatia, I have been keen to encourage this process, enabling the city of Dundee to form a working partnership with the city of Zadar in Croatia. Some of those among Edinburgh, Glasgow, Dundee, Aberdeen, Inverness, et cetera, are twinned with cities outside Europe, yet not least with cities or regions within the human rights affiliation of the 47 states of the Council of Europe, within which the UK remains a prominent member.

Would my noble friend the Minister agree that the accomplishment of international city working partnerships is an area where Scotland may already be leading within the UK? Does he identify certain respects, whether through funding or in other ways, in which the Government's current city and growth deal might further support such partnerships?

Then there is the increased scope for education through digital technology. This includes both formal and informal education and its ability to be applied at any and all levels, whether local, national or international.

The Government's pre-Covid industrial paper calls for the better teaching of maths, sciences and technical knowledge. All such programmes would be best delivered online. There is also a strong case to include the humanities within a comprehensive range of subjects. Video games systems, such as those designed in Dundee, already cover a number of subjects with excellent results, particularly when, through use of the Socratic dialogue, learners are also challenged to ask questions and drawn out to give their own opinions on what they are learning.

Where it already exists, there may be no need to replace good teaching at schools and universities. Instead, locally and nationally within the UK, the purpose of online learning delivery is to supplement teaching as required, although it may occasionally provide courses in the first place, if they are otherwise lacking.

Internationally, however, the purpose is different. Within a full range, it offers countless numbers of people abroad whichever subject or subjects they need and want to learn but have not been able so to do, owing to an insufficient availability of teaching in their own countries.

The Minister will recall that, in chairing the G7 summit in June this year, the UK launched an initiative to assist education internationally. A key issue is that online learning courses should meet standards and lead to qualifications. As a Council of Europe parliamentarian and through its committee structure, I am writing a report on that now.

The Government are already committed to supporting, for the next three years, the UK games fund, which is based in Dundee. In connection to both this and their G7 commitment, what steps are being taken to ensure that online learning delivered internationally meets standards and that its learners receive qualifications? Equally, what plans do the Government have to inspire the design of such programmes within the creative industries?

[THE EARL OF DUNDEE]

In Scotland's towns, cities and rural areas there is an urgent need to encourage apprenticeships, leading to employment, and to provide training and motivation for young people as well as for other community groups, including refugees—in the latter case to help them settle in and find jobs.

Local authorities are fully mindful and conscientious, yet inevitably overstretched, with limited resources and many responsibilities. Significant progress can often be made, however, through public-private joint initiatives or through local charities, such as our own small family one which works in this way in Dundee.

Can the Minister advise in which respects current government city and growth deals and other projects can help with motivation, skills, training and apprenticeships for young people and other relevant groups in Scotland?

Recent findings compare well-being measures in Scotland, England, Ireland and Wales. On two of these, overall happiness and the extent to which people feel that the things they do in life are worthwhile, Scotland scores worst. Nevertheless, and equal with England and Wales, Scotland is first on overall life satisfaction and, together with England, it also has the lowest anxiety level.

Even in theory, let alone as a desirable political deployment, well-being has always been slightly elusive and suspect, such as the reference of Epicurus to happiness as the only possible good. Later on, picking up the reins with utilitarianism, Jeremy Bentham may have been a bit more convincing, but there was still the challenge of demonstrating how something as private as well-being could ever be much advanced within the necessary nuts-and-bolts machinery of a working economy.

In view of this apparent inconsistency, and owing to the dry subject matter of his further writing, although he and Mill remained staunch advocates of collective human well-being—the greatest happiness of the greatest number—there came the joke rhyme pretending that Mill might have become tempted to change horses all the same:

“John Stuart Mill, by a mighty effort of will, overcame his natural bonhomie, and wrote ‘Principles of Political Economy’”.

That apart, in OECD countries in recent years, there has been a welcome and growing consensus for well-being to take a central role. One explanation for this shift of opinion is the recognition that, however subjective, its effects can still be fairly easily measured over a number of different fields, including health, education, relationships, personal activities and so on.

Another explanation is the understanding that GDP and well-being indicators do not have to conflict with one another. Instead, they can be complementary.

I know that your Lordships will support me in paying tribute to the noble Lord, Lord Layard, for his enormous contribution and vision within the wide field of well-being and its pursuit.

The priority is to increase opportunities for learning and employment, particularly so that young people sustain confidence and motivation from matching their skills and abilities to an ever-widening and diversified range of apprenticeships and jobs.

Not least through digital technology and the creative industries, this is already the direction of a much better UK economy: one in which Scotland can come to excel, thus demonstrating to the benefit of others elsewhere its good practices; and a proven consistency between daily work, well-being and the quality of life.

12.09 pm

**Baroness Davidson of Lundin Links (Con):** My Lords, I congratulate my noble friend Lady Fraser on securing today's debate and for having the foresight to schedule it on budget day in Holyrood.

An economic debate is usually all about the numbers, but before I get to them, I will spend a short time talking about language, because language matters. Too often I feel that those of us who support the continuation of our United Kingdom are at risk of doing the Scottish nationalists' job for them by talking about Scotland in a way that separates us from that of which we wish to remain a part. This happens, for example, where we compare facts or figures, spending or investment, hospital waiting times or educational attainment, where Scotland is reduced to a comparator of our neighbouring nations, not a member of the wider whole. From there, it seems to me that, it is only a short hop from defining ourselves as a counterpoint to our opponents' preferred framing, where they define the United Kingdom as some kind of imposition, something that is done to Scotland, rather than the simple truth that the establishment of the United Kingdom and its development down the centuries is something that Scots not just participated in but helped build and that we had and continue to have ownership over. It is our union too.

I also feel that, when we are discussing the nuts and bolts, particularly of the economic relationship—whether that is examining the balance of trade or pointing out that rUK is by far Scotland's biggest and most important market—we must not forget that British companies do not divide themselves at Berwick or Carlisle. Their offices, factories, distribution chains and retail outlets are dotted all over these islands, and neither the Treasury nor the Scottish Fiscal Commission can or should seek to box them into just one geographically defined column on a balance sheet.

I am as guilty of falling into the trap of talking about Scotland comparatively as any; it is easy to do. Vigilance against it is why I am so appreciative of the manner in which my noble friend Lady Fraser defined today's debate, with its focus on the contribution to the recovery of the whole of the UK and looking at that not as a metric and measure simply of itself but examining how that economic recovery can impact and improve well-being and quality of life.

I am unashamedly a pro-business Tory. I believe, yes, that hard work, endeavour, production and earning, and providing for one's family are good for the individual, for health, self-esteem, freedom, increased choice and agency. However, I also believe that what work does for the individual, business does for the country. A healthy economy gives us the funds and levers to improve public policy and grants greater influence in an ever more integrated world to be able to shape improvements on a global scale. It is a virtuous circle.

That is why I despair when I see people—even those of my own party—dismissing business or disrespecting the herculean efforts that people have gone to, especially in the last two years, to look after their staff, do well by them, keep the show on the road, survive and fight back. We know that it is all interconnected. A feeble economy, suppressed earnings and high levels of unemployment increase poverty, and poverty, particularly intergenerational poverty, impacts enormously on health outcomes, educational outcomes, employment outcomes and future earnings. As businesses are being asked once again to send workers home, it is more important than ever that this Government and all the devolved Governments and Administrations work together to support firms back to health.

No Government, particularly not a Conservative one, would seek to tell companies how or whether to operate, nor welcome the sustained taxpayer subsidy of profit-making industries. Yet, in the extraordinary times we find ourselves in, this Government have mobilised to do both, to keep people safe and protect the economy. I for one am proud that my Government made the decision to invest £400 billion in British business, protect more than 14.5 million jobs and make over £100 billion in business grants and loans available to ensure that fundamentally sound companies that would not otherwise have made it survived. Within that envelope, we see 910,000 Scottish jobs protected through the furlough scheme and 100,000 Scottish businesses supported through UK Government loans.

Supporting both the labour market and the companies that sustain it has been so important. It is one of the reasons why the UK has the fastest rate of economic growth in the G7. It is why we see record job vacancies across the country as firms are able to bounce back. Yet both the UK and Scottish economies still find themselves 2.1% smaller than in the last quarter before the pandemic struck, so there is work to do. Scotland's whisky producers, food manufacturers, financial service providers, farmers, hoteliers, truck drivers, shops, bars and restaurants will be every bit as key to this recovery as Midlands garment makers, Yorkshire farmers, Welsh agribusiness, Northern Irish tourism operators, Essex bank workers or Mancunian nightclub owners.

I would like to say a word about the recognition on the part of businesses that their responsibilities go far beyond the bottom line and further still than looking after their own workforce, to contributing to their home communities. When Covid struck, I was still an MSP, representing a city-centre constituency. I know from my own experience of businesses that dipped into their own pocket to support their staff while they waited for government help to kick into gear. I know of companies that dedicated time, product lines and personnel to help with the volunteering effort, to ensure the vulnerable and clinically vulnerable were okay. I know of firms which were not content to just clap NHS workers once a week, but supported them directly with transportation, discounting or food. I know—well—one gin distiller who immediately switched production, using his white spirit to make hand sanitiser to donate to charities and not-for-profits around the city, so they could carry on their important work at the very beginning of the pandemic when sanitiser

was short. It was a superb effort—especially as the one thing the rest of us needed when Covid struck was gin.

This is why I so appreciate what this Motion attempts to convey. There is an enormous recovery under way, and Scotland, its companies, its people and its resources are playing a full part in that recovery effort. They do so not because a healthy economy is an end in itself but because it is that healthy economic recovery which will support hospitals everywhere, including in Scotland, to start tackling the treatment backlog, and because it is a strong economy which will underpin educational investment, training the next generation of research scientists so that any new vaccines are as likely to come from Edinburgh or Glasgow as they are from Oxford.

It is only through a healthy economy that we can support the thing that matters most of all: giving people the belief and opportunity to ensure that their children have a better quality of life than they did.

12.17 pm

**Lord Foulkes of Cumnock (Lab Co-op):** My Lords, it is a great pleasure to follow that excellent speech from the noble Baroness, Lady Davidson, whom I know so well and have great personal respect for. Like her, I congratulate the noble Baroness, Lady Fraser, on choosing this subject and introducing it so appropriately today. I shall concentrate on two related issues: first, the threat to the union, which I believe is growing; and, secondly, the improper expenditure by the Scottish Government.

As my noble friend Lord McAvoy will confirm, I have been an enthusiast for devolution since way back in the 1960s and campaigned for it when it was not all that popular. Devolution and independence, as I think even the noble Lord, Lord Wigley, will admit, are two totally different concepts; sometimes the SNP does not really understand that. With devolution, it is implicit that Scotland, Wales and Northern Ireland remain part of the United Kingdom.

As an MP, I campaigned for devolution, because I saw as a Member of Parliament—the noble Lord, Lord Cormack, will remember this very well—that Scottish legislation was an afterthought, dealt with inappropriately or late at night in the Westminster Parliament. Scottish education, the Scottish health service and Scots law were different—the noble and learned Lord, Lord Hope, knows this better than anyone. For over a century, we had administrative devolution but not democratic accountability; we needed to set up a Scottish Parliament for those particularly Scottish Bills.

I campaigned through the Campaign for a Scottish Assembly, and then I campaigned for the Scottish Parliament with the Labour campaign. My old friend Jim Boyack, who is sadly no longer with us, was one of the great campaigners for that; his daughter, Sarah Boyack, is now doing a wonderful job in the Scottish Parliament, I am glad to say. Eventually, after an abortive referendum in 1979, in which we did not get over that artificial barrier of needing support from 40% of the electorate, we had a successful referendum in 1979 and created a Scottish Parliament. I am very proud of that.

[LORD FOULKES OF CUMNOCK]

Devolution in Scotland worked—and worked well—between 1999 and 2007, when we had a Labour-Liberal Democrat coalition, working well with Westminster. We saw some huge advances in Scotland. There was free personal care for the elderly—we are just getting round to that in England now. The smoking ban was in Scotland first. Free travel for elderly people was introduced in Scotland; again, ahead of England. The SNP is now trying to take credit for some of those things, but it was a Labour-Liberal Democrat Administration who introduced it.

Negotiations took place between Westminster and the Scottish Parliament. I remember it well because for a year I was Minister of State for Scotland and I used to take part in them. They were friendly. Sometimes they were quite—not difficult—serious and strong negotiations. I remember on free personal care it was about who should pay for it. I had discussions with Malcolm Chisholm, who was the Minister then, and we eventually came to an agreed conclusion, but they were serious negotiations.

However, there was a change in 2007. The change came with Alex Salmond and the result of that election. I think it is still uncertain whether the SNP won that election, but that is another story. The SNP started to build up the campaign for independence, using the Scottish Parliament and the Scottish Government as a campaigning vehicle for independence. That is what it is doing. They are a campaigning tool for independence, rather than for the delivery of the services devolved to the Scottish Parliament.

As a result, we have seen a decline in those services. We have heard from previous speakers about education in Scotland. Sadly, on some international criteria, education in Scotland has deteriorated rather than improved in the last few years. We have had the ferry fiasco, with rusting ferries at Ferguson on the Clyde, while ferries operating to the islands are breaking down and the islanders are left isolated. We have had the deaths at the Queen Elizabeth University Hospital, which somehow Nicola Sturgeon and her Health Minister, Humza Yousaf, seem to shrug off as someone else's responsibility, but they are the people responsible.

What should the United Kingdom Government do in relation to these matters? I have two suggestions. First, they should rein in spending by the Scottish Government on areas that are not devolved. The constitution is a reserved area and I would argue that using the time of civil servants, publishing documents and arguing the case for independence using public money is not right. It is irresponsible and should be clamped down on by the United Kingdom Government. They have 26 Ministers in Scotland—that is more than the Government of Norway, an independent country—and some of them work on reserved areas.

Let us take foreign affairs. It is a reserved area. No one here would deny that. To quote the website of the Scottish Government, they say:

“We also have a network of eight offices worldwide who work to promote Scottish interests overseas and strengthen our relationships with countries and continents.”

In fact, that what they are promoting overseas is Scottish independence. They are arguing the case for Scottish independence in other countries. Where are

these overseas offices? They are in Beijing, Berlin, Brussels, Dublin, London—“overseas” seems a strange definition of London; they might like one, but there is no sea between Scotland and England, thankfully—Ottawa, Paris and Washington DC. In my view, that is improper expenditure.

When I was a Minister at DfID, we agreed on some expenditure by the Scottish Government in Malawi. Just as local councils can complement and add to DfID expenditure, so should the Scottish Government, but not a whole development programme, which is what they propose.

I say to the noble Viscount, Lord Younger, that I have raised this with Ministers on a number of occasions. I think they are afraid to do anything. They are fearful of the Scottish Government. We know that the Scottish Government have a grip over the media in Scotland but we should not be afraid to argue what is right—and keep on arguing. I think the time is right. It is long overdue, as I see from social media. When I post these things, I get people coming and agreeing with me very strongly.

I can tell noble Lords also that when I go to Tynecastle to support Heart of Midlothian—and most recently when I was at Livingston and surrounded by Hearts supporters—they say to me, “Keep rattling that woman's cage.” Noble Lords know the woman they are talking about.

The second thing I want to come to is the need for a UK constitutional review. I admit an error as far as the Labour Government are concerned: not following up on devolution—we gave it to Scotland, it followed in Wales and it was already there in Northern Ireland—but there is an English democratic deficit and we should have followed up. We did try with the abortive referendum in the north-east of England, but we were not offering real power and it was carried out at a very inauspicious time.

We now end up with a hotchpotch of mayors and other so-called devolution, but it is not real devolution and the counties of England are forgotten. What we need is a convention, somewhat like the Scottish Constitutional Convention, which moved quickly to legislate. The Labour Government were able to legislate quickly because we had the blueprint from the Scottish Constitutional Convention. We need a UK constitutional convention, or it could be a royal commission or a Speaker's conference or something like that, but we need something on a UK basis.

I have been arguing this—I have written to Minister after Minister about it but they seem to shrug their shoulders—but it is the responsibility of the UK Government to do it. The Labour Party has set up a commission, which Gordon Brown chairs. I welcome that and I have accepted that, but it is more of an academic exercise. The reality is that what could be done can be done only by the Government. I see my noble friend Lady Wilcox is here. I think it is a mistake that the Labour Government in Wales have set up a separate commission to look at devolution—all the options for the development of devolution in Wales, including independence. They have a Plaid Cymru person as one of the joint convenors. I think that is a mistake. With the campaign for indyref2 in Scotland, with this new Welsh commission and, unfortunately,

with the consequences of Brexit in Northern Ireland, I see the break-up of the United Kingdom getting nearer and nearer.

My time is running out, although apart from the Front Bench I am the only Labour speaker, so if noble Lords would excuse me a little, I think the union is in grave danger of disintegrating and it would be an absolute disaster. As we heard from the noble Lord, Lord Frost, trying to answer some questions earlier—not very well—Brexit shows how breaking up a union of 40 years has caused problem after problem. How many more problems would be caused by breaking up a successful union of 300 years? The UK Government need to take some action now.

I know the Minister. I am very pleased to see that it is the noble Viscount, Lord Younger, here, although I extend my sympathies to the Minister who was not able to be here because of Covid. I was very friendly with the noble Viscount's father. He and I worked very closely together in Ayrshire on an all-party basis and he was a great man, a man I had great respect for. With due respect to the noble Viscount, Lord Younger, I know that he cannot give me answers to these questions today but I ask him just one thing. Will he take the pleas that I have made today to the Prime Minister, to Michael Gove, to the Secretary of State for Scotland—to people who can make decisions so that we can get some answers that will preserved this United Kingdom?

12.29 pm

**Lord Goodlad (Con):** My Lords, I congratulate my noble friend Lady Fraser on securing this debate and on her admirable analysis of Scotland's contribution to economic recovery and its effect on the well-being and quality of life across the United Kingdom. It is a great pleasure to follow the noble Lord, Lord Foulkes, who spoke as always with knowledge and authority.

I speak as someone of Shetland parentage, like my noble friend Lord Lamont, and much of what I have to say relates to Shetland. I wish first to deal with the Cambo oilfield, north-west of the Shetlands, which Shell recently announced it is pulling out of. The project is currently awaiting the green light from the Government's Oil and Gas Authority, which I hope will be forthcoming. I hope that the authority will bear in mind the words of the Shell spokesman when announcing the Cambo decision:

"continued investment in oil and gas in the UK remains critical to the country's energy security. We believe the North Sea and Shell in it has a critical role to play in the UK's energy mix, supporting the jobs and skills to enable a smooth transition to Britain's low carbon future."

While we move towards net zero, it is worth remembering that 75% of the UK's total energy needs are met by oil and gas. As my noble friend Lord Callanan reminded your Lordships last Thursday, oil and gas are still essential for our energy needs, are vital to the production of many everyday essentials such as medicines, plastics, cosmetics and household appliances, and they will remain so in declining amounts, even in a net-zero world. As he rightly pointed out, the choice we face is whether we wish to use oil produced domestically or to import it.

Opponents of the development of the Cambo field might reflect on the desirability of replacing publicly listed companies—accountable to shareholders and

regulators and beholden to disclosure requirements—with private equity capital, which does not have such obligations. Cambo is majority-owned by Siccar Point Energy, which is backed by private equity. There are many eager private investors in fossil fuels. According to the Private Equity Stakeholder project, over \$1 trillion has been invested in the energy sector since 2010, and only 12% of that in renewable energy projects. Opponents of Cambo should perhaps beware of what they wish for.

Siccar Point has said that the Cambo project would create over 1,000 direct jobs and thousands more in the supply chain. This is obviously of relevance to Shetland, which has a population of just over 23,000. The west of Shetland province has been identified as an important location for future offshore oil production. In 2019, McKinsey consultants projected that by 2025 the west of Shetland province would contribute around 30% of UK continental shelf production, up from 2% in 2014. The report said that these estimates could rise further if break-even levels fall as the price of oil rises—it is currently predicted by JP Morgan to rise to \$150 a barrel—bringing into production a potential 3 billion barrels of oil: equivalent to the province's previously unsanctioned reserves. The Oil and Gas Authority suggests that around a quarter of all upstream production and operations jobs in the UK continental shelf—about 67,000 jobs—may be centred on the west of Shetland by 2025. The country as well as the industry has a clear incentive to support production to the west of Shetland.

Other industries important to Shetland are aquaculture and fishing, which account for nearly 40% of Shetland's exports. One-fifth of all fin-fish landed in Scotland and about one-sixth of that landed in the UK are landed in Shetland. More fish and shellfish are landed in Shetland than in any other port in the UK except Peterhead. The weight of fin-fish landed in Shetland in 2020, at 51,000 tonnes, was almost as much as the total landed in England, Wales and Northern Ireland—52,700 tonnes—and was greater than that landed in all of England and Wales: 40,800 tonnes. Perhaps my noble friend when he comes to reply might indicate what the implications of the post-Brexit negotiations are for Shetland's fishing industry.

Other important developments include the Shetland Space Centre on Unst. Following the Government's approval for Lockheed Martin to transfer its satellite launch operations, the space centre estimates that by 2024 the spaceport could support a total of 600 jobs in Scotland, including 140 on Unst and 210 across Shetland. Although there has never been a whisky distillery in Shetland, there is now a gin distillery on Unst, which in addition to juniper relies on local seaweed for a flavour which I hope your Lordships would find most palatable.

Tourism is of increasing importance to Shetland. In years gone by, only birdwatchers and archaeologists made the journey. Now visitors include ecotourists, gastronomes and fishermen—the trout fishing is exceptional, the local rule being that if the fish are unco-operative, you change not your fly but your loch. I believe my late father's record of a 20-pound sea trout caught in Tingwall Loch still stands. I hope the pandemic will subside soon enough for the cruise

[LORD GOODLAD]

ships to return, bringing as they do welcome tourists to Jarlshof, Eshaness and some of the most beautiful countryside in the world.

On 9 September 2020, the Shetland Islands Council voted in favour of a Motion that

“The Shetland Islands Council formally begins exploring options for achieving financial and political self-determination.”

It is easy to understand why it did so. Let us hope that the council’s Motion has been noted in Edinburgh, which I very much doubt. However, I am confident that it will have been noted in London. Whatever future governance arrangements eventuate, Shetland will continue to contribute, as it always has in peace and war, to economic recovery and the well-being and quality of life of what I hope will remain the United Kingdom.

12.37 pm

**Lord Dunlop (Con):** My Lords, it is a great pleasure to follow my noble friend Lord Goodlad. I also congratulate my noble friend Lady Fraser on securing this debate and introducing it so well. May I also say how sorry I am that my noble friend Lord Offord is not able to take his place on the Front Bench today? I suppose that as we are discussing recovery and renewal, I join others in wishing him a speedy recovery and an early renewal of his bid to make his maiden speech.

The Motion refers to well-being. Our national well-being has been threatened as never before by the pandemic. Every aspect of life has been affected, not simply the direct impact of the virus but the indirect effects: the impact on mental health, the diagnostic tests postponed, the operations cancelled, the huge waiting list backlogs, creaking social care, strains placed on our public finances, and the cost to businesses whose trade has been disrupted for prolonged periods and now face further uncertainty. It is therefore hardly surprising that the experience of the last two years has caused everyone to re-evaluate priorities and to think hard about how individually and collectively we bounce back.

The pandemic has taught us two important lessons. First, it has reminded us of the value of being able to act collectively across the UK. Where would we be today without furlough and the vaccine rollout? Secondly, the delivery of public services is more effective when local know-how is properly engaged—when decisions are taken closer to the people affected by them. How much better might test and trace have been if less centralised at the outset? I suggest that these lessons now need to be applied to economic recovery and renewal and to the task of improving quality of life in Scotland and the UK as a whole.

Scotland, as the Motion makes clear, has an important economic contribution to make. Scotland is rightly famous for its whisky, shortbread and, as we have heard, gin. Food and drink are certainly jewels in Scotland’s exporting crown, yet this stereotype is long out of date. Scotland is now making a name for itself in industries of the future too. For example, it is a little-discussed fact that Glasgow manufactures more satellites than anywhere else in Europe. The engineering skills honed in the North Sea are now being applied in developing the next generation of renewable energy, which will help us tackle climate change. I might add

in passing, to echo my noble friend Lord Goodlad, that one good reason to take care not to scare off investment in sustaining jobs, skills and businesses in north-east Scotland is that it would put at risk a managed and orderly transition away from fossil fuels.

Scotland has some outstanding performers, yet the substantial potential remains unfulfilled. Take exports: Scotland has around 350,000 businesses; only 11,000 of them export and, of those, just 100 account for over 60% of all Scotland’s international exports. If Scotland could increase its international export share of GDP to the same level of the UK as a whole, it would be worth £16 billion annually to the economy. That would provide a lot of financial firepower to help tackle, for example, the blight of child poverty in Scotland.

Fulfilling potential is a challenge that Scotland shares with the UK as a whole. One of the UK’s most intractable problems of the past 30 years has been regional economic inequality. Scotland and the UK have some of Europe’s most dynamic and productive cities and regions, yet the UK remains one of the most economically unbalanced countries in the industrialised world. Disposable incomes in the north-east of England, Wales and Northern Ireland are more than 40% lower than in London, and disparities between, for example, North Ayrshire and Edinburgh, are similarly large. Half the UK’s population, including those in the poorest parts of Scotland, live in regions with productivity no better than the poorer areas of the former East Germany. This has held back the UK’s economic performance and undermined the cohesion of the union.

International evidence suggests that economies grow faster and more strongly when they grow more evenly, and they do that where governance is less centralised. Why should that be? Because communities have greater control over resources, policies are better tailored to local needs, public investment is more effective, and beneficial yardstick competition develops. Why, for example, is Manchester doing better than Newcastle? What can we learn from Birmingham and Glasgow? Today, the UK remains one of the most centralised states, despite significant devolution to Scotland, Wales and Northern Ireland.

Within Scotland, devolved power is hoarded in Edinburgh, with local authorities increasingly emasculated. We cannot hope successfully to meet the challenges ahead without empowering local communities, north and south of the border, to play their part. There is mutual interest in this agenda—one that is unifying after all the division of recent years. London and the south-east are obviously the main drivers of the UK’s economic success—the places where returns from public investment are highest, thereby generating resources to fund better public services and support less prosperous areas. However, reducing reliance on London and the south-east can only be healthy for Scotland and all parts of the UK. As we have heard, nearly two-thirds of Scotland’s exports are sold in markets in the rest of the UK. Building stronger English regional economies will create greater opportunities for Scottish businesses, and vice-versa. I understand that the levelling-up White Paper has been delayed until the new year, so we must wait to see if the Government are serious about pursuing this agenda, but I have to say that the indications seem to be encouraging.

A less centralised UK will alter fundamentally the nature of government in this country. When significant powers were devolved to Scotland, the mistake was not to think harder about the continuing need for joint working where devolved and reserved powers intersect. Michael Gove, the first formally titled Minister for Intergovernmental Relations, is working hard to rectify that omission, and he needs to.

Covid has highlighted just how much the UK and devolved Governments depend on each other to be successful. Whatever the deep divisions are over our constitutional future, the vast majority of people in Scotland are united in wanting to see the UK and Scottish Governments working together on their behalf.

In conclusion, building what I have described as a union of co-operation will require a culture change from a Whitehall used to issuing directives and jealously guarding the purse strings. There needs to be a change of attitude in Edinburgh too. New partnerships will need to develop, in which the centre and more peripheral areas of the UK learn to work together in new ways. Whitehall will need to continue to improve its capability to negotiate with and mediate between the demands of different tiers of government. Other countries seem to manage this successfully, and there is no reason why we should not do so too.

My message to the Government and my noble friend on the Front Bench is this: do not give up when the Scottish Government refuse to work with you on valuable UK initiatives such as the connectivity review and free ports. Scotland's network of city and growth deals shows that co-operation is possible. Press to deepen that co-operation in areas such as new green technology, space and export promotion, where Scotland has so much to contribute. Do so confident that this approach is in tune not only with the Scottish business community but the Scottish people as well, and so clearly in the best interests of Scotland and the UK as a whole.

12.47 pm

**Lord Hannan of Kingsclere (Con):** My Lords, it is a great pleasure to follow those wise and judicious speeches by my noble friends Lord Goodlad and Lord Dunlop. It is also a great pleasure to be able to congratulate my noble friend Lady Fraser of Craigmaddie on securing this Motion and on phrasing it as she did—looking not only at the balance sheet and the economic contribution that Scotland makes to these islands but to the well-being of its people. We often miss that in these debates.

Patriotism is not reckoned in tally sticks. As my noble friend Lady Davidson of Lundin Links points out, it is a terrible mistake to look only at block grants and bottom lines and try to assess nationality in numbers. We should take a moment in this Chamber to celebrate all the contributions that Scotland makes to the well-being of the human race. I cannot think of any similarly sized territory that has contributed more to the happiness of mankind proportionate to its population. Let us think of all the things that Scotland has given us—steam engines, television, telephones, daily disposable contact lenses, golf, toasters, cash machines and, not least, the United Kingdom. We can very easily forget that Great Britain, and after it the United Kingdom, were largely Scottish creations.

One oddity of the age in which we live is that people are determined to see everything through an imagined prism of hierarchy and oppression, so everything is squashed into a pyramid of greater or lesser victimhood. This has given rise to the slightly “Braveheart” view that, in some way, the smaller of the two nations must have been annexed or colonised in some way. That would have been quite a shock to people in England at the time, first, with the Union of the Crowns and then the Acts of Union. If one looks at the response south of the border when James VI was making his procession, there was a general fear that swarms of landless lairds were going to descend on England and snap up all the sinecures and titles. It was the English Parliament that denied His Majesty the title of King of Great Britain that he so craved and that continued to deny the claims of his son.

I occasionally go and look at the ceiling in Banqueting House on Whitehall. Since I was last there, they have put beanbags in, so you no longer have to crane your neck in quite the same way. There is a wonderful iconographic celebration of the union there. England and Scotland are shown as great, fleshy, Rubenesque ladies, coming together and bestowing the crown on the baby Charles I, as Prince of Wales, while the weapons of war are consigned to a furnace. In a funny kind of way, the Stuarts created a sense of shared Britishness, although not in the way that they intended. The shared nationality came out of a common opposition to that dynasty.

It is striking that, when you look at what was happening during the Wars of the Three Kingdoms, you see that people were not arraying themselves as English or Scottish; they were making alliances across the border, as royalists or puritans, with Presbyterians and whoever else. In the end, I suppose, it was almost intrinsic in the design of that Rubens ceiling, for which Charles I paid the almost astronomical price—at least, in those days—of £3,000. It looked a bit foreign, and the Stuarts felt a bit foreign. In a shared opposition to this rather transalpine school of art that was thought to influence the dynasty's thinking, a common Britishness was forged, resting on shared language, manners and beliefs.

Of course, when the Acts of Union went through, people were change-resistant; Parliaments were change-resistant. A certain amount of cajolery was needed on both sides of the border to get the legislation through. For some reason, that cajolery was remembered and resented in Scotland but has been almost completely forgotten in England. Had there been a referendum, I am pretty that it would have gone against England. Luckily, the Acts of Union went through and, as Adam Smith pointed out, having lived through it, the removal of that border opened the door to a united Great Britain, rising above the run of nations. It no longer needed to fret about internal borders and turmoil; it could concentrate on the rest of the world.

In doing so, it lifted the well-being not just of people in this archipelago but of peoples elsewhere, as a family—as peoples with a community of interest and shared affinities that go well beyond simple geographic proximity. It is relationship that I sometimes think was incarnated in that between Boswell and Johnson; teasing and occasionally joshing, their relationship was

[LORD HANNAN OF KINGSCLERE]

fundamentally deeply affectionate. Neither of those men would have reached the heights of fame that they have now attained without the participation of the other.

It is a relationship sometimes summarised by what is possibly an apocryphal story but such a good one: that of the highlander at Dunkirk who, observing the total rout on the beaches, told his sergeant, “You know, if the English give in too, this could be a long war”. In that spirit, we see something of our shared national outlook, resting as it does on character and what James VI and I called “similitude of manners”. It was that bridle in injustice and slowness to anger but resolution when roused, if you like, that led the peoples of these islands together on the great endeavours of ending slavery, spreading law and justice around the world, and saving Europe, first from Bonapartist tyranny and then from fascism, and then playing a brave role in saving it from Stalinist tyranny. These were the achievements of a common people, resting not just on proximity but on real affinities of outlook. We have only just got started.

12.53 pm

**Lord McColl of Dulwich (Con):** My Lords, I am grateful to the noble Baroness, Lady Fraser, for initiating this debate on the contribution that Scotland makes to the United Kingdom.

There have been many references to the financial side of this subject, including the contributions that Scotland has made financially and the financial advantages that Scotland has gained from the union with England, including the Barnett formula. Instead of focusing on these matters, I wish to dwell on the great contributions that Scotland has made in education, science, medicine, infrastructure and many other spheres of life, as the noble Lord, Lord Hannan, mentioned.

On the cultural side, one remembers Robert Burns and his inspiring and amusing poetry, such as “Tam o’Shanter” and its warning on the dangers of alcohol, and the outstanding novels of Sir Walter Scott and the Governor-General of Canada, John Buchan, and many others. On casting an envious eye on the past, I wish to look to the future developments in Scotland that will benefit the whole of the United Kingdom.

When one looks back, it is with some sadness that we see the deterioration in Scotland of the health service and education, and the political shenanigans of the past 10 years. I was brought up in Glasgow, and had the privilege of a classical education at a grammar school in the Gorbals—a school that produced outstanding people such as the noble and learned Lord, Lord Irvine of Lairg, the noble Baroness, Lady Smith of Gilmorehill, the noble Baroness, Lady Ramsay of Cartvale, and John Buchan.

Then we remember the grandson of a Scottish crofter, Harold Macmillan, who was Prime Minister at a time when the House of Commons was a civilised place of courtesy and good humour. When the United Nations Assembly delegates were horrified by the President of Russia taking off his shoe and using it to thump the podium, Prime Minister Macmillan quietly asked, “Can anyone give us translation of that, please?”

We must not forget Keir Hardie, that splendid statesman who never engaged in the trivial pursuits that have recently become habit in the House of Commons.

Does the Minister agree that we must learn from history, be inspired by our history and seek to encourage the striving for a better and more optimistic future?

12.57 pm

**Lord Bruce of Bennachie (LD):** My Lords, first, I congratulate the noble Baroness, Lady Fraser, on initiating this debate. I reflect that we do not debate Scotland—or indeed the other devolved Administrations—enough in this Chamber. I hope that we will do so more in future. We have heard a variety of speeches and contributions. I take from the noble Baroness that there is an attempt to be positive and constructive, although I think that it is sometimes difficult not to depart into some areas of criticism and concern at the state in which we find ourselves.

My view is that, given the right policies and a following wind, Scotland is well placed to make a positive contribution to the UK’s recovery post Covid. Scotland accounts for a significant and rapidly changing energy sector, and I welcome the contribution of the noble Lord, Lord Goodlad, to which I will come back. We are leaders in food and drink. We have world-class bioscience and healthcare capacity, although I agree that, sadly, there has been a diminution in the support for health in recent years. Scotland is the UK’s second most important centre for financial services, and is a world-class destination for tourism and culture. Until a few years ago, I would also have recorded that Scotland had an outstandingly good education system. Sadly, that is no longer the case, thanks to a flawed secondary school curriculum and a wholly dysfunctional exam system.

What is incontrovertible is that Scotland’s economy and well-being are closely integrated into the rest of the UK. Those who try to change that will likely find it difficult and destructive. As the Library briefing points out, 62% of Scotland’s exports go the rest of the UK and 38% elsewhere. Scotland has a trade deficit with the rest of the UK—something you do not hear north of the border. It is further worth noting that our two most important exports are financial services and utilities. In the case of utilities, our success in exporting electricity is largely due to feed-in tariffs paid for by customers in the rest of the UK.

As for financial services, Scotland’s long history of canny financial management is a valuable reputation which, however, probably would not survive if Scotland adopted a currency other than sterling. For 50 years, Scotland has been at the sharp end of the development of the UK’s offshore oil and gas resources. Parking for a moment the claim that it is or was Scotland’s oil, the industry has been a huge driver of the Scottish and UK economies for two generations. It created hundreds of thousands of jobs, the majority in England, underpinned world-leading technologies and delivered substantial balance of payments benefits, both in reduced imports of oil and gas and in exports of products and services. The UK is a major supplier of subsea systems and technology.

Even without the urgent pressure to tackle climate change, the UK continental shelf is a mature province and production is in decline. The question is how we

manage it. Since the establishment of the nationalist/Green coalition in Scotland, the Government have joined forces with campaigners to promote the accelerated shutdown of Scotland's offshore industry. Having built the case for independence during the referendum on that very oil and gas industry, the SNP is asking us to believe that we could do it just as easily without it. Knowing that the decision rested with the UK, Nicola Sturgeon called for the cancellation of the Cambo field, and it appears that that may have contributed to Shell's decision to pull out of the project. Regardless of the merits of Cambo, the accelerated shutdown of the North Sea, pressed for by Green Ministers, will make achieving net zero harder, take longer and be more costly.

These are the facts. The oil and gas industry currently supports around 200,000 jobs across the UK, 71,000 of them Scotland, and 90% of those jobs are transferable into renewables and net-zero technology. That is demonstrated in a very good report produced by Robert Gordon University, demonstrating how we can use oil and gas technology, expertise and capital to achieve the transition. It shows that a managed transition can reverse the decline in employment. We need that capital and expertise to achieve this and to do it without further damaging the economy by importing oil and gas that we could produce and losing billions of pounds of export opportunities for our technical expertise. If we do it right, we will accelerate to net zero and go from a low of 160,000 jobs and falling to 200,000 jobs and rising across the UK.

The Greens, incidentally, also want to close down salmon farming, which is obviously very important in Shetland and the Highlands, and are pretty hostile, generally, to our livestock industry and related food processing. The Scottish Government have chosen to intervene in the Scottish economy in failing sectors, with a spectacular lack of success. They have acquired an airport with no flights, a fabrication yard with no orders, a shipyard unable to complete its construction and ferries that do not operate. They have underwritten an aluminium smelter, to the tune of an eye-watering £586 million, which has so far secured only 50 jobs; that is more than £11 million per job. Another £1.35 billion was spent on a new Forth Bridge, which not only appears to have been unnecessary but has had to be closed because of icing, with traffic diverted to the original bridge. Rail investment has been concentrated in the central belt and those of us in the north-east of Scotland still face a single track between Aberdeen and the south. I can only wait with trepidation for Ministers with the track record of success I have just summarised to take over responsibility for running our rail services.

I have to say that the UK Government are also not entirely blameless in inhibiting Scotland's potential to contribute to recovery. Prime Minister Boris Johnson won a referendum on the slogan "Take back control" and a general election on the mantra "Get Brexit done". Neither of these things has been achieved. Trade deals are looking weaker than those we had in the EU and involve more concessions to secure them. In turn, this threatens Scotland's livestock industry, which has responded to the deals with New Zealand and Australia with outrage: it was not consulted, of

course. The UK economy is weaker because of a botched Brexit—I am not going back over the ground, but Brexit has not been delivered effectively—and decisions of incompetence, and the Scottish economy is weaker because of the obsession with independence and poor policy decisions. If these are addressed, Scotland and the UK can flourish together.

I welcome the very thoughtful report of the noble Lord, Lord Dunlop, which was a long time being published. The whole point of his very thoughtful contribution was that we can achieve far more by co-operation. Indeed, the Common Frameworks Committee, of which the noble Lord, Lord Foulkes, and I are members, had the Constitution Secretary of the Scottish Government in front of us this week. He used every opportunity to promote the case for independence, but he was not prepared to acknowledge that we live in a devolved settlement and that the Government have a responsibility to operate within that and not to use the Scottish Parliament just as a lever to break up the United Kingdom. Of course, as the noble Lord, Lord Foulkes, said to him, the problem is that making devolution work would undermine the case for independence, which is why they do not want to do it. As a passionate home ruler who worked to deliver a Scottish Parliament, for which I have no regrets, and worked with the Labour Party to do that, and to ensure that it was representative and had adequate powers, I never believed or intended that the Scottish Parliament should be used simply as a lever to crack open the United Kingdom. That is not what it is fit for.

This is a plea to the people of Scotland, who I think are split down the middle, and to those who may not be sure which camp they are in, to wake up and smell the coffee about what they are being led into, because it is not something that will achieve what this Motion wishes to achieve. I genuinely believe that Scotland and the UK are interdependent in every way, not just economically but socially. We are married to each other—literally, in many cases. We are family and it is absurd to treat, as Scottish nationalists do, England as the enemy and the UK Government as a hostile agent while looking across to countries of which Scottish people know less, and whose language they do not speak very well, compared with the islands we all share. I am somebody who was born in England with an incontrovertibly Scottish name and three Scottish grandparents and who has spent my entire adult life in Scotland, through choice. I am proud to be Scottish and British: why on earth should I have to choose?

1.07 pm

**Lord McNicol of West Kilbride (Lab):** My Lords, it is nice to be back on the Front Bench. I start by congratulating the noble Baroness, Lady Fraser of Craigmaddie, not just on securing this debate but on the way in which she opened it and, I presume and hope, will close it as well. I thank other noble Lords for their thoughts and contributions across your Lordships' House.

My speech, like that of the noble Lord, Lord Bruce, will be a bit more political and I fear will drift into some of the comparisons and statistics that the noble Baroness, Lady Davidson, understandably warned against.

[LORD McNICOL OF WEST KILBRIDE]

I say “understandably” because I share many of her fears that if we are not careful, we will do the independents’ job for them—but I do think there is a way of balancing the criticism of many of those failures with a vision for the future of the United Kingdom.

Reciprocity has always been at the heart of my beliefs: not what you do to or for people but what you do with people. The fundamentals of that principle sit at the heart of how I believe Scotland, Wales, Northern Ireland and the regions of England should fit together for all of our mutual benefit. It should never be just about what Westminster does to or for the devolved nations or regions, but what it does with them.

When the Scottish Government present their 2022-23 Budget, the focus must be on Scotland’s recovery from the Covid pandemic. A national recovery presents an unrivalled challenge and one that requires urgent, direct and bold action in order to address it. But to properly tackle Scotland’s pandemic recovery, this Budget must also confront many of the harms caused over the past 14 years, with underinvestment and underfunding by the SNP Government. The examples of the Scottish Government’s negligence are endless and it is worth spending a bit of time examining them before we look at some of the solutions.

Some 350,000 people in Scotland still earn poverty wages, more than one in four children in Scotland still live in poverty, and foodbank use in Scotland is up 75% since 2015, long before the pandemic even started. Despite this, the Scottish Government have twice delayed taking over control of the benefits system. They have rejected taking responsibility and only sit on the sidelines and complain.

For me, the worst example of the Scottish Government’s negligence is Scotland’s appalling drug death numbers. Scotland’s drug death numbers are three and a half times more than those of the other parts of the United Kingdom, with 1,339 people dying from drugs in Scotland in 2020. Drug death numbers are more than three and a half times higher than they were a decade ago, with this alarming upward trend accelerating since 2013. This high number of drug deaths does not occur in Portugal, the Netherlands, Norway or many other European countries. The Scottish Government have had more than enough time to deal with this issue but have repeatedly failed, and the numbers continue to rise. Those 1,339 drug deaths are not just statistics: they are someone’s son or daughter, sister or brother, mother or father. Those 1,339 people have been failed and paid with their lives. The solutions are not simple and they are not free, but they exist and could be delivered, if the will was there.

The SNP has also broken its own treatment time guarantee a staggering 380,000 times. The 62-day waiting time standard for urgent cancer referrals has not been met since 2012. Life expectancy has stalled in Scotland, and there is a 10-year gap between the richest and poorest areas. One in four young people are being rejected by CAMHS, almost three years after an external review called for rejections to end.

If Scotland’s recovery is to be long term—and let us be clear; everyone in your Lordships’ House wants it to be—it needs to be a green recovery. As the noble

Baroness, Lady Fraser, said in her opening remarks, Scotland is well placed to deliver this green recovery. But, as we have heard, the Scottish Government’s record on the environment and climate change fills me with little hope that they will deliver on it. In 2016, the Scottish Government promised to have their first low-emissions zone in place by 2018, but their failure means that the earliest we will see this low-emissions zone is 2022—next year, four years after it was promised. The promise to create a publicly owned energy company has not gone beyond the business case stage, and the current rate at which the Scottish Government are buying low-emission buses means that it will take 65 years for all the buses to be replaced.

To pick up a theme that the noble Lord, Lord Bruce, and my noble friend Lord Foulkes touched on, when you look at the state of the public services, it makes you think sometimes that the current Scottish Government are comfortable with their failure. It gives them a grievance with which to rail against the current devolution settlement; if the situation in Scotland was better across education, health and the economy, their arguments for fuller independence would be weaker. With that in mind, why does the SNP continuously focus all its efforts on a second independence referendum? I believe it is because it does not want to talk about its record or the issues that affect the people of Scotland. Rather, it focuses on division and a divisive second referendum.

On these Benches—and we have heard from other Benches as well—there are plans and a vision for Scotland; there are ways that we can build and deliver a better future for Scotland. In understanding Scotland’s recovery, it must deal not only with the immediate impact of Covid and protect jobs, incomes, and our health service; it must also mark the start of a long-term recovery and make Scotland a fairer place to live. Although the Chancellor previously announced £170 million as part of a levelling-up fund to help Scottish communities, analysis by Citizens Advice Scotland revealed that more than 1.4 million people ran out of money before pay day during the pandemic. Can the Minister please outline exactly how the Government’s levelling-up fund will help Scottish communities?

We understand what is needed to get Scotland’s economy back on its feet. Introducing a skills for recovery fund would guarantee everyone who has struggled to find work a job for at least six months. We would introduce 50% relief on business rates in 2022 for retail, hospitality and leisure properties. We would introduce a high street voucher, where every adult would be provided with a £50 prepaid card to spend in non-grocery businesses in physical premises in Scotland to support local businesses. When it comes to health, Labour would plug the gap in social care and introduce a mental health recovery fund, as well as commit £100 million to tackle the workforce shortage in the NHS. Scottish Labour would also spend £500 million to tackle the backlog that the NHS in Scotland faces. No recovery will be long-lasting without education investment being at the heart of it. We would commit £30 million to install active ventilation in schools, along with £110 million towards targeted tuition—practical, physical and educational investments that are critically needed.

Scotland needs a recovery as bold and direct as the one we propose but, sadly, I fear that the Scottish Government will not take on board this offer. With the positive contributions in this debate from across your Lordships' House, I believe we have shown what can be achieved. We cannot just devolve and forget.

1.18 pm

**Viscount Younger of Leckie (Con):** My Lords, the origins of this debate are rather unusual. First, it was supposed to include the maiden speech of my noble friend Lord Offord, who only yesterday had to withdraw due to illness. He informed me yesterday that he was exceptionally apologetic not to be here. We all wish him a speedy recovery and much look forward to hearing him for the first time soon, in the new year, as he steps fully into his new ministerial role in the Scotland Office. If your Lordships will excuse the Scottish reeling pun, you have second fiddle today. I will attempt to cover my noble friend's points and some of my own, and of course do my best to answer questions where I can.

The debate was initiated by my noble friend Lady Fraser, and I welcome her to the first debate she has opened. Today is also unusual in that it seems to me to have been a very long time indeed since we had a proper debate on Scotland. My thanks are certainly due to my noble friend in that respect as well.

My first observation is that this debate has demonstrated forcefully and eloquently the strength of feeling in this House for this great union of ours—of our four nations, including Scotland, being inexorably linked—which has stood the test of time. I loved the historical perspective outlined by my noble friend Lord Hannan.

On the same subject of devolution, which was raised by my noble friends Lady Fraser and Lord Dundee, let me be clear that we believe that the people of Scotland are best served, supported and protected by the UK Government and the Scottish Government working together. This was a theme from my noble friend Lady Davidson, who made some strong remarks in this respect, and from my noble friend Lord Dunlop. The UK Government and Scotland Office respect the devolution settlement and we seek at all times to work together. My noble friend Lord Dunlop's report was an important and helpful piece of work, informing our intergovernmental review. We firmly believe that there is a shared ambition to improve intergovernmental arrangements. As the noble Lord, Lord Foulkes, said, it is so important to work hard to preserve this particular union. It was interesting to have his reflections on negotiations pre Mr Salmond.

These structures and processes are the best route for proactive, effective and formalised engagement, with accountability grounded in shared secretariat arrangements, transparency and dispute resolution arrangements. The UK Government are operating on the basis of new working arrangements with the devolved Administrations, as my noble friend Lord Dunlop outlined. The UK Government's quarterly transparency reports show the range of ministerial and official-level meetings. I can report that there is extensive engagement between UK and devolved Ministers and officials every day, so this is very important ongoing work.

I will take a step back and reflect on Scotland's place in the United Kingdom. Again, my noble friend Lord Hannan perhaps stole some of my lines. We Scots are well aware that we comprise only 8% of the population but 33% of the geography, and our DNA dictates that we must always contribute more than 8% and aim for 33% in every endeavour. I believe that we are happiest and most productive working together as four nations. This strength has allowed proud Scots in the past to demonstrably punch above their weight, from Alexander Bell to Alexander Fleming, the manufacture of some of the world's greatest ships on the Clyde, and from Robert Burns to the great John Rae, a particular unsung hero of mine—an Orcadian and one of our great Scotsmen, who discovered half of northern Canada in the mid-19th century. I could go on.

I will start on a positive note by looking at the rude health of the Scottish economy. Our economy is performing well—remarkably well, given the awful impact of the Covid pandemic over the past two years, which has rightly been raised in this debate. The UK economy is the fastest-growing in the G7 this year and Scotland is playing its full part. Total exports have risen by over 4% this year, estimated at just over £87 billion.

However, it is no time for complacency and if the pandemic teaches us one thing it is the necessity for constant vigilance. My noble friend Lord Dunlop and the noble Lord, Lord McNicol, raised this important point. New variants such as omicron are a constant threat, though one we can face with more confidence than we could muster just over a year ago thanks to the wonder of science in the UK, which delivered vaccines on a timescale previously unthinkable. Now we urgently need to get booster jabs into as many people's arms as possible. My noble friend Lady Davidson is right to praise the work, ingenuity and resourcefulness of the people of Scotland in helping their communities in this respect.

I turn now to energy, which formed part of my noble friend Lady Fraser's remarks and those of the noble Lord, Lord McNicol. My noble friend Lady Fraser also asked a question on the link to the national grid. On the back of the high-profile COP 26, chaired by the UK in Glasgow, energy is certainly one area where Scotland can be a world leader in the transition to net zero. We have all the natural resources and existing infrastructure, plus the scientists and engineers required to build a balanced scorecard in energy. We contribute 60% of the UK's onshore and offshore wind generation, our tidal and hydro opportunities are immense, plus we have 100,000 highly skilled jobs already working in energy with 70,000 in oil and gas.

We must remember, though, that the transition is to net zero, not to zero carbon, and with 35% of our energy needs in 2050 still coming from carbon—halved from 70% today—we would be foolish to ditch our world-class oil and gas sector in the North Sea just to import from elsewhere. This was a key point of my noble friend Lord Goodlad's remarks and those of the noble Lord, Lord Bruce of Bennachie. A balanced approach in energy should include renewables, oil and gas, hydro and tidal, and carbon capture, as well as nuclear. Scotland is uniquely placed to lead the world in this space and, by doing so, will contribute massively to the well-being of and quality of life in the UK.

[VISCOUNT YOUNGER OF LECKIE]

COP 26 in Glasgow brought the world to Scotland's door. What a tremendous achievement for the two-year presidency of the UK to increase those countries committed to net zero up to those responsible for 90% of emissions. It is sometimes said that the UK has a limited role to play in climate change because it accounts for only 1% of world emissions, yet Glasgow proved that our UK leadership still counts as we demonstrate that it is possible to simultaneously grow our economy while cutting our emissions.

There is a determination to see nascent green technology make the breakthrough to deliver genuine environmental benefits and prosperity through employment. Scotland's wind power, which was also a theme of this debate, is being resourced. To that end, the Government have announced £160 million to create floating offshore wind farms, maximising the higher wind speeds found out to sea. That follows the biggest investment yet seen in tidal power, namely £20 million per year. Scotland is also home to a £9.4 million trail-blazing hydrogen project at the UK's largest onshore windfarm, Whitelee, on the hills south of Glasgow. Coupled with carbon capture, whereby the greenhouse gases which damage the environment so gravely can be safely stored in the very rocks from where we once drew oil and gas, Scotland's energy transition surely can lead the way, making a huge contribution to the well-being of the people of Britain, notably in keeping the lights on.

Financial services were raised briefly by the noble Lord, Lord Bruce. This is one of the most successful sectors in Scotland, employing 150,000 highly skilled jobs and contributing £13 billion to Scotland's economy. Our fintech cluster comprises more than 150 fintech start-ups in Edinburgh and Glasgow, which combine to be in the top three clusters in Europe, and Scotland is now responsible for 11% of the UK's responsible investing market. Overall, we contribute 20% of UK exports in financial services, a sector where the UK is ranked second in the world after the USA.

Fisheries were raised by my noble friend Lord Goodlad. Our fisheries, food larder and drinks cabinet are world-class. Exports of salmon and whisky together account for 20% of UK exports of food and drink, and the whisky industry supports 10,000 jobs in Scotland, 7,000 in remote communities and 40,000 across the UK. This is where I have a reflection: assuming we can secure a trade deal with India, we could dramatically increase our exports of Scotch. Langoustines served in swish Parisian bistros are won from pristine Scottish waters and whisked from port to plate at speed. A £100 million UK seafood fund, allied with new opportunities afforded outwith the EU's common fisheries policy, means that fishing is an industry charting its own course into the future.

I will say a few words about defence. It was not a particular theme in this debate, but I think it is important. BAE Systems on the Clyde and Babcock at Rosyth on the Forth are at the heart of the UK's defence capability. I understand that the Indian navy is particularly interested in our state-of-the-art weaponry and defensive systems, where 15 world-leading UK companies have significant design and manufacturing operations in Scotland.

One great example is HMS "Queen Elizabeth", the aircraft carrier built on the banks of the Forth at Rosyth, which has just returned to UK waters. As well as a potent symbol of defensive power, this trip delivered innovative trade possibilities. For example, in Mumbai, the ship was the backdrop to UK—including Scottish—promotion opportunities. It was not just whisky—I am sure gin was on board as well—but, for example, we showcased the Royal Edinburgh Military Tattoo.

Scotland's vital contribution to defence is essential in today's deeply uncertain world. Scots serve proudly in all branches of the forces, and RAF Lossiemouth and Her Majesty's naval base at Faslane are at the cutting edge of our air and sea power. As we know, Faslane is home to the Royal Navy's Submarine Service, including the continuous at-sea nuclear deterrent.

Shipbuilding, although reduced in scale, remains a Scottish speciality. I should point out that, over the last 15 years, she has delivered six Type 45 destroyers, two aircraft carriers, five offshore patrol vessels, and already has orders for eight Type 26 frigates. I am sure that I could go on.

On this link to trade, raised by my noble friend Lady Davidson, noble Lords will be well aware of the Government's commitment to secure trade deals with 80% of the world's trade within three years of leaving the EU. I am pleased to say that we have currently signed up to 64%, but there is much more work to do. We will bring extensive new trade alliances across the world, from which Scotland is well placed to benefit.

I turn to another theme that was raised by the noble Lord, Lord McNicol, and my noble friends Lady Fraser and Lord Dundee: the levelling-up agenda. Following COP 26, within the Scotland Office our attention has turned to the post-pandemic levelling-up agenda across the UK. EU structural funds are being replaced by the £2.6 billion shared prosperity fund and the £220 million community renewal fund, and it is worth noting the explicit commitment by the Chancellor at the Budget, reaffirming that total replacement funding via the UK shared prosperity fund will at a minimum match the previous size of EU structural funds in Scotland.

These are further complemented by the £4.8 billion levelling-up fund, with almost £180 million committed to local projects in Scotland, as part of the recent funding round announced at the Budget, alongside the ongoing investment of £1.5 billion in UK government funding. Of course, this supports the 12 city and growth deals across all of Scotland. Your Lordships will be pleased to know that the city and growth deal agenda is a good example of joint working between the two Governments and local areas across every part of Scotland. In this spirit of co-operation, a new heads of terms agreement for the Falkirk growth deal will be signed this month, as well as the full deal in Moray.

I hope the House will agree that Scotland is uniquely served by two Governments, and these UK government investments will augment and strengthen devolution by investing in people, projects and businesses within local communities equally across the whole of the United Kingdom. This plays quite well into the remarks from my noble friend Lord Dundee, who spoke about the importance of skills.

I turn to universities. All of this high-end design, technology and manufacturing is backed up by our world-class universities, such as the UK's current top university and my alma mater, St Andrews, which continue to attract research funding of 13% to 15%—another exemplar of our “more than 8%” rule, which I alluded to at the beginning. On the new green economy, the first Industrial Revolution was born on the Clyde, and, last month, Glasgow showed once again that our universities and technologists are leading the charge.

Cities were raised by my noble friend Lord Dundee. I took note, with interest, of his remarks on twinning, which is often important. We should always remember Scotland's vibrant cities: Glasgow for its culture—the Burrell Collection, for example—and its architecture by architects such as Charles Rennie Mackintosh, and Edinburgh for its great humour, not least the Edinburgh International Festival.

I will also pick up the point made by my noble friend Lady Fraser about Channel 4, which she is right to raise. As part of an internal channel restructuring process to take jobs outside London, Channel 4 created headquarters in Leeds and regional hubs in Glasgow and the other devolved nations. Scotland has begun to show its strength here and has a strong track record of staging big Hollywood film productions, such as the sequence of “Fast & Furious” films and “World War Z”, starring Brad Pitt, the storyline of which covers a threatening virus that turns humans into zombies, which is perhaps a sombre reflection for us this afternoon. Perhaps I should not go further on that. In addition, the £7 million UK global screen fund will target support across the screen sector, including film, TV, documentaries, animation and interactive narrative games content.

Health was raised by a number of noble Lords, including my noble friends Lady Fraser and Lord McColl. I note the points made about the record on health, which was also raised by the noble Lord, Lord McNicol. The UK Government recognise that it is important to support the Scottish Government, and £14.5 billion in additional funding has been given through the Barnett formula since the start of the pandemic. I hasten to add that this is on top of the block grant and in addition to extensive direct UK government support to people and businesses in Scotland.

More than 100,000 Scottish businesses have also benefited from £4 billion of UK Government loans. Vaccinations, which were alluded to, have been a great success, with almost 120 million doses administered, as of 8 December 2021. It is fair to say that Scotland has benefited from closely working with, and from the input of, the UK Government. I stress again: working together is the theme.

My noble friend Lord Dundee spoke about digital connectivity. The recent Budget confirmed a further £8 million from Project Gigabit to deliver full fibre to 3,600 premises in Scotland, including in Aberdeenshire, Angus, Highland, Moray, and Perth and Kinross. It has delivered faster speeds to 600,000 households and businesses in Scotland, replacing legacy copper wire with full fibre. This is part of the overall £5 billion Gigabit programme.

My noble friend Lady Fraser spoke, rightly, about tone, which was also picked up by my noble friend Lady Davidson and the noble Lord, Lord McNicol. As far as I am concerned, Scotland and the Scots people are a much-valued and most important part of our United Kingdom. Long may this continue. We hope that more Scots will come around to thinking the same about the UK Government and those good souls south of the border.

I finish by agreeing with my noble friend Lord McColl and the noble Lord, Lord Bruce, that we must strive for a positive future. I believe that there is one.

1.36 pm

**Baroness Fraser of Cragmaddie (Con):** My Lords, I thank all noble Lords who have spoken in this debate, the first that I have led—I very much enjoyed it. I am grateful to so many who have given me a history lesson. I take the words of my noble friend Lord McColl that we should learn from and be inspired by our history but that we need to look to the future. I have learned a few things: I did not know that Glasgow was so good at building satellites, and I am delighted to hear that the noble Lord, Lord Foulkes, is a Jam Tarts supporter.

Looking to the future, my noble friend Lord Dundee pointed out the importance of sectors that we do not traditionally think of in Scotland, such as the video games and creative industries. The noble Lord, Lord Bruce, and others pointed to the importance of financial services and the potential for Scottish businesses to export more, which the Minister illustrated in relation to the potential to export to places such as India.

Many noble Lords have touched on the importance of the green economy and the role of the transition to net zero. At the moment, this is a really interesting example of somewhere there is an opportunity. My noble friend Lord Goodlad and the noble Lord, Lord Bruce, mentioned Cambo, which to me is an example of the vulnerability of the Scottish Government's current position, because, as was alluded to, the SNP is very happy not to take responsibility for decisions on this.

So I hope that the UK Government are not scared of the Scottish Government, as the noble Lord, Lord Foulkes, mentioned, but are able to identify and, potentially, magnify these sorts of issues, such as the opportunities in the green economy, as we mentioned. If we do not and if we are not careful, there is a perfect situation at the moment for the SNP of a Conservative Government in Westminster and an SNP Government in Edinburgh. We cannot do anything about Edinburgh at the moment, but we can do something about Whitehall and Westminster. So I urge the Minister to take back to all departments from the Scotland Office the words of my noble friend Lord Dunlop that we achieve more through co-operation and that we need a culture change in Whitehall. Yes, we need one in Edinburgh as well, but we need one in Whitehall.

There is a generation of people in Scotland who are now entering the workforce who have known nothing but the Scottish Parliament, which was established in 1999. Let us not forget that in Scotland you can vote from the age of 16 onwards. This generation does not hark back to history. They know only the current

[BARONESS FRASER OF CRAIGMADDIE]  
 devolved situation, so it is important that we heed my noble friend Lady Davidson's words about language. We are in a devolved settlement, we are collectively the UK and that is the way that we will make the case for the union.

I thank all contributors to today's debate and I thank the Minister for his response, but we will hold his words to the sticking place, to quote the Scottish play, and I look forward to another opportunity, I hope in the not-too-distant future, to return to this place to celebrate the progress that Scotland and the rest of the UK have made in the recovery from the pandemic.

*Motion agreed.*

## **Ten-Year Drugs Strategy** *Statement*

*The following Statement was made in the House of Commons on Monday 6 December.*

“With permission, Madam Deputy Speaker, I would like to make a Statement on the Government's new 10-year strategy for addressing illicit drug use, which has been published today.

Illegal drugs inflict devastation on a horrifying scale. The impact on individuals, families and neighbourhoods is profound. The cost to society is colossal—running to nearly £20 billion a year in England alone—but the greatest tragedy is the human cost. Drugs drive nearly half of all homicides, and a similar proportion of crimes such as robbery, burglary and theft. More people die every year as a result of illegal drug use than from all knife crime and road traffic accidents combined. The county lines drug-dealing model fuels violence and exploitation. The need for action could not be clearer. Today, we are setting out how we will turn that around. Our new strategy *From Harm to Hope* is a blueprint for driving drugs out of our cities, towns and villages, and for ensuring that those affected get the help they so badly need.

In February 2019, the Government commissioned Professor Dame Carol Black to conduct an independent review of the issues and challenges relating to drug misuse. In July, Dame Carol published the second part of her review. Both parts together formed a call to action. We accept all of Dame Carol's key recommendations, and this strategy sets out our response in full.

The task of gripping the issue cannot be undertaken by any one department alone. A collective effort is required, which is why we have developed a whole-system approach, with a focus on three strategic priorities: first, breaking drug supply chains; secondly, delivering a world-class treatment and recovery system; and, thirdly, achieving a significant reduction in demand for illegal drugs over the next generation. It is a truly whole-of-government effort that takes in contributions from a number of my ministerial colleagues. I thank Dame Carol Black for her thorough reviews and championing of this important agenda.

I am pleased to tell the House that our strategy is accompanied by nearly £900 million of dedicated funding. That record level of investment will bring our total spending on drug enforcement, treatment and recovery

to more than £3 billion over the next three years. That is unprecedented and a clear signal of our commitment, and that of the Prime Minister, to addressing the challenges.

Using that funding, we will mount a relentless and uncompromising campaign against the violent and exploitative illegal drug market. That will include: further action to prevent drugs from entering the country; the disruption of criminal gangs responsible for drug trafficking and supply; a zero-tolerance approach to drugs in prisons; and a continued focus on rolling up county lines, building on the success of our efforts to date.

The county lines phenomenon is one of the most pernicious forms of criminality to emerge in recent years, which is why we ramped up activity to dismantle the business model behind that threat. Since that programme was launched just over two years ago, we have seen the closure of more than 1,500 county lines, with over 7,400 arrests. Importantly, more than 4,000 vulnerable, often young, people have been rescued and safeguarded. Those results speak for themselves, but we will not stop there. By investing £300 million in throttling the drugs supply chain over the next three years, we will take a significant stride towards delivering the objectives of our beating crime plan and levelling-up agenda.

Tough enforcement action must be coupled with a renewed focus on breaking the cycle of drug addiction, which is why we are investing an additional £780 million in creating a world-class treatment and recovery system. That is the largest ever single increase in treatment and recovery investment, and the public will expect to see results—and so do we.

The strategy sets out how the whole-of-government mission aims to significantly increase the numbers of drug and alcohol treatment places, and people in long-term recovery from substance addiction, to reverse the upward trend in drug-related deaths, and to bolster the crime prevention effort by reducing levels of offending associated with drug dependency. To achieve that, we are setting out a clear stance today that addiction is a chronic condition and that when someone has been drawn into drug dependency, they should be supported to recover. Of the £780 million, £530 million will be spent on enhancing drug treatment services, while £120 million will be used to increase the number of offenders and ex-offenders who are engaged in the treatment that they need to turn their lives around.

Treatment services are just one part of the support that people need to sustain a meaningful recovery, so we are investing a further £68 million for treatment and additional support for people with a housing need and £29 million for specialised employment support for people who have experienced drug addiction. That enhanced spending on drug treatment and recovery will also help to drive down crime by cutting levels of drug-related offending.

The harms caused by drug misuse are not distributed evenly across the country. Although our strategy is designed to deliver for the country as a whole, it is right that we target our investment so that the areas with the highest levels of drug use and drug-related deaths and crime are prioritised. That will be a key step in levelling up such areas and supporting them to prosper.

Local partners working together on our long-term ambitions will be key to the strategy's success and we will develop a new set of local and national measures of progress against our key strategic aims, with clear accountability at national and local levels. We will also continue to work closely with our partners in the devolved Administrations to embed collaboration, share good practice and strengthen our evidence base in this UK-wide challenge.

The new strategy sets out our immediate priorities while also highlighting our longer-term goals. We want to see a generational shift in our society's attitude towards drugs, which means reducing the demand for illegal drugs and being utterly unequivocal about the swift and certain consequences that individuals will face if they choose to take drugs as part of their lifestyle. We will improve our methods for identifying those drugs users and roll out a system of tougher penalties that they must face.

Unlawful possession of drugs is a crime and we need to be clear that those who break the law should face consequences for their actions. That is why our commitment includes going even further in this mission, with a White Paper next year to ensure that the penalties for recreational use are tougher and have a clear and increasing impact. Those penalties must be meaningful for the individual, which is why we are considering options such as increased powers to fine individuals, requirements to attend drug awareness courses, and other reporting requirements and restrictions on their movement, including—possibly—the confiscation of passports and driving licences.

Alongside that, our strategy commits to research, innovation and building a world-leading evidence base to achieve a once-in-a-generation shift in attitudes and behaviours. A new £5 million cross-government innovation fund and a new research fund will start that decade-long journey. That will include a review by the Advisory Council on the Misuse of Drugs on how best to prevent vulnerable people from falling into drug use. A national drugs summit will be also held in spring next year to bring together experts, educators, businesses, law enforcement and government to discuss the issue.

Preventing drug use is always a better route than dealing with the consequences of harms. The strategy also sets out our commitment to evaluating mandatory relationships, sex and health education in schools, and to supporting young people and families most at risk of substance misuse. The new strategy marks the start of a journey and we will publish annual reports to track progress against the ambitions contained in it.

Illegal drugs are the cause of untold misery across our society. The Government will not stand by while lives are being destroyed. This is about reducing crime, levelling up our country and, fundamentally, saving lives. Our new strategy sets out how we will turn the tide on drug misuse, and I commend this Statement to the House."

1.41 pm

**Lord Coaker (Lab):** My Lords, when we discuss the Government's important new strategy on drugs, it is worth recalling the horrific statistics behind it. The cost to the economy is £20 billion just in England, but the human cost is what truly shocks us all. Drugs drive

nearly half of all homicides, and nearly 3,000 people tragically lost their lives through drug misuse in England and Wales last year. The most deprived areas of the country face the most drug-driven crime and health harms, something I know will shock us all. County lines drug dealing, involving many young people, fuels violence and exploitation.

My key question with respect to the new strategy, which we all want to work, is: how will the Government ensure that this strategy works? How will they drive the strategy forward? What is the local mechanism for the delivery of the strategy? In other words, how do we turn the rhetoric of the strategy into reality?

The Government's Statement says that they accept all Dame Carol Black's recommendations, which is very welcome, but she also posed a question about why we are in this dreadful situation. She says, and we should learn from this:

"Drug misuse is at tragically destructive levels in this country ... Funding cuts have left treatment and recovery services on their knees. Commissioning has been fragmented, with little accountability ... partnerships ... have deteriorated. The workforce is depleted ... and demoralised."

That is from the strategy document on which the Government have based their work, so never has a new 10-year plan been more needed, although the starting point has to be a reversal of what has been the case and how the problems so graphically highlighted by Dame Carol Black will be reversed.

Specifically, can the Minister confirm that all the spending required by Dame Carol Black's recommendations will be met? For example, are all the 54,000 new treatment places she advocates to be funded? Are the new family hubs the Government have announced part of this drugs strategy?

The need to tackle county lines, as highlighted in the Statement, is crucial, so can the Minister update us on progress on this? The Government have said that 1,500 county lines have been closed. What does that mean? Is it the shutting down of a phone number or the closure of a county gang line?

The Statement also talks of the police and criminal justice system. How are we going to drive up prosecutions for drug offences, which have fallen over the past 10 years, with prosecutions down 36% and convictions down 43%?

The real focused effort has to be on the victims, so how are we going to recruit more front-line drug workers? How will we co-ordinate the work of local partners out there on the street? How will we support our schools as they seek to divert their students from harm?

We all want the new drugs strategy to work. Supply chains have to be cracked down on, the implicit tolerance of so-called recreational drug use has to be challenged and criminals have to be prosecuted, but there also need to be effective, co-ordinated drug treatment programmes. So can the Minister confirm that at the heart of the Government's proposals there will be new, properly funded, co-ordinated drug treatment programmes that divert people from illegal suppliers?

Drugs shatter communities. They shatter the lives of many people, including so many of our young people—often, but not always, some of the most deprived. We have to break this cycle of violence and abuse. It will require investment, co-ordination, treatment,

[LORD COAKER]

prosecutions, education and a real effort delivered locally but driven from the centre. Let us hope that this strategy can deliver it because the problem of drug abuse and misuse is all around us, along with the associated human misery. We must do more. Let us hope that the drug strategy, so good on paper, becomes the reality that we all want it to be on the ground.

**Lord Paddick (LD):** My Lords, noble Lords will know that when you follow the Opposition Front Bench on a Statement you are concerned that you might have your thunder stolen, but as we are talking about drugs there was no danger of that today.

The Statement sets out the impact of the illegal drug trade on individuals, families, and the economy, and the noble Lord, Lord Coaker, has reinforced that. What assessment have the Government made of what the impact would be if there was a regulated market for cannabis, for example? What evidence is there from other parts of the world? Did the Minister see, for example, the documentary authored by the noble Lord, Lord Hogan-Howe, the former Commissioner of the Metropolitan Police, whom the Government often rely upon to support their position, where his conclusion from looking at how such a policy operates in the United States called for a feasibility study into how such an approach could be adopted in the UK? In particular, he noted the marginal impact on drug use and the positive impact on tax income, providing resources for community policing and drug rehabilitation programmes. Does the Minister think there could be similar benefits to the UK?

The Statement talks about “a blueprint for driving drugs out of our cities, towns and villages”, but the so-called war on drugs has failed to have any impact on the demand for and use of illegal drugs. There has been temporary success in taking out county lines, which are soon replaced by others, temporary success in arresting drug dealers, who are soon replaced by rivals, and temporary success in occasionally seizing large quantities of drugs, which are dwarfed by the huge quantities of drugs that get through to users, all of which demonstrate that these so-called victories are pyrrhic. The noble Lord, Lord Coaker, has already asked about what progress has been made on county lines. What evidence is there of a net reduction in county lines?

Does the Minister think the sight of the Prime Minister dressed as a police officer, as we saw on Monday, looking like Paddington Bear in fancy dress, is likely to strike terror into the hearts of drug dealers? “Tough enforcement action”, to quote the Statement—attempting to control the supply of drugs when demand for drugs continues to grow—is completely the wrong approach. It was the wrong approach at the time of prohibition in America in the 1920s and it is now. Does the Minister think that, instead of tough enforcement action, a similar approach to that taken with alcohol—a system of regulation and control to mitigate the harms caused—is what we need in relation to drugs other than alcohol?

We need to focus on demand. Behind the smokescreen of Paddington Bear against the drug dealers, there is some welcome news on that front in this Statement.

Increased funding—in fact, the majority of the increase—is to support drug-dependent people to move from chronic use into recovery.

Dame Carol Black’s review called for an additional £552 million a year by year 5, on top of the baseline annual expenditure of £680 million from the public health grant, to provide a full range of high-quality drug treatment and recovery services. The Government are providing £530 million over three years—less than Carol Black was asking for in year 5 alone. In fact, Dame Carol asked for £119 million extra in year 1, £231 million extra in year 2 and £396 million extra in year 3, a total of £746 million, against the £530 million promised in the Statement. That £746 million can be achieved within the budget announced by the Government, but only if the majority of the £300 million the Government are putting into enforcement is diverted into treatment, where it would be far more effectively spent. Will the Government consider reallocating the budget even further in favour of treatment?

When the Labour Government moved cannabis from a class C to a class B controlled drug, with harsher penalties for possession and supply, there was no impact on cannabis use. Later, when the media covered the fact that excessive use of extremely strong, genetically modified cannabis, particularly by young people, could have serious health impacts on users, cannabis use declined. Does the Minister not agree that the evidence shows that a health-based approach, where demand is reduced by informing users of the danger and where the supply and strength of the drugs is controlled, is likely to be far more successful than continuing the failed and pointless war on drugs?

**Baroness Meacher (CB):** My Lords—oh, I am so sorry.

**The Minister of State, Home Office (Baroness Williams of Trafford) (Con):** I am looking forward to hearing from the noble Baroness; I think I know what she is going to say.

I will respond to the noble Lords, Lord Coaker and Lord Paddick. On the impact—the question of what the problem is—I think most people would agree that illegal drugs inflict some devastating effects on a quite horrifying scale. The cost to society is colossal, running to about £20 billion a year. There were almost 3,000 deaths relating to drug misuse in 2020. This represents two-thirds of registered drug poisoning deaths and accounts for 52.3 deaths per million people. Heroin-related deaths in England have more than doubled since 2012 and make up the largest proportion of drug misuse deaths at 45%.

In 2020 alone, referrals of children suspected to be victims of county lines—I will get on to that shortly—increased by 31%. Drugs drive nearly half of all homicides and a similar proportion of acquisitive crimes such as robbery, burglary and theft. More than 3 million adults reported using drugs in England and Wales in the last year, and more than one in three 15 year-olds report having ever taken drugs.

The noble Lord, Lord Paddick, asked whether we had done an assessment on the impact of a regulated market for cannabis. I do not think we have. Our position on cannabis remains the same as the last time I spoke about this, but if I have anything new to add I will let him know.

On the additional three-year investment from April next year, the total is £900 million. There is a £300 million three-year Home Office investment, and we commit to making up to £145 million of funding available for county lines—as I said, I will get on to that in a second. There is £533 million—more than half a billion pounds—for DHSC to increase and improve treatment services, £120 million for MoJ for drug treatment and probation services, £68 million for DLUHC for treatment and support in England for those with a housing need, and £21 million for DWP to roll out individual employment support across all local authorities in England. As noble Lords can see, it is a cross-Whitehall effort—across six departments, in fact. The noble Lord, Lord Coaker, talked about co-ordinated programmes. He is absolutely right: if we are operating across six departments, we must certainly have a co-ordinated approach.

The noble Lord asked whether the statistic of 1,500 county lines being shut down means we have caught 1,500 criminals or just that 1,500 phone numbers have been taken out of circulation. In the last two years, our county lines programme has delivered more than 1,500 lines closed, more than 7,400 arrests, £4.3 million in cash and significant quantities of drugs seized, and more than 4,000 vulnerable people safeguarded. It means that 1,500 active county deal lines have been closed and found to remain out of use, which is good news. Through our programme we will continue to focus on arresting and charging the line holder and securing criminal justice outcomes to ensure that we put offenders behind bars. The National County Lines Coordination Centre determines that a line is closed when there is evidence that the controlling gang is no longer capable of distributing drugs using that telephone number, with check-backs to ensure that the telephone number remains out of use.

The noble Lord also asked me how we would measure ourselves and what progress looks like. By 2024 we expect the whole-of-government mission to have prevented nearly 1,000 deaths, reversing the upward trend in drug deaths for the first time in a decade. We expect it to have delivered a phased expansion of treatment capacity, with at least 54,500 new high-quality treatment places, which would be an increase of 20%, including 21,000 places for opiate and crack users, delivering 53% of opiate and crack users into treatment. We expect at least 7,500 more treatment places for people either sleeping rough or at immediate risk of sleeping rough, which would be a 33% increase on current numbers. We expect to provide a treatment place for every offender with an addiction, because the two are so often linked.

We also expect that this strategy will have contributed to the prevention of 750,000 crimes, including 140,000 neighbourhood crimes, through increases in drug treatment. We expect it to have closed over 2,000 more county lines through our relentless and robust action to break the model and bring down the gangs running these illegal lines, and to have delivered 6,400 major and moderate disruptions—that would be a 20% increase—against the activities of organised criminals, including arresting influential suppliers, targeting their finances and dismantling their supply chains. These are the ambitions on which we should be judged.

On the noble Lord's point that we are simply reversing the cuts made since 2010, the strategy is underpinned by a record investment of nearly £900 million of additional funding over the three years, as I said, taking the total investment in combating drugs to £3 billion over the next three years. It sets out our landmark whole-of-government approach to tackling drug misuse, with more leading departments than ever before.

The noble Lord, Lord Paddick, asked about county lines, on which we are already delivering real impact. In the past two years, our county lines programme has delivered more than 1,500 lines closed, as I told the noble Lord, Lord Coaker, with 7,400 arrests and £4.3 million in cash. The latest national co-ordination centre assessment of county lines shows a reduction in the total number of potentially active lines, an important point, with numbers reported to have fallen from between 800 and 1,000 in 2019-20 to 600 in 2021. There is more to be done on county lines programmes through this strategy. We will be investing up to £145 million to tackle the most violent and exploitative distribution model seen yet. We will continue funding the National County Lines Coordination Centre to provide that vital national strategic oversight. We will also focus on the largest exporter areas, alongside dedicated surge funding for local police forces to tackle county lines and grip the transport network through the dedicated British Transport Police's county lines taskforce, invest in new technology including ANPR, and fund provision of specialist support for vulnerable children, young people and families involved in county lines activity.

We do not have plans for decriminalisation of drug possession generally. Our approach to drugs remains clear. We must prevent drug misuse in our communities and support people through treatment and recovery, which is one of the main planks of the strategy.

2.02 pm

**Baroness Meacher (CB):** My Lords, in the absence of any evidence-based drug policies in this country, which would include heroin treatment centres linked to staffed consumption rooms to tackle very effectively polydrug use and heroin use, and in the absence of readily available medical cannabis to about 1 million people who need it—I could go on—can the Minister confirm that the small increase in funding for treatment envisaged in this strategy will not, even in the third year, fully compensate for the cuts in spending on treatment? Taking into account, as the Government tend not to do, the cuts to Home Office and probation service funding of treatment, as well as the funding from local authorities, can the Minister confirm that even in year 3, when the largest increase will come into play, we will not even get back to all those years ago, before the cuts began? As the Minister knows, Carol Black was prohibited from looking at any change in the law, and it is only with change in the law that one will achieve good evidence-based policies on drugs.

**Baroness Williams of Trafford (Con):** I think that the noble Baroness knows, even before asking the question, that we do not intend to change the law. However, I thought that she might be quite pleased by the focus of one of the pillars, which is treatment and support for drug users. She will also not be surprised

[BARONESS WILLIAMS OF TRAFFORD]

to know that we do not have any plans to introduce drug consumption rooms. Anyone running them would be committing a range of offences including possession of a controlled drug and being concerned in the supply of a controlled drug. We support a range of evidence-based approaches to reduce the health-related harms of drug misuse, such as maintaining—oh, I cannot find the page in my notes, so I will get back to her on this in a second.

**Baroness Bennett of Manor Castle (GP):** My Lords, I will follow on from the contribution by the noble Lord, Lord Paddick, reflecting on the long-term failure of decades of the so-called war on drugs. I imagine that the Minister is aware of the 2005 report from the Downing Street strategy unit. It concluded that, to have a tangible effect on drug flows in this country, 60% to 80% of drugs coming in would have to be seized. The seizure rate has never been higher than 20%. This Statement talks about tougher enforcement action. Does the Minister still agree with those figures from 2005 and, with this tougher enforcement action, what estimate do the Government have of the percentage of drug flows that will be stopped?

**Baroness Williams of Trafford (Con):** May I finish answering the noble Baroness, Lady Meacher? We want to maintain the availability of needle and syringe programmes to prevent blood-borne infections and widen the availability of Naloxone to prevent overdose deaths. I do not know the document to which the noble Baroness, Lady Bennett of Manor Castle, refers. I went through some of the figures for drug deaths with the noble Lord, Lord Coaker. We will not go soft on some of the penalties that we have for drug use and drug dealing. As I told the noble Baroness, Lady Meacher, the focus of one of the pillars is helping people with treatment and rehabilitation.

**Baroness Uddin (Non-Affl):** My Lords, notwithstanding the complexity of the current crisis, as detailed by the noble Lords, Lord Coaker and Lord Paddick, and the noble Baroness, Lady Bennett, I welcome this strategy. I have raised the matter of the severe cuts in services over the past decade since I led Addaction, a national pilot by Breaking the Cycle, a project funded by the Zurich Community Trust that invested nearly £1 million over five years to work successfully with 500 families. That is how much it costs when you are doing it right, as is acknowledged on page 55 of the strategy, which is about the complexity of the services required. I hope that the strategy that is to be implemented will add hope for people who have been waiting for services. Can the Minister and her department not reinvent the wheel for services which are already out there waiting to be called, by the Government and local authorities, to make themselves available to very vulnerable families?

**Baroness Williams of Trafford (Con):** My Lords, I agree most wholeheartedly. It is not about reinventing wheels but about seeing what works, and about what new interventions might help people to rebuild their lives. There is all this talk about decriminalisation, but drugs destroy lives—we have all seen those effects.

**Lord Brooke of Alverthorpe (Lab):** I welcome the report and congratulate the Government on being prepared to set out a strategy. I can understand why some people are unhappy about part of it. Alcohol is quoted as the great place to go for a wonderful life with wonderful regulation and without all the consequential problems that you have with an unregulated market. All I can say is that, if we had a strategy on alcohol that set out some of the targets that we have here, I would almost think about joining the Government.

I declare an interest, in that I am the co-chair of the All-Party Parliamentary Group on the Twelve Steps Recovery Programme for Addiction, which covers not just alcohol but gambling and drugs and a whole range of things. We have already had an intervention in the Commons, and we have been offered a ministerial meeting over the recovery part of the report—over whether you are prepared to spend more time trying to get people totally sober, because we feel that the effort to try to get recovery and sobriety in so many areas has been falling so short.

In particular, we have harm reduction with methadone, and the rumour is that we are now spending £1 billion a year on methadone; it is very difficult to get to the real figures, but the story is that it is £1 billion a year. We did not have methadone available at all in 2006, when it first came around. How many people have secured sobriety during that period? How much work has been done to try to get them sober and off the drugs—because it is a drug, and it has its consequences. People die from methadone. That is the kind of research that needs to be done—then we can try to look for adequate resourcing.

I am grateful that the Minister has set out targets. Those of us who want to see recovery will be trying to keep her nose to the grindstone on it, so we deliver on them. I am sorry that we do not have the noble Lord, Lord Ramsbotham, with us today, because much of this problem of course ends in jail. That is where we need more openness in jails, to admit people who are willing to assist people to get recovery. We have found with the 12-step programme—

**Noble Lords:** Question!

**Lord Brooke of Alverthorpe (Lab):** Sorry, we need a full debate on this. My question is on the 12 steps. Will the Government commit themselves to apply them more fully than they have done in the past, and will they do a proper record of the work that is done and research on that?

**Baroness Williams of Trafford (Con):** I am very pleased to have heard from the noble Lord, Lord Brooke, who equates the harms from alcohol with the harms from drugs. Socially, in many cases, the harms from alcohol are worse, because it is so freely available. He is right that quite often these things end in prison—whether it is drugs or alcohol. He talked about the ministerial meeting, and I would be very happy to join him in that if he wishes—and I would also be very happy if he wanted to join the Government. It is not my call, though.

The original impetus for a new strategy came from Dame Carol Black's review of drugs, which recommended the setting up of this cross-government drugs unit,

responsible for co-ordinating and delivering a drugs strategy. Of course, our strategy goes wider than just the health harms—although the noble Lord's point about alcohol stands just as much. That said, I look forward I hope to joining him, and take on board all the points that he makes.

**Lord Foulkes of Cumnock (Lab Co-op):** While the situation in England and Wales is bad, it is even worse in Scotland, which has the highest level of drugs deaths in Europe. The SNP Government have always tried to blame this on Westminster, saying that it is because the Government here refuse to change the law—but, of course, that ignores the fact that the law is the same in Scotland, England and Wales. What are the UK Government doing to counteract this propaganda that comes from the “Comical Alis” up in Scotland?

**Baroness Williams of Trafford (Con):** From some of the contributions that we have heard today, clearly some of the propaganda works. Drug consumption rooms are in Scotland, and they do not work. Scotland has a huge drugs problem, and its strategy clearly has not worked. This is not a strategy for the whole UK but aligned to the devolved and reserved policies led by the six contributing departments; we continue to work with devolved authorities, so certain aspects cover England, Scotland and Wales. I am very glad that the noble Lord mentioned it, because he is absolutely right.

**Lord West of Spithead (Lab):** Is there going to be any detailed work on looking at the relationship between violent crime and the constant and steady use of marijuana, particularly the refined types of marijuana?

**Baroness Williams of Trafford (Con):** I can tell the noble Lord from my own personal experience that I have seen some horrific outcomes from the use of synthetic marijuana, and not only on children, with the effect on the growing brain leading to schizophrenia and other things. It can also lead on to the development of paranoia and all sorts of other things, including violence. I completely agree with the noble Lord that some of the linkages are quite clear. Of course, it is what it goes on to develop to, with the use of other drugs as well.

**Baroness Bennett of Manor Castle (GP):** My Lords, the pre-briefings in the Sunday paper, before the Statement was delivered in the other place, talked about middle-class drug users losing their passports. When we actually look at the Statement, we can see that it refers to there being consequences, and it talks about restrictions on movement. It does not explicitly talk about passports or, indeed, driver's licences, as was pre-briefed. Can the Minister tell me whether that is part of something that the Government are considering and, furthermore, whether they have considered the fact that some people have passports for more than one nationality, so people who only have British passports would suffer further from this? Furthermore, how might not having access to ID such as driver's licences and passports affect people who have problematic drug use and are struggling to get their life on track?

**Baroness Williams of Trafford (Con):** Well, I guess if you do not have a driver's licence or a passport you cannot have it taken off you. We are considering a wide range of interventions on this. I read the article about the middle-class drug use. If there is anything I could wish for, it is that any middle-class people using drugs at weekends who think that it is a victimless crime would realise that that is absolutely wrong. It causes untold misery—and if there was a public service campaign that could be put out, I would love to see something like that.

## Nationality and Borders Bill

### First Reading

2.17 pm

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

## Downing Street Christmas Parties

### Commons Urgent Question

2.18 pm

**The Minister of State, Cabinet Office (Lord True) (Con):** My Lords, I will now repeat the Answer to an Urgent Question made in the House of Commons:

“Mr Speaker, as the Prime Minister said to the House yesterday, he understands and shares the anger up and down the country, as do I, at seeing No. 10 staff seeming to make light of lockdown measures. I join the Prime Minister in apologising unreservedly for the offence that it has caused to people who have been through what everyone in this House knows is immeasurable pain and hardship as a result of this appalling pandemic.

The Prime Minister has been repeatedly assured since these allegations emerged that there was no party and that no Covid rules were broken. However, the Government also recognise the public anxiety and indignation about this, which I share, in that it appears as though the people who have been setting the rules may not have been following the rules.

Now, as the Prime Minister confirmed to the House yesterday, he has asked the Cabinet Secretary to investigate the facts and I would like to update the House now, if I may, on the details of this investigation. The terms of reference for the investigation are being published and I will lay a copy in the Library later today. I can confirm to the House that the Cabinet Secretary's investigation will establish the facts surrounding the following allegations: a gathering at No. 10 Downing Street on 27 November 2020; a gathering at the Department for Education on 10 December 2020; and a gathering at No. 10 Downing Street on 18 December 2020.

The primary purpose of the Cabinet Secretary's investigation will be to establish swiftly a general understanding of the nature of the gatherings, including attendance, the setting and the purpose, and with reference to adherence to the guidance in place at the time. If required, the investigation will establish whether individual disciplinary action is warranted. The work

[LORD TRUE]

will be undertaken by officials in the Cabinet Office at the direction of the Cabinet Secretary, with support from the Government Legal Department. Those officials will have access to all relevant records and be able to speak to members of staff.

As with all internal investigations, if during the course of the work any evidence emerges of behaviour that is potentially a criminal offence, the matter will be referred to the police and the Cabinet Office's work may be paused. In conclusion, I must emphasise that matters relating to adherence to the law are properly for the police to investigate, and the Cabinet Office will liaise with the police as appropriate. All Ministers, special advisers and civil servants will be expected to co-operate with this investigation.

Finally, I can confirm, as I have said, that the findings of the investigation will be provided to the House and made public. Following the long-standing practice of successive Administrations, any specific HR action against individuals will remain confidential."

2.22 pm

**Baroness Smith of Basildon (Lab):** My Lords, I thank the noble Lord for reading out the Answer to the Question. I know him to be a decent and honourable man, so I do feel for him that he so often has to come to this Dispatch Box and defend the Prime Minister's failings.

The picture emerging of the attitudes of staff working for the Prime Minister at No. 10 is pretty unedifying. While the Government were instructing the rest of us not to spend Christmas with loved ones and not to spend time with friends and family who were frail, sick or even dying, back at government HQ, at No. 10, it was party time. Across the country, we stuck to the rules—not just for ourselves, but to protect others. So we have a tale of two situations: the best of times for the PM and his friends, and the worst of times for everybody else. It is a total and utter disgrace.

I have two questions for the noble Lord, aside from the fact that I find it quite bizarre that we are having an investigation as to whether there was a party—just ask the people who were there. The Prime Minister has been forced to announce that the Cabinet Secretary, who himself is rumoured to have been at this party, will carry out an inquiry into those events. In the House of Commons, the Paymaster-General, as we heard in the Statement just now, said that any evidence of criminal behaviour will be passed to the Met. Given the public's absolute lack of confidence that the Prime Minister has been telling the truth, surely it is for the Met to decide what is criminal behaviour and what is not. Can the noble Lord confirm that all information will be passed to the Met, not just that which is filtered through government? Secondly, can he confirm whether any members of the Government from your Lordships' House were either in attendance or even invited to the parties and other social events at No. 10 last December?

**Lord True (Con):** My Lords, I reject the characterisation of both my right honourable friend the Prime Minister and the many people who work in No. 10 Downing Street and elsewhere, whether political employees, political

figures or civil servants. Whatever emerges from the findings of these alleged events, I think it is quite wrong to extrapolate from that to besmirch a whole class of people who are seeking to do their very best for this country.

So far as the facts are concerned, as I have said, the Cabinet Secretary will investigate. As the noble Baroness said, matters relating to adherence to the law are properly for the police to investigate, and the Cabinet Office will liaise with them as appropriate.

I believe it is best that we should now wait for the findings of this inquiry, which the Prime Minister has directed should be produced as soon as possible.

**Lord Wallace of Saltaire (LD):** My Lords, I am sure the Minister is aware that the morning newspapers and the other blogs that many of us have read now list a good deal more than three parties as having broken the rules at that time. Do we have a guarantee that the findings will be published in full when they come out?

I turn to what I think is the most important thing for all of us now. Public trust and public confidence in the rules to beat this pandemic have clearly been very badly damaged and need to be re-established, particularly as the new variant is sweeping through the country. How do the Government plan to ensure that public confidence and trust in the rules can be rebuilt? Are the Government providing a strategy on that? Do they think, for example, that, in the current circumstances, the Prime Minister is the best person to lead that, or that perhaps another Minister might be more capable of commanding public confidence for the next few weeks?

**Lord True (Con):** As a preamble, I failed to respond to the noble Baroness opposite on who might have been at any of these alleged events. I can assure her that, obviously, that is part of the investigation and report that the Cabinet Secretary will complete, but I am not in a position to make a statement on that myself.

So far as what the noble Lord has just said, I do not believe that this should damage trust. Obviously, there are several strands here. There is proper public concern and indignation, which I referred to in the Statement, about the tape that came out, and a proper wish to establish the facts on these events. We have to be candid that, separate from that and wider than that, there is a persistent political campaign against the Prime Minister to besmirch his character—

**Noble Lords:** Oh!

**Lord True (Con):** Those who participate are very vocal on the matter.

The third factor, in response to the noble Lord, is that there is a vital task—which the Prime Minister is engaged on and has been engaged on from day one—to address the challenge of this pandemic. That work goes on. I suggest respectfully to all noble Lords that mixing one of those strands with another of them also undermines public trust. We are all committed, I hope on all sides, to defeating this pandemic, and we should focus on that.

**Lord Foulkes of Cumnock (Lab Co-op):** My Lords, the Minister failed to answer my noble friend Lady Smith's second question on whether any members

of the Government from your Lordships' House were either in attendance or invited to attend these parties.

**Lord True (Con):** My Lords, I just responded to that in answering the question from the noble Lord, Lord Wallace.

**Lord Campbell-Savours (Lab):** My Lords, would the Minister confirm that deliberately misleading Parliament and the House of Commons is contempt under the rules of Parliament? If it is shown that the Prime Minister deliberately misled Parliament on what he knew, he would be in contempt of the House of Commons, and he would have to resign. Will the Minister confirm that that is the position?

**Lord True (Con):** My Lords, the rules of the House of Commons are for the other place. As far as I am concerned, every Minister acts on his or her honour to be truthful to whichever House they are a member of.

**Baroness Taylor of Bolton (Lab):** My Lords, would the Minister confirm that anybody who works in No. 10, or elsewhere in government, who was or was not invited to that party, will not have their career prospects jeopardised by giving evidence to the courts, the police or indeed this inquiry?

**Lord True (Con):** My Lords, I sincerely hope that that would be the case. Obviously, the Cabinet Secretary is responsible for the conduct of the inquiry. He is the senior civil servant and will own the responsibility to which the noble Baroness referred. I should make it clear—following on from something that I did not reply to from the noble Lord—that the terms of reference, which I will lay in the Library of your Lordships' House later today if they are not there now, will make it clear that where there are credible allegations relating to other gatherings, these may be investigated.

**Lord Strathclyde (Con):** My Lords, I suppose that it is really not surprising that the Labour Party should try to make so much political hay out of this, as it has done this afternoon. But in this House we can take a more measured view of these events. As my noble friend the Minister has just announced in his repeated Statement, the Cabinet Secretary has been asked to make an investigation, where he will come out with the full facts. Therefore, the allegations that have been made cannot really be relied on until we have seen the results of that investigation. Would it not be a good idea for everybody, not least in this House, to wait until we have seen the results before making any more comment?

**Lord True (Con):** My noble friend is entirely right—he perhaps put it more elegantly than I did—that there is a political strand to this. In this country, there is an ancient presumption that people are innocent until proved guilty, and I believe that it would not be appropriate to comment on or prejudge the outcome of an ongoing investigation. I will hold to that position.

**Baroness Jones of Moulsecoomb (GP):** My Lords—

**Baroness Bloomfield of Hinton Waldrist (Con):** I am sorry, but the noble Baroness cannot speak from that Bench. If she would like to move to the Bench behind, she may speak from there.

**Lord Tomlinson (Lab):** The Minister referred to everybody being required to make their records available to the inquiry. Will that include their electronic records, such as their mobile phone and email system, so that those are available for the benefit of the inquiry?

**Lord True (Con):** My Lords, as I said, the terms of reference will be published by the Cabinet Secretary later today. If that is not clear in the terms of reference, I hope that it will be made clear. We are asking all Ministers, all special advisers and all civil servants to co-operate fully with the investigations. Any staff with information relevant to the investigations should provide it.

## Extraordinary Funding and Financing Agreement for Transport for London

### *Question for Short Debate*

2.32 pm

*Asked by Lord Davies of Brixton*

To ask Her Majesty's Government when they will announce the details of any further Extraordinary Funding and Financing Agreement for Transport for London for the period after 11 December.

**Lord Davies of Brixton (Lab):** My Lords, I should perhaps mention, in the interests of full disclosure, that I live in London and am the proud holder of a Freedom pass.

My Question is of course highly topical; the deadline is tomorrow for the Government and TfL to reach an agreement on the future funding of transport in London. That is not just the Underground and the buses; it is the roads and the whole transport system for London.

My intention in raising the matter is not so much to discuss the details of a possible agreement as to ask about the process and timing by which such agreements are reached. In short, what my Question is really asking is whether the Minister agrees that there must be a better way of doing this and, if so, what the Government propose to do to bring it about. Perhaps there has been some news since I last checked, by my Question still stands. Even if an agreement is reached tomorrow, we still need the Government to tell us what steps they will take to improve the system by which such agreements are reached.

By way of background, in addition to the excellent brief produced by the Library, it is worth emphasising that this will be the fourth in this series of deals for relatively short periods since we were struck by the pandemic. There was May to October 2020; there was October 2020 to March 2021, subsequently extended to May 2021; and, most recently, there was May to December 2021, which expires on Saturday. Obviously, part of the reason for this pattern has been the unknown and unknowable progress of the pandemic, emphasised most recently by the Government announcing yesterday

[LORD DAVIES OF BRIXTON]

that everyone should, where possible, work from home. We simply do not know how people will react and how this will affect ridership.

I therefore welcome the Statement made to the *Evening Standard* by Paul Scully MP, the Minister for London, that the Government remain committed to make up TfL's loss of fare revenue from Covid. It would be good and appropriate if the Minister could make a more formal commitment to that policy from the Dispatch Box.

The problem, however, is that short-term fixes to cover lost fare revenue simply do not work for Londoners. Those who travel on TfL services deserve something more certain in the longer term in terms of both revenue and capital. It is important to understand that TfL's budget does not just cover day-to-day running of services; it must cover the capital needed to maintain and, where necessary, update services to deal with the changing needs of both Londoners and the visitors whom we welcome to our great city. For example, some of the rolling stock is near or at the end of its working life and its replacement simply cannot be deferred.

The practical difficulty is that TfL is, in effect, a local authority and is bound by the rules that govern local authority finance. What this means in practice is that it cannot budget for a deficit and is legally required to plan for the worst-case scenario. Consequently, unless and until a formal agreement is reached on additional funding and signed on the dotted line, TfL has to plan for substantial cuts in expenditure, both in services and capital, in case a deal fails to materialise.

Perhaps other noble Lords will mention the sorts of cuts that TfL has had to consider; I want to make just one specific point about any possible deal. It would be totally wrong to make TfL's staff, who have served us so well during the pandemic, facing real danger in their day-to-day work, pay for the problems that have arisen. They should not have to pay now through real-terms cuts in their pay and conditions or cuts in their future pensions—there is always a pensions angle.

It is a shame that speakers in this debate are so London-centric, as one important point I want to emphasise is that this is not just an issue for London—I look forward to the remarks of the noble Lord, Lord Shipley. The Government's own statements make this clear. In their *Integrated Rail Plan for the North and Midlands*, they refer explicitly to London's transport system and state:

“Bringing local transport systems outside London to the standards of the capital is a critical part of levelling up, driving growth and prosperity.”

Two things flow from this statement which are relevant to London. First, London and TfL set the standard to be achieved, and cutting back on services in London has no part in the Government's trumpeted policy of levelling up. Will the Minister confirm that that is the case?

Secondly, the growth and prosperity of London depends as much on having a good transport system as it does in the north and the Midlands. The point that is too often missed from debates about levelling up is that this is not a zero-sum game; growth and

prosperity in the north and Midlands depend to a significant extent on growth and prosperity in London. It is worth noting that London currently has the highest unemployment rate of any UK region. This is bad news for everyone—not just for Londoners but for the whole country and our economic prospects. The Government must recognise that London has a critical role to play in the nation's economic recovery. I am sure that the Minister knows all this but, for whatever reason, we have ended up in this absurd situation where there is no certainty about TfL's funding in two days' time.

To return to my original question, does the Minister accept that the Government have a responsibility to avoid this sort of brinkmanship in these negotiations? She may well blame the mayor, but does she accept any responsibility? In any event, what constructive steps will the Government take in future to achieve the necessary longer-term agreement that should be put in place?

2.41 pm

**Lord Patten (Con):** My Lords, it is a pleasure to follow the noble Lord, Lord Davies of Brixton. I will follow his excellent example by also declaring my interest as a resident for the whole working week in London for many years and a regular user of the District and Circle lines and the cheerful 507 bus service from Waterloo.

That said, and to pick up the noble Lord's last point and the point he made about how important London is to the national economy, I think the Government have stepped up to the plate, keeping TfL running not with Londoners' money but with more than £4 billion and counting of taxpayers' money, gathered from all over the country—national money, in other words. So it is to me a considerable paradox that Members of our national Parliament cannot usually put down, say, a Written Question about TfL, because we are rightly told by the Table Office that it is independent and nothing to do with Parliament. Shedloads of money is going into London and TfL, but we cannot even have a Written Question such as the one noble Lords have tried to table in recent weeks on what is happening about the wearing of face coverings in London, because that is said to be something that is not for Parliament. So it is very hard for us to know, on behalf of national taxpayers like me, what is going on within the Bermuda Triangle that seems to me to characterise TfL accountability.

It is clear that the mayor should have done much more about the wearing of face coverings on the London Underground over the last few months and encouraging it. It is equally clear that the mayor and his team have made scant efforts to attend even to the basics in TfL, such as seeing that fares are properly collected and that fare dodgers are reasonably, properly and carefully brought to account. I hope that is something that everyone in this House would agree with.

The money to keep services running is being provided by national taxpayers, so the mayor now needs to show much more leadership and to take more financial responsibility himself. He needs to look at everything that could raise more funds to help run TfL from, for example, road users paying per mile to widening the

congestion zone, however unfortunate and unpopular that might be to some, lest we be stuck into infinity with an annual round of campaigning from the mayor to cover up bus signs and shut down Tube lines in a fashion that even the late Dr Beeching would not have dared to do.

All that said, it is pretty obvious to the attentive noble Lord that I am a supporter of the Government in this, so I will save my last word for them. I certainly strongly support the Government—although I might be something of an endangered species, if you read the morning papers. As soon as the latest pandemic threats are evaluated and things get back to whatever the new normal is, I hope that Her Majesty's Government will adopt an attitude or even a policy of creative courage where they can in order to, without any cost at all, bring passengers back into central and outer London.

One way of doing that is to bring civil servants back to their offices again, as soon as possible, for the good of the nation, London and the Civil Service itself. Bringing civil servants back to their expensive and now too often white elephant office blocks, to seeing and talking to colleagues at the coffee point and to helping and encouraging new joiners; all these things are critically important. To parody the old saying "Get on your bike", it is more a case of "Get off your Pelotons" at home and get back into the office in the cause of a better Civil Service.

2.45 pm

**Lord Adonis (Lab):** My Lords, I entirely agree with the noble Lord that, once we know what the new normal is, we need to think boldly and creatively about the long term. However, everyone accepts that we have no idea what the new normal will be at the moment, because we are still in the pandemic. We have just gone into another wave, which is having a further negative impact on traffic levels.

It is utterly ludicrous for the Government to be forcing TfL into short-term, acrimonious funding agreements, as they have been doing every three or six months, when everyone knows that the problem is the pandemic. It is rather like denying a heart replacement patient blood on the grounds that they do not have a long-term plan for improving their fitness. Until they have survived the operation—got through the pandemic, in this case—we cannot look at these longer-term issues.

My noble friend's strictures at the beginning were well made. Unless the Government want to kill the national economy, which I do not think they do, they simply will agree to roll on the funding; there will be an agreement tomorrow and it will be similar to the one that went before. This is wasting a huge amount of time and energy among the senior management of TfL and in the Department for Transport, where I know officials are at their wits' end, having to go through this charade of negotiations, knowing that the status quo will be the status quo ante until we get to the end of the pandemic.

When we get to the end and know what the new normal is, some very hard questions will of course need to be asked. But we need to know what the new normal is in terms of traffic levels, and these are very hard to predict; I have seen a whole range of potential traffic levels. The report done for the mayor, the TfL

independent review of a year ago, suggested we might get to about 80% of traffic levels. I have looked at the sourcing for those estimates and, to be frank, this is fingers in the air stuff—the Minister will probably agree with that. We simply do not know what the new normal will be.

It was very striking that, when so much encouragement was given to people to come back to the office and resume normal activity after the second lockdown, traffic levels were restored remarkably quickly. The idea that there is somehow going to be a systemic loss of traffic may be far too gloomy a prediction.

When we do know what the new normal is, we obviously need to address this. I will highlight very briefly four issues that we should address. The first has to be bus priority. If buses in London went, on average, 1 mph faster than they do at the moment, it would save TfL nearly £200 million a year in the running costs of the bus network, with fewer buses, much more efficient operations and so on. It should not be beyond the wit of good transport managers in TfL to ensure improved bus priority to get buses moving faster. There has been a significant reduction in average bus speeds in London over the last 10 years, because of a failure to join up policy properly when we are all in favour of faster buses in principle—

**Lord Boateng (Lab):** Cycle lanes are the problem.

**Lord Adonis (Lab):** My noble friend says that priority cycle lanes are a problem; we can debate that issue, but there needs to be much better joining up and we should encourage the mayor to look at that as a key priority.

The second issue has to be the future of congestion charging and road pricing in London. At the moment, we have a hybrid system of a low emission zone and a small congestion zone for which prices have gone up a lot. We need to join up and look at the longer-term role of congestion charging.

I will mention two other points and will be very brief, because my time is nearly up. We need to look at reform of council tax arrangements as part of future arrangements. There is a very strong argument for an additional council tax band, given what has happened to property values in the capital over the last 30 years, and that could help to fund Transport for London.

Finally, when Crossrail and the Elizabeth line open, I hope, next year—we are looking forward to it—a big issue will be the interaction between the transformational additional capacity of Crossrail, with its 10% of additional transport capacity in London, and new housing, which will also produce new council tax revenue. So, there are four big things that should be looked at, but not this short-term, ludicrous funding crisis that we have been going through during the pandemic.

2.50 pm

**Lord Moylan (Con):** My Lords, I live in London. I have a 60-plus Oyster card. I was a TfL board member for eight years and deputy chairman for half that time. I have great affection for Transport for London. Nobody wants to see a long-term settlement for it more than I do, but, as the noble Lord, Lord Adonis, just explained, it is impossible to put one in place at the moment.

[LORD MOYLAN]

A comparison is sometimes drawn with the train operating companies, which have been funded. Politically, constitutionally and legally, they are agents of the Government. The difference is that, politically, constitutionally and legally, TfL is an agent of the mayor. To understand the Government's anxiety about entering into a long-term settlement with the mayor, one needs a forensic understanding of his financial responsibility over the past four years. He was elected in May 2016. The pandemic hit in March 2020, almost exactly four years later. I want to concentrate on those four years.

Before the pandemic hit, the mayor came into office with two dangerous pledges. One was a fare freeze at a time when public transport was heaving with people and there was money for him to collect. As he has accepted, the cost of that fare freeze over a four-year period was £600 million; that is £600 million forgone. He added to that the Hopper fare on buses, allowing people two rides in an hour. TfL budgeted £35 million per annum to fund that, only to find after a year that there were 100 million usages at £1.50 a pop. That is a top figure; TfL will not give an estimate. It is a bit complicated—some people might have hit the daily cap, for example—so let us be generous and say that this represented only £130 million forgone per year. That means another £600 million forgone over four years, adding up to £1.2 billion left on the table by the mayor in the fat years. The result was a subsidy for the buses, which hit £600 million under Ken Livingstone. Under Boris Johnson, that was brought down to £450 million with no loss in bus mileage. Under Sadiq Khan, before the pandemic, it rose to £750 million a year, with a 7% cut in bus mileage to go with it.

The mayor's second pledge was that there would be no strikes on the Underground. That is an easy, but expensive, pledge to fulfil: you just give in to the unions. Until recently, that is exactly what he did. One consequence of that has been a considerable growth in the number of Tube drivers. The system needs about 3,000 as a minimum to run. When I last looked, before the pandemic hit, there were in excess of 4,000. Let us say that there are 1,000 excess posts at roughly £50,000—possibly £60,000 now—a year. That is £200 million over four years, which brings us up to £1.4 billion forgone. To his credit, the mayor embarked on a reduction in the management head count but, given the generous severance packages negotiated by the unions, it will take several years for TfL to see the cash-flow benefits of that come through.

There is little to say on Crossrail, given the time. According to the mayor's own account, he was totally surprised and shocked when it blew up in his face—presumably because he had taken no interest in it up to that point.

Of course, from his own resources, the mayor could not have coped with the pandemic. Nobody is suggesting that, even if that £1.5 billion or so was in the bank waiting to help him through, he could have got through a pandemic of the length we have seen without government subvention. However, it is hard to discern how he has faced up to the hard choices that this sudden, possibly continuing, loss of income has made for TfL. There is

a lot of pleading for money from him but very little leadership; this is consistent with his behaviour in the fat years.

My noble friend the Minister will have her own view but, having myself struck long-term deals for TfL with, among other people, Conservative Governments and the noble Lord, Lord Adonis, who just spoke, I well understand the difficulties that the current Government have in doing so now.

2.55 pm

**Lord Berkeley (Lab):** My Lords, the debate so far has been very interesting, but it all started because the income that TfL gets from its passengers has gone down due to Covid. There is no argument about that. What is worrying is that it has affected TfL much more than it has transport in other cities. London First has said that 70% of TfL's income in London comes from fares, compared with 38% for authorities in New York and Paris, so it is much more reliant on fares. As noble Lords have said, there is not a lot that we can do about it at the moment.

This has got worse because we have many more people using public transport in London than in other cities—about three times as many. However, it is worse than that because, so far, London has been given about three times the income per head of population than other cities in this country have been given. What comes out of this debate and the comments made is the question of who is in charge, and of devolution. Many noble Lords have criticised the present mayor; I could criticise the previous one, who did one good thing in producing more bus lanes but did many other things that I could criticise heavily. We criticise them but, after all, the mayors are elected.

The Government are now saying that there will be more devolution, particularly for transport in the north and the Midlands—we can debate another day whether it is the northern powerhouse or something else—but if these organisations, including TfL, are elected or come about as the result of an election, we have to allow them to get on and win or fail, depending on what the electors think.

What really got me about this debate was the letter from the Secretary of State for Transport to the mayor, dated 1 June this year. It set out six months of settlement and was 20 pages long, with enormous detail about how many driverless trains there should be and all sorts of other things. I will not go through it now, but does a mayor really need a 20-page document with a lifespan of just six months—it will run out tomorrow—telling him in detail exactly what to do for an authority that is supposed to be devolved?

I do not know what the Government are going to do to sort this one out—noble Lords have given them many ideas; I have a few myself, although I will not come on to them today—but this is the kind of thing that northern cities, such as Manchester and Leeds, will want from devolution. They will want someone to say, "Right, here is your scope of work. This is the amount of money you're going to get—now get on with it." But that is not what is happening up there at the moment; it certainly is not happening in London, either.

I hope that, when she responds, the Minister will say, “We do believe in devolution. We are going to let go and, in the end, let the electors decide who is doing well and who is doing less well.”

2.59 pm

**Lord Shipley (LD):** My Lords, the noble Baroness, Lady Kramer, has asked me to present her apologies for not being able to speak this afternoon. However, I think she would agree with me that the problems of TfL have been well reported and debated in recent weeks. From the perspective of the travelling public, the commitment of Ministers in principle to find a long-term agreement that will enable TfL to plan for the future is most welcome.

I do not want to repeat the history of TfL’s financial problems, so clearly explained by the noble Lords, Lord Davies of Brixton and Lord Moylan, and others. Clearly, the huge reduction of journeys from 120 million on London Underground in a five-week period in autumn 2019 to 39.5 million over a similar period a year later means severe financial dislocation, given that fares represent a high proportion of overall income for TfL.

As the noble Lord, Lord Davies of Brixton, suggested I might, I want to broaden the issues a little because the problems of financing in London, while not quite the same, are similar elsewhere in England. Many areas will face managed decline in service provision unless further financial support is forthcoming. In the case of the Tyne and Wear Metro, which I use regularly, the Government have confirmed that emergency Covid-19 payments, which have been paid through the pandemic, will cease at the end of March 2022. If this situation continues, there will be a major shortfall of just over £20 million in the 2022-23 financial year, most of which is caused by the impact of Covid on ridership. Given yesterday’s announcement asking those who can to work from home, ridership will now fall further, having got back to 85%—although not 100%—of pre-pandemic levels in recent weeks.

To make up nearly £21 million on Metro income, support for bus services will have to fall significantly. That means reductions in concessionary bus fares and in secured services, and this will impact in turn on bus company income. Stretching income—which is the intention—will be extremely hard given the long-term nature of the pandemic and its impact, and use of reserves is of course finite.

Lack of further support for Metro will lead to major cuts in bus services, particularly in those areas without Metro. In view of yesterday’s announcement, it seems essential that this matter is urgently reviewed. Perhaps underground and light rail should be treated the same as the national rail network. Metro is an essential transport system supporting the economy of Tyne and Wear, and the financial shortfall is caused by the pandemic. I hope the Minister can agree that an extension of help after March next year would now be justified, as it would be for all areas suffering income loss on light rail.

As we have heard, for the sake of the economy we have to keep the country moving. Decisions are becoming urgent since budgets will need to be set four weeks from now in mid-January.

3.02 pm

**Lord Hendy (Lab):** My Lords, I too declare an interest as a Londoner and a Freedom pass holder. I am also standing counsel to the RMT, ASLEF and Unite, which means that from time to time I advise and represent those unions. I have not been called on in relation to the issue now before the House and, needless to say, I represent nobody but myself.

The interests of the Government, the Department for Transport, the mayor, TfL, Londoners and visitors are obvious. My concern in the present negotiations between the DfT and TfL is: what about the workers? These are the people who, as essential staff, kept Londoners working and travelling during the pandemic. Almost 100 workers on London’s transport died because of Covid, together with an unknown number of cab drivers, private hire drivers and delivery riders.

Uncertainty of funding means uncertainty of employment. We understand that TfL must prepare for the worst as the current funding package runs out, but whether its worst-case scenario of an 18% cut in bus services and a 9% cut in Underground services turns out to be too pessimistic, the staff working the buses and the Tube are left anxious and worried that some of them may lose their livelihoods and others have their hours and/or pay cut. This is no way, as they say, to run a railway. Nor are cuts to jobs in London transport, as the noble Lord, Lord Moylan, implies, any way to build back better or to prepare for a green transition.

Just as TfL—and indeed the Government—needs long-term planning, so do the individual members of its staff and their families. I ask the Minister to assure the House that when agreement is reached for funding past 11 December, the department will then sit down with TfL to agree a long-term plan for funding so that finances do not lurch from one half year to the next. I ask her too to undertake to ensure that the unions are at that negotiating table. Staff are entitled to have their voice heard on long-term strategy as well as day-to-day issues.

3.05 pm

**Lord Rosser (Lab):** I congratulate my noble friend Lord Davies of Brixton on securing this very timely debate. We well remember Mr Chris Grayling when he was Secretary of State for Transport making it clear that he was not handing over responsibility for any rail services to TfL because that would mean giving them to a Labour mayor—full stop. There was no consideration of what was logical or in the best interests of London and Londoners, just a crude display of party-political antagonism on his part. The next few days will show whether we are going to see a similar approach to determining policy on TfL from the current Secretary of State for Transport.

Since the onset of Covid, Transport for London and TfL staff have kept London’s transport network going at the behest of the Government and in line with government guidance, thus enabling key workers in particular to get to and from their vital work—vital work that cannot be carried out from home. Inevitably this has led to a major hole in TfL’s finances, as numbers of passengers travelling during the pandemic—and therefore income—fell dramatically and still remain

[LORD ROSSER]

well down on pre-pandemic levels. If Sadiq Khan had been as profligate as his immediate predecessor as mayor, under whom debt increased fourfold, the financial position would be even worse. The latest confusing announcement from the Prime Minister yesterday on new Covid restrictions—which by an interesting coincidence was made on the same day that the main news story until then had been the Christmas party at 10 Downing Street—is almost certain to have a further adverse effect on TfL revenue, as my noble friend Lord Adonis said.

Previous financial settlements during Covid have all been, at the Government's insistence, on a short-term basis, and the necessary financial support has been forthcoming only with strings attached, with the Government telling the London mayor—a mayor with a recently renewed mandate from the people of London—what policy changes he must accept before that financial support will be provided.

We now appear to be going through the same process again, with the deadline just a couple of days away. The Secretary of State does not seem keen to work with the mayor in the interests of Londoners and the London economy. Perhaps like Mr Grayling, this is because he is a Labour mayor, and the Secretary of State, one suspects, wishes once again to use the considerable leverage he has to in effect impose policy changes.

The Government argue that they act in the interests of all taxpayers. This is a surprising claim from a Government who wasted billions of pounds—way in excess of anything that Transport for London needs to keep its vital transport network going—on a largely failed test and trace system, and who handed out major contracts to political sympathisers without competitive tendering.

The Government claim that TfL has more than enough money to keep services running at their current levels, when the reality is that TfL needs at least £245 million for the rest of this financial year and £1.1 billion for next year. That is based on a “managed decline” scenario in investment and services which will only make the situation worse in the future. As it is, TfL has already reduced its planned spend on enhancements and extensions by £5.7 billion over the next 10 years. The Government seem to think that there is no link between running services and capital funding. Government support has to cover both. Investing to maintain and improve the transport infrastructure is vital to sustaining the quality and reliability of rail and bus services.

The Government claim that they want to give TfL a longer-term deal. But in the October 2020 funding deal the Government said that:

“During the course of the H2 Funding Period, HMG want to work with TfL on long-term plans with an aim to be in a position where a longer-term settlement is possible from March 2021 when this funding package expires.”

Needless to say, with this Government, a long-term settlement did not materialise in March 2021 or any time since, and the spending review did not grant any of the funding TfL requested.

TfL, the mayor and London's businesses have been clear that TfL has been playing, and continues to play, a central role in the economic recovery of London and

the UK as a whole. We shall find out in the next day or two whether the Government can finally bring themselves to recognise that too.

3.10 pm

**The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con):** My Lords, I declare an interest as a Londoner. Sadly, I am not a Freedom pass holder. I do not even get one of those free chitties for the over-60s, but my husband does; he is in full-time employment and yet he has free travel—go figure.

I pay tribute to the noble Lord, Lord Davies, for securing such a very timely debate on the important issue of extraordinary funding and financing for Transport for London. I think we would all agree that London has one of the best public transport systems in the world, and the Government recognise how crucial it has been throughout the pandemic and how important it is to our capital and country.

The onset of the pandemic had a devastating impact on TfL. Ridership was absolutely decimated. In spring 2020, passenger journeys reduced by 95%, almost overnight. When TfL's income plummeted, and as the Government advised people to stay at home to curtail the spread of the virus, we necessarily stepped in to ensure the continued provision of essential transport services in London. By supporting TfL, the Government ensured that essential transport services were available to key workers, including nurses, teachers and retail staff, at all times. I am enormously grateful—I have said this many times before—to all the TfL staff for their incredible service during the pandemic, and of course I too mourn the loss of life among transport workers, both in London and beyond.

However, it is appropriate to note at this juncture that transport in London is devolved to the Mayor of London—this was noted by the noble Lord, Lord Berkeley. The mayor is responsible for service levels. He can decide which buses and tubes he runs, as well as asset maintenance and enhancements, fares and much more, as noted by my noble friend Lord Moylan. The mayor must take decisions relating to transport in good times; for example, when the mayor decided that a multi-year fares freeze was a great idea, despite it costing hundreds of millions of pounds. He must also take those decisions when times are a little more challenging, as they are now.

What should the Government do in all this? In normal times, the Government would agree a settlement with any devolved area, whether that be London, Manchester or Liverpool, and there is a package of powers and responsibilities, local fundraising routes and a contribution from central government. Many noble Lords have commented on the lack of a great handover of cash from central government, but that is not entirely the case. We are slightly missing the fact that some of London's business rates, instead of being paid to the Government, go to the Mayor of London. That funding is essentially made by the Government, and it replaces the grant that went before.

Since the outset of the pandemic, the Government have consistently recognised the financial distress that has affected TfL as a result of the Covid-19 pandemic,

and we have continually demonstrated our commitment to supporting TfL. To date, the Government have provided more than £4.1 billion to TfL in emergency funding over the last 18 months—that is a considerable amount of money in what are, quite frankly, very difficult times. The current emergency funding settlement for TfL went from June to December and is worth just over £1 billion. If you add that to the two previous bailouts, in May 2020 and October 2020, that takes you up to the £4.1 billion figure.

This emergency funding is separate from other funding that TfL gets. It gets £1 billion a year towards capital investment. Noble Lords were decrying the lack of long-term certainty of funding, but that £1 billion a year was announced at the spending review and will continue up to 2024-25. That is, in fact, the same amount of funding that TfL got the previous year. I should say again that the pressures on the nation's finances are very significant.

It is worth noting, although I cannot go into the detail that my noble friend Lord Moylan did, that even before the pandemic TfL was in a precarious financial position, with a funding shortfall of approximately £2 billion—perhaps indicating that those fares freezes were not wise. Events since March 2020 have exacerbated and highlighted TfL's financial difficulties, so the extraordinary financial support that the Government have provided must be considered—and in the Government's mind is always being considered—in the light of the longer challenge of how we ensure that London's transport system is funded for the longer term. Here I slightly disagree with the noble Lord, Lord Adonis, who seemed to say that we just have to get through the pandemic and then we will sort it out. There is a good opportunity to provide a framework for sorting it out now, and that is exactly what these funding deals do.

TfL's own independent review—again, noted by the noble Lord, Lord Adonis—published in December 2020, recognised that TfL has a continuing funding shortfall. It considered a range of options to close the funding gap, including increasing fares and removing concessions; all of these are matters for the Mayor of London. TfL's own financial sustainability plan, published shortly afterwards, in early January this year, set out, to some extent, TfL's ambition to become financially sustainable. But TfL's plan lacked a clear and decisive road map, which would have required difficult decisions at TfL and in City Hall, to achieve that longer-term financial sustainability.

In supporting TfL, the Government have been very focused on how to provide a framework in which TfL can become financially sustainable. By that we mean that TfL should be able to cover, without government support, its operating expenditure, capital renewals and enhancements, servicing and the repayment of debt. We certainly would not expect it to cover major capital infrastructure, such as Crossrail or potentially Piccadilly line signalling and those sorts of things, but we would expect it to cover the day-to-day capital expenditure. We are very clear that endless short-term bailouts from government is not a sustainable situation. TfL needs to be financially sustainable, ideally by spring 2023. It is now up to the Mayor of London to set out in detail how TfL should get there.

I absolutely pay tribute to the noble Lord, Lord Adonis—I thought he had some cracking tips in his speech on how the mayor might get there. Perhaps he might get himself a new job in the mayor's office.

Part of this framework, and the way that we have been dealing with and encouraging TfL to become financially sustainable, is all about the conditions and scrutiny that we are able to put on, because of course we have to protect public money. This is national taxpayers' money from the national taxpayer.

**Lord Adonis (Lab):** My Lords, if the noble Baroness says that a long-term settlement should be put in place now, can she tell the House—because it is an absolutely crucial issue—her estimate of what traffic levels after the pandemic will be, relative to traffic levels before it?

**Baroness Vere of Norbiton (Con):** I will not go into that sort of detail.

**Lord Adonis (Lab):** But that is such a critical issue—it is fundamental.

**Baroness Vere of Norbiton (Con):** I will come on to longer-term funding, if the noble Lord will give me time—although I might now run out of time. I will skip on a weeny bit.

We have required the mayor to make much-needed efficiencies and savings in the TfL cost base. It is funny, when you turn the spotlight on, how much money you can find in there: £720 million in ongoing savings. That is quite a lot of money—I am not sure we would have found that had we not gone through the pandemic. Obviously, work continues. We are reviewing the TfL capital programme to draw out the efficiencies and we have asked the mayor to look at new income sources to raise between £0.5 billion and £1 billion and to report regularly on the financial position.

The noble Lord, Lord Adonis, will know, if he looks back through the deal letters, that it is the case that the Government have committed to a review of the future funding of TfL, and that work is ongoing. We will not suddenly have a long-term deal for the next five years from Saturday. I think all noble Lords recognise that, in the midst of a pandemic, that would not be wise. We have also required TfL to initiate other necessary reforms, such as to the TfL pension scheme, so that it can transform into a modern and efficient transport operator, fit for the future of London.

I turn specifically to the pensions issue. As the noble Lord, Lord Davies, said, there is always a pensions issue. TfL's own independent panel recognised that TfL's pension scheme was outdated and in need of reform. It is not the Government saying that but its own independent panel. So we agreed with the mayor in the funding settlement that a process would be put in place in order to modernise and reform the pensions, and we will have a report from Sir Brendan Barber by 31 March next year.

On capital, the Government are contributing capital as well as income. There has been the £1 billion of capital a year, which I have mentioned. On top of that we have had to provide further funding for Crossrail—and I am very excited that it is opening soon. There has been funding for Hammersmith Bridge. However, TfL

[BARONESS VERE OF NORBITON]

has made an announcement via its financial committee—and this is where we start getting into the PR and spin of TfL, or the “mayor’s world”. This level of funding means that TfL now has to implement something called its “managed decline scenario” for capital investment. Let me be absolutely clear that that rather unambitious phrase comes from the Mayor of London playbook. It is not what we want or expect to see for London, and we will continue to work with TfL to fully understand the detail of the future capital programme.

On new income, noble Lords may be asking: what is holding up the current deal? The plan is. Before the pandemic, 70% of TfL’s revenue came from fares. TfL’s finances need to be more resilient, and again this was noted again by TfL’s own independent panel. Work therefore had to commence to find new income sources, some of which had been identified by the independent panel, so a fair amount of work had been done. The mayor was given a deadline of mid-November, so that we would have the plan in good time before the deal ends. He failed to deliver the requisite document. He was then given an extension until 8 December—yesterday. We finally received a submission from the mayor yesterday at 8 pm. We are urgently considering what he sent us late last night, but we are very clear that it is for the mayor to decide new income approaches.

We know that omicron may provide an additional level of uncertainty. We know that TfL had started to recover and that things were looking better for London, but we are not sure where things will go over the coming days and weeks. The Government remain on-risk for revenue under the current funding settlement and use the top-up mechanism to protect TfL from exposure to unexpected changes in passenger demand.

On the point about Nexus made by the noble Lord, Lord Shipley, all that I will say is that I met Nexus earlier this week—so everything he said, I already knew, and I have heard its pleas.

In conclusion, the Government will continue to support TfL in a way that is fair to the UK taxpayer and ensures continued services on London’s transport system. In return, the Mayor of London must step up and lead from the front by making potentially difficult decisions in difficult times. At the moment, we are seeing a PR blitz of overexaggerated claims of doom, which he blames on others. We as central government have not been able to swerve difficult decisions, and neither should he. We look forward to working with the mayor in the coming hours, days, weeks and months to ensure that the capital has the modern, efficient and sustainable transport system that it needs and deserves.

**Lord Davies of Brixton (Lab):** I am afraid that my actual Question in the way I phrased it in my introduction was not answered. Effectively, reading between the lines, the Minister is saying that it is totally the mayor’s fault and the Government are not prepared to do anything to avoid this situation arising in future.

**Baroness Vere of Norbiton (Con):** I am over time, but I will respond. I am saying that there is definitely fault on the mayor’s side, but I am saying that we have had to be very flexible in this process all the way

through. I have been deeply involved in it for the past 18 months or whatever. We have always had to be very flexible, because things change. That has always been our goal. However, at the core of all that is the direction of travel of making TfL financially sustainable and understanding what it would look like by April 2023 and, thereafter, what a longer-term future for TfL looks like. That is our prize and what we have our eyes on. We would like the mayor to join us on that journey. He is not quite there yet, but I am forever hopeful.

## Energy: Civil Nuclear Power

### *Motion to Take Note*

3.24 pm

*Moved by Lord Howell of Guildford*

That this House takes note of the role of civil nuclear power in meeting the United Kingdom’s electricity needs and energy security.

**Lord Howell of Guildford (Con):** My Lords, I begin by declaring interests advising energy-related companies, as detailed in the register, and as chair of Windsor Energy Group, as former president of the Energy Industries Association and the British Institute of Energy Economists, and—rather a long time ago—as a former UK Energy Secretary, although I must say in very different times from those we now face.

I am going to start with the civil nuclear future rather than the present, because I do think it is possible to strike a very positive note there. In fact, I do not disagree totally with those who say that the whole civil nuclear power industry could be on the verge of a spectacular new birth. I shall come later to the immediate state of nuclear power in the UK where, I am afraid, the situation is far from positive and some very serious issues demand extremely urgent government attention.

However, further ahead, we can see the outlines of two important advances. First, there is the prospect of building smaller modular reactors in place of or supplementing the giant plants that we know today. This has long been talked about but is now becoming genuinely within reach. Smaller modular reactors, as we all know, can be built far quicker, fabricated in the factory and, because of the speed of construction, are, importantly, far more attractive to private finance, which is one of the keys to progress. Rolls-Royce tells us that commercial models are now in sight, will deliver about 470 megawatts each and cost around £2 billion—starting higher than that but ending lower. This compares with the giant EPR nuclear station being built here in Britain at Hinkley Point C, with a capacity of 3,260 megawatts and at a cost—still climbing, I fear—of around £23 billion. The new, smaller machines would be located on present or older mothballed nuclear station sites.

Obviously, we are not the only people pursuing this avenue. China, America and France all have working models, and Japan is ahead on its new high-temperature gas-cooled advanced reactor, which is also smaller but not quite as small as the Rolls-Royce models. But, with

considerable renewed government support, Rolls-Royce now has a war chest of about £490 million with which to build its business case, and that is what it is doing with some vigour.

The second new prospect for nuclear power is fusion, or

“putting the sun in a bottle”,

as the late Walter Marshall described it to me when he was mentoring me in these areas. I know that this has always been a sort of holy grail, just out of reach tomorrow and never quite there, but things are changing there, too. Just outside Oxford at the Culham Centre for Fusion Energy, they are getting to that crucial point where the fusion process, which requires unimaginably large amounts of electricity to make it work at all, may nevertheless be producing more power than it drinks in, thus making it a net, completely clean and mercifully waste-free electricity source on a vast and cheap scale. It is a truly international operation called ITER, in which France, America and, indeed, Russia are playing a role, along with 32 other countries. In fact, the original design of the fusion machine—the so-called Tokamak fusion reactor—was Russian.

So all this is quite promising for the future of nuclear, and it is cleaner in every way. But when we scroll back to the present situation here in the UK, I am afraid that it is an entirely different story and the negatives really begin to appear. First, we need to face the fact that we are all going to need a lot more electricity in a cleaner, greener world ahead. The best estimate is that by 2050 the world will be needing about 12 times the present flow of clean electric power. Even by 2030 to 2035, the increase will be enormous.

Secondly, if we want to curb climate extremes and emissions growth as hoped and planned, there is not the slightest hope of doing so without a solid base of renewable, firm, low-carbon nuclear power serving as both a back-up and a baseload. However efficient we are at conserving power and insulating homes, our now entirely computerised world and our capacity to feed 7.5 billion or 8 billion people rests on secure electric power supply. Quite aside from that, nuclear power will be a major source of clean electricity for hydrogen.

Thirdly, if we want an orderly energy transition without wild instability in the system, a substantial nuclear section of reliable 24/7 electricity is vital. Strong renewable flows demand strong nuclear back-up if they are to deliver without vast disruption and hardship. It is not just that the wind sometimes drops for long periods; there are always events, sometimes quite unforeseen or related to faraway distant disorder or conflict, that can hit any energy system, where strong back-up and swing supply sources are absolutely essential to maintain the current.

Here in the UK, our old original fleet of nuclear power stations is wearing out. They will all be closed by the mid-2020s, except the one that I had the privilege of authorising, along with eight other pressurised water reactors, in October 1979, at Sizewell B. That finally began operating in 1995—quite a long time later. The only new replacement since then has been the 3,260 megawatt giant at Hinkley Point, built by the French and the Chinese, with EDF and the China General Nuclear Power Group having the major shares

in it. The EPR design they are building now, which is a sort of great-grandchild of PWR, might well encounter faults. Indeed, it has encountered quite a few already, as has every other EPR built around the world, including the one in China, which has very recently gone wrong.

Of course, we should have planned a replacement fleet much earlier, but the mood turned against nuclear in the 1990s. My personal dream was to follow part of the amazing French example. They built 58 PWRs in the 1970s. To get on that track, my first task was to get the quarrelling nuclear scientific establishment to agree on a single design after years of CP Snow-like back-room bickering outside the corridors of power. Eventually, after some difficulty, we chose the PWR route as well. I sought advice from the formidable French Industry and Energy Minister, André Giraud, but it was too late. The eight more I hoped for were never built. Cheaper oil and gas undermined the economic case completely, and long-term national security was not considered worth the enormous cost.

We had to wait another 20 years until the Labour Government, having been totally against nuclear, gradually came round to it and started talks with the French and the Chinese, which led to the 2008 agreement for CGN to take a third interest in Hinkley C. But this is where geopolitics and technology collided. The original new plan was to build one large twin reactor at Hinkley, another at Wylfa in north Wales, another at Moorside in Lancashire, another still at Sizewell as a replica of Hinkley, and possibly one at Oldbury. To this end, Chinese participation—mainly financial—was invited at Hinkley and Sizewell, but with the enticement of a further all-Chinese project at Bradwell in Essex, which would be the springboard for world sales of the Chinese model.

That was the plan, but it is not how things worked out all. Toshiba withdrew from Moorside, Hitachi withdrew from Wylfa over difficulties on pricing, and of course the mood towards China changed through 180 degrees, from a love of everything Chinese 10 years ago to dislike and suspicion towards everything Chinese now. Having invited the Chinese in, the Government now seem determined to get them out, withdrawing the precious offer to the Chinese of their new station at Bradwell and keeping them out of Sizewell C as well.

The obvious danger is that CGN will get the message of being unwelcome and pull out of the one station that we are actually constructing at Hinkley. That would bring our great replacement programme to a sickening halt. We would like to know from the Minister this evening about the state of play on that delicate and difficult front. We would also like to know whether anything can be revived at Wylfa—this time with Westinghouse, with perhaps a set of small reactors on the same site.

Meanwhile, our own nuclear supply has shrunk from a peak of 30% of our total electricity to 22%, and now 17%, and it is heading for 7%. Of course, gas has swollen to fill the gap, from 1% in the 1980s to 43% now—actually, last month, it was as much as 55% of all our electricity. This of course creates its own problems, as overdependence on any one fuel and power source always does, and as we have seen from the current astronomical rise in gas prices. When the cap is lifted in April, this will strike home with deadly force and

[LORD HOWELL OF GUILDFORD]

torpedo millions of household budgets. We simply cannot afford to conduct our energy policy in this way, as a great high-tech, modern nation.

We are not the only ones in trouble: the Germans are in a fix because Mrs Merkel—so wise in some areas—decided to drop nuclear power but forgot to fill the gap. It ended up being filled by coal and Russian gas—the two very worst solutions on climate and security grounds. This explains why, today, German carbon emissions are 8.4 tonnes per head, compared to 5.4 tonnes here and 5 tonnes in France. That is what you get if you reject nuclear power altogether. We must escape from this quagmire, and we can do if we act firmly and decisively now.

I end by putting two key questions to my noble friend the Minister. Who pays if the Chinese go? If CGN takes its support away not just from Sizewell C but perhaps even from Hinkley, who fills the hole of £20 billion or so in each case? Secondly, are we still committed to giant plants, or will we wait for the SMRs, which are cheaper and quicker and have lower waste? Will we still depend on public finance and enormously heavy and complex charge burdens on consumers, who are already paying some of the highest energy bills in Europe, or can we shift to smaller plants financed by private investors? Decisions on both these central questions cannot be escaped much longer.

Lessons from the current experience of chaos in the energy markets is that orderly energy transition to a low-carbon world must have back-up, and a large part of that—if it is to be low carbon and in line with climate goals—has to be nuclear. Without that, and with more delay—you cannot just demand a close-down overnight of investment in all fossil fuels at speed—we will end up with horrendous spikes, blackouts, outages, suffering and political revolt, which of course ends up undermining all popular support for the very climate policies that we are trying to achieve. That is the nuclear power dilemma of the age, and it must now be resolved.

3.39 pm

**Viscount Hanworth (Lab):** My Lords, the Government believe, despite compelling evidence to the contrary, that private investors can be relied on to create and maintain our industrial infrastructure. This delusion is threatening our energy security and it may subvert the attempt to staunch our emissions of carbon dioxide. The belief is due, in part, to the Government's political ideology, which favours private enterprise and is averse to state interventions in industry. It is also due to a misinterpretation of the recent history of the electricity supply industry. The successful investment of private companies in gas-fired power stations, which have largely replaced coal-fired power stations, has encouraged the belief in private investment, and the faith in the electricity industry has been strengthened by its ability to invest, subsequently, in wind-powered electricity generation.

No more than three years were required for the construction of gas-fired power stations. Such power stations were able to exploit a cheap and plentiful supply of North Sea gas. Nowadays, the available gas is expensive and its supply is insecure. The replacement

of coal by gas has been responsible for a considerable reduction in our carbon emissions. An accompanying process of deindustrialisation has also reduced the energy demands of the economy and its use of fossil fuels. From 1990 to 2020, the UK's emissions of carbon dioxide fell from 800 million to 420 million tonnes per annum, a two-thirds reduction of its former amount. These reductions cannot be expected to continue. Nevertheless, they have provided the basis for a proud assertion that Britain is leading the way in its process of decarbonisation.

The Climate Change Committee has warned repeatedly and with increasing urgency that we are liable to miss the targets that we have set to decarbonise the economy. This reflects the realisation that we have no adequate means of supplying the power that could sustain a green industrial revolution. Abundant electricity will be required to power our transport and heat our buildings. It will also be required to replace the fossil fuels used in the production of such basic materials as steel, bricks, glass and cement and in the manufacture of chemicals. The list can be extended. It seems that the Government have greatly underestimated the magnitude of this demand. There is a growing realisation that nuclear power is the only appropriate means of satisfying the need for a secure and abundant supply of electricity.

Britain's original nuclear power stations relied on finance from the Government. The present Government have insisted that a new generation of nuclear power stations must be financed by private capital. The demand has been difficult to meet and there has been a succession of failed projects. A problem affecting private sector projects to build nuclear power stations is that no revenue will be forthcoming for as long as it takes to complete the construction, which may be as long as 10 years. The firms and the consortia that have been proposing the projects have been unable to raise the necessary capital from the financial markets to supplement their own limited resources. The high rates of interest charged for borrowing the funds are liable to make the projects to build nuclear power stations unsustainable. The capital funds that are borrowed from the financial markets must be repaid eventually, and the repayments are burdened by surcharges comprised within the rate of interest.

The first of these arises from a discount factor that is applied to future repayments that are valued at less than present payments. The second surcharge is a risk premium that is charged by lenders as an insurance against the eventuality that the repayments will not materialise. Finally, to encourage the funds to be forthcoming, it may be necessary to pay a scarcity premium. These three surcharges can be reduced, if not eliminated, if the Government undertake to finance the project. The Government will be able to borrow the funds without paying a risk premium, under the supposition that they do not default on their debts. If the funds are not readily forthcoming from the financial markets, the Government may resort to creating the money to pre-empt the resources that will be demanded by the project. Finally, a Government who are intent on an enduring social investment may wish to discount future benefits, if at all, to a far lesser extent than lenders within a financial market would discount them.

The only project to build a nuclear power station that is currently under way in Britain is Hinkley C. It has been undertaken jointly by EDF and CGN, which, as we have been told, is the Chinese General Nuclear Power Group. CGN can rely on the Chinese state to provide its funds, whereas EDF has to supplement its funds with money raised from the financial markets.

It is commonly supposed that the markets are charging EDF a 9% interest rate. Borrowing £100 at this rate of interest will require a repayment in 10 years' time of £236. Conversely, a discounted present value of £100 to be received in 10 years' time is just £42. It is not possible on this basis to finance a large-scale infrastructure project with a lengthy gestation period via private capital. If such projects were to be financed by the Government, both the scarcity premium and the risk premium could be stripped away, leaving only the discount factor to affect the present value of the future benefits.

The Green Book, which is the Government's manual for cost-benefit analysis, declares the social rate of time preference, which is the rate of interest to be used in their project appraisals, to be 3.5%. On this basis, the present value of £100 to be received in 10 years' time would be £71. Borrowing £100 at this rate of interest will require a repayment in 10 years' time of £141. This implies that a nuclear power plant financed by the Government should be eminently affordable.

However, one is inclined to ask why a discount rate should be applied to the future benefits of a nuclear power station, which will constitute a carbon-neutral source of electricity. If the Government are to be seen as a custodian of our future, they should not be discounting the benefits of a project that might be safeguarding us against the discomforts of global warming, if not against a future catastrophe. An implication of applying a discount rate corresponding to the commercial rate of interest of 9% might be that it is too expensive to undertake measures to save the planet. There are surely times when such commercial logic should go into abeyance.

Nevertheless, the Government have tried to create sufficient inducements to encourage the private sector to undertake investments in nuclear power. A first attempt at creating the necessary inducements was via a system of so-called contracts for difference, which promised sufficient payments to the constructors and operators of nuclear power plants to cover their costs. Guaranteed payments were entailed in the so-called strike price. Any returns to the investment below the strike price would be supplemented, and any returns that were above it would be taxed.

The system of contracts for difference has failed to bring forth sufficient investments and is due to be replaced by another system, known as a regulated asset base. This new regime, which has yet to be enacted in law, will allow the constructors of nuclear power plants to impose a levy on consumers of electricity during the period of construction, when there will be no other returns. Under such a regime, the capital funds would be supplied by the financial markets. The charge levied on consumers would represent a subsidy paid to the providers of capital, and would serve to alleviate the debts of the contractor. It remains to be

seen whether this inducement will be sufficient to provide the funds for the construction of a nuclear reactor at Sizewell, which has been proposed by EDF.

Alternative ways to finance the projects that do not appear to have been considered by the Government are either to issue designated bonds, backed by the security of the Government, or to create a supply of funds to enable the projects to pre-empt the necessary resources by increasing the supply of money. Now is the time to adopt one or other of these recourses.

3.48 pm

**Lord Broers (CB):** My Lords, I congratulate the noble Lord, Lord Howell, and the noble Viscount, Lord Hanworth, on their excellent speeches.

It is now accepted that the relentless increase of CO<sub>2</sub> in the atmosphere is a serious problem that needs urgently to be stopped because the greenhouse heating effect that it causes results in sea-level rise and climate changes that are intolerable. To do this, we must reduce and, preferably, eliminate man-made CO<sub>2</sub>. The only way to do this, at present, without making major changes to our way of life or reducing the world's population, is to use truly carbon-free means of generating power and heat. Unfortunately, at present, there are no such sources.

Wind, solar, and nuclear fission sources can be close to carbon-free once they are built and installed, but carbon is released in their construction and installation. Wind and solar sources are inherently intermittent in their output and must be backed up with continuous sources or used in conjunction with mass storage. The two leading options for backing them up are nuclear fission—the subject of this debate—and fossil fuel plants that capture and store the CO<sub>2</sub> that results. The capture and storage of CO<sub>2</sub> is yet to be demonstrated at scale, and its use continues the burning and consumption of fossil fuels, which I regard as unacceptable.

Many means of storage are being explored, such as batteries and pumped-water storage, but so far none has been demonstrated at scale; they will add significantly to the cost of the power produced. Hydroelectric sources are ideal but available only in certain geographical locations.

Nuclear fission has been used for generations. For example, it has allowed France to produce essentially carbon-free electricity for decades. However, it is thought by many to be unsafe and too expensive, and there are no practical ways to dispose of the radioactive waste it produces. I believe there are solutions to these three drawbacks that make nuclear the best option for backing up wind and solar power and allowing us to meet our 2050 obligations. I will treat them in turn.

First, on safety, the safety record of nuclear power in terms of fatalities has been orders of magnitude better than that of any fossil fuel sources, but several people died directly because of radiation illness in the accident at Chernobyl in 1986, and there is speculation that many may subsequently have died of cancer induced by the radiation. However, the plant at Chernobyl was regarded by nuclear engineers in the West as an accident waiting to happen. The design of the plant was known to be inherently flawed, and its operation should not have been allowed. Modern plants are designed to be proofed against such accidents.

[LORD BROERS]

The more recent flood damage to the Japanese nuclear plant at Fukushima caused by the giant tsunami has not yet resulted in any fatalities and would not have occurred if the flood barrier around the plant had been higher. The building of adequate flood protection is possible for all nuclear plants at a relatively modest cost, and is included in the design of modern plants.

Most recently, there has been a leak of radioactive gas at one of the new EPRs in Taishan, China. These reactors have been designed by EDF in France and are the same as those being built at Hinkley Point. Gas leaks from fuel rods have occurred at other nuclear plants around the world over the years, and the situation is handled by removing and replacing the rods. It is not a serious disaster as such. However, this process is expensive and time-consuming, and the situation in Taishan needs to be monitored carefully to make sure that similar leaks are avoided in other EPRs.

Despite these issues, the risk of accidents associated with nuclear plants is lower than that from other power sources. In 2020 there were 442 nuclear plants operating around the world, so the statistics are there to look at.

I will now discuss cost. The cost of modern full-scale nuclear plants has increased because of the extreme measures taken to avoid accidents and to take account of the perceived political and practical risks in their construction. The noble Viscount, Lord Hanworth, mentioned financing costs. The financing cost of the new reactors being built at Hinkley Point has been said to be almost half their total cost, with the result that the cost of the electricity they produce rose to more than £90 per megawatt hour. The Government have now proposed that the regulated asset base model be used for nuclear plants. Combined with the efficiencies associated with building identical plants, this should reduce the cost from large plants beyond Hinkley Point to about £60 per megawatt hour.

This is still 50% above the nominal cost of wind and solar power. However, when one considers the full cost of backing up and connecting these intermittent and distributed sources to the grid and that they have relatively short lifetimes—for example, wind turbines are currently expected to have 20-year lifetimes, compared with nuclear plants that are expected to last for 50 to 60 years—the cost difference is considerably reduced. This is especially the case for small modular reactors, as mentioned by the noble Lord, Lord Howell. These SMRs are based on reactors that have been used in nuclear-powered submarines for the last 60 years. It is pleasing that the Government recently announced the support they are providing to the consortium led by Rolls-Royce to build SMRs in the UK. It is estimated that SMRs should reduce the cost towards £40 per megawatt hour.

Finally, I come to the storage of radioactive waste. I declare an interest: I participated as a member of the House of Lords Select Committee on Science and Technology in the committee's inquiries into the management of nuclear waste in 2004 and 2010 and chaired the committee's inquiry in 2007. The committee's first inquiry was in 1999.

The management of nuclear waste is a very large-scale task in the UK because of the huge quantities of waste produced by the early reactors in the late 1950s

and 1960s. This waste was stored in water tanks at Sellafield and its extraction from the tanks, encapsulation in stainless steel containers and storage underground are going to take decades. This legacy waste will have to be managed whether or not new nuclear plants are built or whether or not we have nuclear power. Reactors today produce less waste and waste that is handled more easily. This is a long and complex subject with different methods being used for the various forms of waste, but there is general agreement that environmentally sound solutions can be found for the management of radioactive waste with deep geological disposal being used for the longer-term waste. There has been endless procrastination by Governments over the past 50 years in addressing this problem, but at last progress is being made towards identifying suitable deep geological sites in the UK.

I conclude that if we are to react quickly enough to avoid the imminent dangers of climate change we will have to use a combination of wind and solar power, backed up with, and the grid anchored, by nuclear power. If we do not follow this strategy we will have to continue to burn fossil fuels in the hope that we can find scalable methods for capturing and storing the CO<sub>2</sub>—or have the lights go out on nights when the wind does not blow or blows too hard.

3.56 pm

**Baroness Neville-Rolfe (Con):** My Lords, it is a great pleasure to follow the noble Lord, Lord Broers, with his lifetime contribution to engineering and his well-informed support for nuclear. I warmly thank my noble friend Lord Howell of Guildford for arranging this debate on a major economic issue. He has a distinguished background in the subject. I especially agree with him on the mood turning against nuclear in the 1990s, the growing demands for electricity that we face and on the intermittency of renewable energy.

I have learned a lot from my noble friend since my short spell as Energy Minister in 2016. Nuclear was my favourite part of that portfolio. It had the longest “to do” list of any policy area, and I tried to bring my business expertise to bear in order to progress matters. We got Hinkley Point C over the line and mapped out a plan for five further such reactors so that investment could be sought, and more research funds were allocated. We strengthened the regulator and worked up the consultation on the geological disposal of waste. My regret at leaving the portfolio behind was to not have added more to the “done” list. Little did I think in 2016 that so little would be delivered thereafter in such a vital period from the point of view of both energy security and climate change.

Sadly, this echoes decades of wasted opportunities and delay. Nuclear power started in this country in the 1950s at Calder Hall, so it was a British invention and innovation. Unforgivably, it was eventually sold off to foreign interests without due regard to its strategic importance. It is still responsible for 16% of UK electricity, down from 25% in the 1990s when the Kyoto targets were set.

Renewable energy has, overall, been a success story in the UK, especially offshore wind. However, as we know from the crisis this summer, it sometimes produces only tiny amounts of power. The right sort of electricity

storage, probably durable batteries, is still a generation away, and we must build more nuclear, and build it faster, to tackle the intermittency problem. That has become more important, given that we now rely so heavily on electricity in both our commercial and our personal lives. During the recent north-east power crisis, wretched customers and householders were told to log in to get help, which was difficult since computers and mobile phones themselves require electricity to operate. So investment in nuclear and, indeed, in a more sophisticated grid able to deal effectively with variations in demand and different sources of energy is essential.

I welcome the emphasis on nuclear in the Government's 10-point plan, and the Bill we expect shortly allowing the regulated asset base financing model, which the Government say will save consumers £30 billion, mainly by reducing the risk profile and associated financing costs. The noble Viscount, Lord Hanworth, has explained that point in much more detail to the benefit of all. I thank the Library for that figure of £30 billion, quite a telling figure, and for its comprehensive note.

I also welcome the commitment to SMRs and the market that they can open up, although they are sadly many years away. Again, many years appear to have been lost since the oft-maligned George Osborne backed them on the back of our expertise in nuclear submarine technology. I also welcome the further investment in fusion, but again the timeframes are very long, and it cannot contribute to the energy mix for decades.

We must introduce the same sense of urgency that we saw on vaccines. Sizewell must go ahead now. What plans has the Minister to ease the sale down of the EDF/CGN interest, which I understand is planned? When will the foundations of that new nuclear power station go in? How will she accelerate the new investment that we need at Wylfa, Sellafield, Oldbury, Hartlepool, or anywhere else, as the existing reactors wear out and are retired? We are at last rebuilding our skill base at Hinkley, which is most welcome. Construction-related skills is an area which has been highlighted as a problem by the Built Environment Committee, which I now have the honour to chair.

Let us avoid another disastrous decade of stop-start—especially stop—and get on with bringing about the nuclear change that we need.

4.02 pm

**Lord West of Spithead (Lab):** My Lords, I too thank the noble Lord, Lord Howell, for tabling this extremely important debate. It is a very important topic. For too many years, successive Governments have not taken the need for a comprehensive energy policy seriously enough. When I was heading the National Security Forum for Prime Minister Gordon Brown, I said that we needed a proper energy security policy. I had great difficulty because no one wanted one, and no one seems to have wanted one for years, which is unbelievable. To compound the problem, successive Governments were also opposed to the civil nuclear problem. Having led the world in power plant technology, as has been mentioned, our nation now does not have the ability to build a large nuclear power station. A number of key figures over the years should hang their heads in shame that we have ended up in this position.

As has been said, nuclear is crucial for the provision of round-the-clock, weather-independent, low-carbon electricity, as the demand for electricity soars. It is vital if our nation is to reach its net-zero target. National daytime electricity demand is forecast at least to double from 40 gigawatts to 80 gigawatts by 2050. Nuclear will have to provide, I believe, at least 30 gigawatts of that electrical power if we are to meet net zero. The impact of lack of electricity has been shown starkly by the impact of storms over the last few days. Goodness me, people who want the environment to be lovely do not like it when they have no electricity at all, so that has really been driven home.

The current total installed nuclear capacity in the UK is 8.9 gigawatts and, if all stations were fully operational, they could provide more than a fifth of UK electricity supplies. In 2020, they generated about 16% of the UK demand. However, decades of neglect and opposition to the nuclear industry have put it in a parlous state. There are currently 15 nuclear reactors operating at eight stations across the UK, all operated by EDF. All 14 of the advanced gas-cooled reactors will close by 2030. Only Sizewell B, with its pressurised water reactor, is planned to continue generation past 2030. I rather like PWRs. When I was commander-in-chief, I had 18 of them under my command, so I have a soft spot for them. The plan is for Hinkley Point C to be generating before 2030 although, as a number of speakers have said, there must be concerns about the implications of the recent problems with a similar plant in China. Can the Minister confirm that these problems will not delay Hinkley C from coming online?

Things are far more fragile than they appear, with many nuclear power stations closing well before their planned dates. EDF has announced that Hunterston B will end generation by January 2022 and Hinkley Point B by July 2022. Sizewell B is currently offline for refuelling and maintenance work, and Dungeness B is shutting seven years early. We are rapidly heading for a situation whereby we have only one major nuclear power station online with another building. As has been said by another speaker, the building and commissioning of Sizewell C is now a matter of national emergency.

The situation is further complicated by the National Security and Investment Act, which will inevitably lead to minimal and reducing Chinese involvement in Sizewell C and probably the cancellation of Bradwell B. Could the Minister tell us where we have got to in discussions with the Chinese, who saw the building of Bradwell B, as the noble Lord, Lord Howell, said, using their reactor design, as crucial for their future overseas sales? I have to say—although they did not say it—they also intended to dominate the nuclear supply chain in this country. As we reduce their levels of investment, is there a risk that they will pull out all their experts from Hinkley Point C? It would be useful if the Minister could tell us that.

The next question has to be whether Rolls-Royce is able to produce small modular reactors to the timescale that the Government have predicated and hoped for. As I have said, I am a strong supporter of SMRs and, indeed, AMRs. Indeed, if they were able to start producing them now, and Rolls-Royce said that it could do that today, I would have to say that I do not really want to go for any more big plants after Hinkley C.

[LORD WEST OF SPITHEAD]

However, I think we are far from that. But with SMRs and AMRs, we have an opportunity, if we grasp it and invest sufficiently in training and recruiting scientists and technicians, to lead this revolution to become absolute world leaders. We can do this when we need to; we did it when we produced our own atom bomb—if we focus on something, our nation can do it—and this is worth doing. Does the Minister believe that Rolls-Royce will meet the timescales that the Government hope for, for SMRs?

The use of Wylfa Newydd—I never pronounce it correctly, but the noble Baroness will put me right on that—for a large small pressurised water reactor, as I understand it, from Westinghouse is good news. A large small reactor sounds lovely, and I am delighted, because that site is particularly good for nuclear. However, is there not some difficulty with Westinghouse and Toshiba? Is the Minister sure that the plan will come to fruition?

The noble Viscount, Lord Hanworth, covered the subject of costs in great detail, and I thank him very much. I think I almost understood it, which is remarkable for a simple sailor. It is often a contentious issue. Using the RAB model to finance new nuclear makes sense, and costs of nuclear plants are beginning to be competitive with other low-carbon technologies, including renewables. Energy prices have risen recently, as noble Lords have said, and the market rate for electricity is currently more than the strike price agreed for Hinkley Point C, so that should be even better for Sizewell C, which will be cheaper, because it is exactly the same build as Hinkley Point C.

I consider that nuclear power stations are essential for our country's energy security, not just for low-carbon electricity. We must not rely on electricity from the continent or more gas, as has already been said. We absolutely need this as a strategic security measure for the nation; it has that benefit, as well as the ability to produce electricity, which our country will need, without increasing our carbon footprint.

4.09 pm

**Lord Goodlad (Con):** My Lords, I congratulate my noble friend Lord Howell on his persistence in securing this debate and on the clarity with which he has analysed the role of nuclear power in meeting the country's electricity needs and energy security. It is a great pleasure to follow the noble Lord, Lord West of Spithead, who addressed us with his usual polymathic wisdom.

My first role in government as a junior Whip in 1981 involved my attending ministerial meetings at the then Department of Energy in Thames House, presided over by my noble friend Lord Howell. Electricity prices were always top of the agenda. The role of nuclear power was little questioned, other than the debate on the rival merits of the PWR and the AGR, which he successfully resolved.

My next job in government, as a junior Energy Minister when the late Peter Walker was Secretary of State, carried with it responsibility for nuclear power. Faced with the fact that the existing nuclear power stations and the thermal power stations were approaching the end of their working lives, great importance was

placed on Sizewell B. The planning inquiry seemed endless. I remember visiting Flamanville in France with the late Walter Marshall—he was my mentor, as he was of my noble friend Lord Howell—when he was chairman of the CEGB, and marvelling at the speed with which France had developed its nuclear power stations and reprocessing capacity. I asked one of my French interlocutors how they had managed to deal with public inquiries, to which he replied, “When you are going to drain the swamp, you do not consult the frogs.” I am not sure whether that advice has wider implications for Her Majesty's Government at the present time, but it certainly worked for *Électricité de France*.

Then came Chernobyl. Public support for civil nuclear power plummeted. A few months later, thanks largely to the work of then newly established Nuclear Energy Information Group, led by the late Dr Tom Margerison, public support climbed to previously unachieved heights. I believed then and I believe now that what people want and deserve are unvarnished facts about nuclear power and clear policy options openly stated.

My noble friend Lord Howell has given us both. The role of fossil fuels has diminished and they are being gradually phased out. Renewable sources have been brought on stream with remarkable rapidity, but we have seen their inevitable vulnerability to the weather. Sources such as hydrogen are at an early stage of experimentation. Energy efficiency is greatly improved, but there will always be further to go. There is in my view no viable alternative to increasing our nuclear capacity, particularly bearing in mind the increase in demand that will accompany greater use of electric cars and the replacement of gas boilers by electric heating.

In the late 1990s, as the noble Baroness, Lady Neville-Rolfe, has reminded us, 25% of our electricity came from nuclear power stations. Now it is 16% and falling. About half of our existing nuclear capacity is due to be decommissioned by 2025 and only one new plant, Hinkley Point, is currently under construction. If no new stations are built, the UK's nuclear capacity in 2050 will be a third of what it is today.

As has been said, the Government have identified several possible sites for new nuclear power stations and are aiming to bring at least one large-scale nuclear project to the point of final decision by the end of this Parliament, subject to clear value for money and all relevant approvals. I hope that this aspiration is realised; it does not sound particularly ambitious. The Nuclear Energy (Financing) Bill is a welcome start and the regulated asset financing model a tried and tested way forward. Let us hope that the development of SMRs and AMRs will be successful and speedy—good luck to Rolls-Royce.

My noble friend Lord Howell has well described the present financing questions facing the Government and I shall not repeat or question what he has said. I merely support his plea that decisions be taken as a matter of urgency. We cannot wait for more wind capacity to come on stream or more new technologies to come to our rescue while importing more gas and abandoning our net-zero commitments. Decisions must be taken and taken very soon.

4.14 pm

**Lord Wigley (PC):** My Lords, I am delighted to follow the noble Lord, Lord Goodlad; that is the second speech of his that I have heard today. Like him, I warm to the memory of the late, great Walter Marshall.

I thank the noble Lord, Lord Howell, for introducing this debate and make it clear that I speak in a personal capacity. Like most parties, my party, Plaid Cymru, has divergent views within its ranks on the issue of nuclear power. Much of this emanates from horror at the thought of nuclear war and I, along with my party, am totally opposed to nuclear weapons. I understand the arguments about deterrence, but it has to go wrong only once and the world is roasted to a cinder. But to rule out the use of nuclear energy to replace carbon sources of electricity for that reason is like refusing to manufacture steel because it could be used for guns. The case for nuclear has to be made with conviction and confidence and with some urgency.

Nuclear physics was part of my degree at Manchester University. I worked on the construction site of Trawsfynydd power station and, as an MP in Gwynedd for almost three decades, I served a county that had two active nuclear power stations: Wylfa and Trawsfynydd. The experience of living with these power stations and the well-paid employment that they provided led a majority of the people of that area to support ongoing nuclear generation—subject, of course, to the necessary safeguards. Both Gwynedd and Anglesey councils currently support proposals for further nuclear power generation at those two sites.

To turn to the context of today's debate, the UK devours huge amounts of energy. If that energy ceases to be available, there are dire consequences in economic loss and in human misery. That energy is needed to heat our homes, to provide industrial power and to transport food, raw materials, finished products and people, and it has to come from somewhere. Currently, it is provided mainly by oil, gas and electricity; 60% of our energy comes from the direct use of such fossil fuels. The balance of the other 40% of the energy that we consume is in the form of electricity, but half of this is also generated from fossil fuels, while 30% comes from renewable sources and the other 20% from nuclear sources.

In other words, if we are to replace fossil fuels entirely to avert global warming, the UK has to eliminate most, if not all, of our current fossil-based sources, which produce over 80% of our current total energy needs. This is a gigantic task. To put it into perspective, if Britain was to depend solely on wind energy, it would need a quarter of a million offshore wind turbines—a hundred times what we have today. Or to depend just on solar energy, solar panels would need to cover every blade of grass in an area the size of Wales. Both wind and solar have a contribution to make, but it is not enough to meet Britain's carbon reduction goals.

Another dimension that cannot be ignored is the need to ensure that we have electricity available at the time we need it. While the sun and wind cannot guarantee a timely supply, tidal power, which is more predictable, has a role to play. I am delighted that the Severn estuary scheme is now being reconsidered and I hope that barrage schemes in Swansea and off the

north Wales coast can also come into play. But these will not deliver enough dependable energy to eliminate Britain's carbon footprint.

Mention has been made of the hydrogen economy. Hydrogen has a key function in storing and transporting energy, but to generate hydrogen we need huge amounts of energy. It is not of itself the basic source of energy. Hydrogen does not reduce the overall energy demand needed to eliminate our carbon footprint. Other sources of energy, such as nuclear fusion—it was mentioned earlier today—may become available in future. Throughout my lifetime, nuclear fusion has been the bright light just over the horizon which never actually arrives. It certainly will not make a major impact for several decades. To my mind, another generation of nuclear power stations is essential if we are to be serious about eliminating our carbon footprint.

Yes, nuclear energy is expensive, but there are no cut-price options if we are to overcome global warming. The quantities of energy we will need to replace fossil fuels are enormous and inevitably come at a price, whether in the use of toxic materials in wind turbines or scarce minerals for batteries. Whatever course we follow will be expensive.

So what are we to do to reach our carbon targets? Is there a role for us in Wales? I understand that further consideration is now being given to the Wylfa site, with possible American involvement. I stress the need to get proposals on the table and for their viability, including ongoing safety and end-of-life clean-up, to be addressed with urgency. Waiting for Wylfa Newydd has, in Anglesey, been like waiting for Godot: the Government must get their act together, for the problem is not going to disappear by sticking our heads in the sand.

More immediately, there is now action on the Trawsfynydd site, where the development company, Egino, has been established, with the Welsh Government's help, to get on with the job of developing advanced nuclear technology at Trawsfynydd. Initial discussions with the landowner, the NDA, are, I understand, positive. The extensive studies which have been undertaken indicate the potential of Trawsfynydd as a site for small modular reactors, advanced modular reactors and medical isotope research reactors. Trawsfynydd would be an ideal demonstrator site for a fleet of SMRs spread across the UK. Such an SMR initiative at Trawsfynydd could generate 2,300 well-paid jobs during the construction phase and up to 450 ongoing jobs thereafter.

The associated investment of £3 billion in the region, including advanced manufacturing with a strong focus on research and development and innovation, would give a much-needed boost to local services. Well-paid jobs would help retain many of our brightest young people for the benefit of local communities. It has been assessed that this would trigger an increase in GVA of £1.4 billion shared between north Wales and the north-west of England. Last but not least, rounding the circle, such a facility would provide a source of low-carbon electricity which could well be used in a cogeneration project for the production of green hydrogen.

I hope that, in responding, the Minister gives particular attention to the opportunities of both Wylfa and Trawsfynydd: they are not rivals but partners in

[LORD WIGLEY]

re-establishing north-west Wales as a powerhouse of the economy, and doing so by methods that would underpin the drive for low-carbon electricity and contribute to the world-wide challenge of heading off climate change.

Finally, I draw the attention of the House to the words of one of the heroes of our time, the late Sir John Houghton, a native of Prestatyn who sadly died in the early days of the Covid pandemic. Sir John was one of the leading scientific thinkers of his era and a founding member of the Nobel Prize-winning Inter-governmental Panel on Climate Change. Like many other people appalled by the dangers of nuclear war, he was not initially attracted to nuclear power, but, like any good scientist, when the balance of evidence changed, he reconsidered his position. In his book *In the Eye of the Storm*, he wrote:

“Nuclear energy is, in principle, good because carbon emissions related to it are low ... In the short term, it makes sense to buy time by prolonging the life of existing nuclear power stations and ... making use of materials in nuclear weapon stockpiles that, under international agreement, are redundant.”

I urge the Government to consider expanding work on disposing of nuclear weapons in a safe manner, as suggested by Sir John Houghton. This should go hand in hand with a new programme on using atoms for peace. In line with the aspiration urged upon us by the Good Book to turn swords into ploughshares, let us turn the energy locked up in nuclear weapons into generating electricity and saving our planet.

4.24 pm

**Lord Lea of Crondall (Non-Aff):** My Lords, in following the noble Lord, Lord Wigley, I am very glad that he made such a deft connection between the underlying consciousness of the dangers of nuclear war and the debate about nuclear energy. In a strange way, it has been helpful that much of the debate in the last 30 years, going back to Chernobyl and so on, has been to make sure that people can see that there are many practical questions concerning the nature of nuclear power that are very instructive when it comes to understanding the effects of radiation and so on.

I led a delegation to Chernobyl in 1987, the year after the accident. At that time, I was chairman of the world trade union nuclear set-up—part of the consultative mechanism of Hans Blix of the IAEA. I commuted between Vienna and Moscow, meeting the Soviet—as they were then—trade unions to make sure that they were on board with the need to have mandatory safety inspections of the RBMK reactors. This was a time when it was all very difficult, and that period led—many people will be surprised to hear it put this way—to the collapse of the Soviet Union as we knew it and the resignation of Mr Gorbachev.

It is very interesting to take forward the idea that the whole nuclear debate has always been global. I noticed that the very timely debate introduced by the noble Lord, Lord Howell of Guildford, refers to the United Kingdom. I think that he would be the first to acknowledge that that may be putting the cart before the horse, in the sense that we have to see how we are going on a global basis and, in that connection, follow up on Glasgow and so on. I do not know whether Whitehall and Ministers have got their act together even

now on how we annually monitor where we have got to on greenhouse gases—because that requires monitoring, and the nuclear debate can feed into that.

I will give noble Lords one sentence from the excellent House of Lords Library briefing, which rather shook me—but not the noble Lord, Lord West of Spithead, because it is more or less what he said:

“If no other new nuclear power stations are built”—  
after Hinkley Point C—

“the UK’s nuclear capacity in 2050 will be a third of what it is today.”

So we are sitting here, talking as if we are on a nice road map going forward, but, frankly, we are not.

The other thing that has happened in the last few years is a gradual acceptance around the world that nuclear is a safe form of electricity generation. We learned to talk about epidemiology and loss of years from life expectancy in relation to cigarette smoking but, when we said that about nuclear and Chernobyl, people thought it was the most ludicrous piece of self-delusion. But it is an essential idea that we all have to understand. At Chernobyl, 20 people were killed, but, when people talk about thousands, they are talking about loss of years from life expectancy. Of course, many medical conditions are in the same position.

So there have been some very interesting changes of subconscious feeling around the world. The final one is that China will play an enormous role, and we have to somehow reconcile a lot of irreconcilables when it comes to the leading role of China in many of these matters.

Walter Marshall was mentioned. He was chairman of the World Association of Nuclear Operators when I was on that Chernobyl mission. I introduced him to all the Russians who made return visits London. He epitomised the fact that it is not just an intergovernmental thing that you have to look to here: the world’s nuclear operators themselves have a club, and that is very valuable. I introduced Walter Marshall to the Russians, including some politburo members when they came over here. I do not know how the World Association of Nuclear Operators fits into all these questions today but, as far as I know, it still straddles the East and the West.

In conclusion, the political dilemmas that we face include educating the public on the cost of electricity. I have forgotten who it was but, 100 years ago, someone said that electricity would be more or less free. I think that was the biggest piece of self-delusion that one can imagine. However, it is a fact that, with the strike price and so on, real money is involved; £100 billion here and there soon adds up to real money. There may have to be some sort of world understanding about how we subsidise nuclear energy or else we will get ourselves into a bit of a pickle over how dangerous it is for China to have this share of the market, the US to have that share of the market, and so on.

Although we have a huge debate before us in Britain, everywhere you turn, you cannot hide away from how it fits into the global debate. In the TUC and the Labour Party, these shocks in the 1980s transformed the policy on nuclear matters. That remains the case, just as it remains the case on Brexit—but that is another story. As I understand it, legislation on the

question of financing is already going through the Commons, is it not? When will the Nuclear Energy (Financing) Bill come to this House? Will the Minister give some thought to how we could be better equipped to address the issues in it when it comes here?

4.33 pm

**Viscount Trenchard (Con):** My Lords, I am grateful to my noble friend Lord Howell of Guildford for introducing this timely debate. I declare my interest as a consultant to the Japan Bank for International Cooperation and a member of the advisory board of Penultimate Power UK Ltd.

Those of us who regret our surrender of the leading position we once held in nuclear energy technologies and had eagerly awaited the publication of the oft-delayed energy White Paper, *Powering Our Net Zero Future*, in December 2020 were disappointed at the rather reluctant and understated recognition of the part that nuclear energy needs to play in our future energy mix. It appeared almost as though the paper's authors hoped that people would not notice that nuclear forms any part of our energy plans at all. Indeed, the ministerial foreword by my right honourable friend Alok Sharma, the Secretary of State at the time, does not mention nuclear even once. Nuclear is first mentioned on page 9 of the White Paper where, together with renewables and hydrogen, it is described as "clean". At least nuclear power is mentioned as one point in the Prime Minister's 10-point plan, which states:

"We are pursuing large-scale nuclear, whilst also looking to the future of nuclear power in the UK through further investment in Small Modular Reactors and Advanced Modular Reactors."

However, the section headed "Transform Energy" on page 16 of the White Paper commits only

"to bring at least one large-scale nuclear project",

beyond Hinkley Point C,

"to the point of Final Investment Decision"

within the current Parliament, as mentioned by my noble friend Lord Goodlad. The main section dealing with nuclear is on pages 48 to 50 of the White Paper, but the tone in which the strategy regarding nuclear is explained seems to lack enthusiasm and does not stress enough nuclear's key advantage over other forms of green energy; namely, its reliability as a core part of a baseload energy supply.

Under the section "Advanced Nuclear Innovation", the White Paper informs us that the Government will provide up to £385 million in an advanced nuclear fund for the next generation of nuclear technology, aiming by the early 2030s to develop an SMR design and to build an AMR demonstrator. By "SMRs", I think the Government mean reactors employing generation 3 technologies based on pressurised water reactors, such as the UK SMR based on Rolls-Royce's technology. Rolls-Royce's long experience as the manufacturer of the nuclear reactors powering our Trident submarine fleet well qualifies it for the £210 million grant announced by the Secretary of State during the COP 26 conference. This grant will unlock a greater amount of private sector funding.

The Government's approach to nuclear energy has moved in a positive direction since the White Paper. Besides the Rolls-Royce announcement, they deserve credit for the leadership on nuclear they displayed

during COP 26, especially given the intransigent opposition to nuclear still deployed by Germany and some other countries. I ask my noble friend the Minister: are the Government now willing to reverse the specific exclusion of nuclear from their green financing framework published in June? This unfortunate decision raises the cost of financing nuclear energy projects and prevents developers accessing funds raised by the issuance of green gilts and green savings bonds. The Government need to show leadership on this matter, because the exclusion of nuclear does not encourage those investors who might otherwise be moved to change their ESG policies to include nuclear.

However, the speech made by my right honourable friend the Energy Minister on 2 December at the annual conference of the Nuclear Industry Association was most welcome. Mr Hands clearly stated that "net zero needs nuclear." He explained that, following evaluation of the responses to the call for evidence on the AMR research, development and demonstration programme, the Government have decided to focus on high-temperature gas-cooled reactors as the technology choice moving forward, with the ambition for this to lead to a demonstration by the early 2030s.

This technology, which would be complementary to Rolls-Royce's SMRs, has been operated safely and efficiently in Japan for some 10 years. This is the high-temperature gas-cooled reactor—or HTGR technology—developed by the Japan Atomic Energy Agency. The JAEA switched off its prototype reactor, called the high-temperature engineering test reactor, following the Fukushima incident in 2011, but was permitted to restart operations in July.

The National Nuclear Laboratory has had a technical collaboration agreement with the JAEA since 2001, and in October 2020 this was broadened specifically to cover the HTGR technology. This technology is categorised as a generation 4 technology but is already developed and walk-away safe. Does the Minister agree that, since it is already fully developed, it can be rolled out much sooner than the White Paper suggests? I understand that the Japanese Government are waiting for ministerial endorsement of the Government's backing for the early introduction to the UK and commercialisation of this technology.

There are, of course, other HTGR-type technologies, but I think that JAEA's is the most suitable, for a multitude of reasons. It is based on an early British design, the Dragon reactor, which was developed by the former United Kingdom Atomic Energy Authority at Winfrith in Dorset in 1965. As my noble friend Lord Howell explained, both major new nuclear power station projects on which we had intended to collaborate with Japanese companies—the NuGen project at Sellafield Moorside with Toshiba, and the Horizon project at Wylfa, Anglesey, with Hitachi—collapsed due to a failure to raise the large amounts of equity finance required. Does my noble friend the Minister not agree that it would be a very encouraging development if we could work with the Japanese on this HTGR project, which would mitigate the disappointing setback resulting from the cancellation of the two large nuclear projects?

Furthermore, this technology has several advantages, even over Rolls-Royce's technology. The reactors are very much smaller—producing 50 megawatts thermal

[VISCOUNT TRENCHARD]

or 22 megawatts electric—and therefore much more flexible. They also should provide much better value for money. Importantly, their output is expected to produce industrial heat energy, now largely supplied by natural gas as well as electricity. Renewable energy cannot replace fossil-fuelled industrial heat. In the past, policy errors have arisen as a result of the incorrect assumption that energy and electricity mean the same thing. Energy describes the work and heat available from all energy carriers, from the point of supply to consumption, whereas electricity is only one of those carriers. Currently, electricity represents only around 20% of the UK's energy demand. While laudable progress has been made with reducing electricity emissions, less than half of that 20% is low carbon. Energy, transport and industrial processes take up 80% of the UK's energy demand and account for 50% of the UK's emissions.

HTGRs have yet another advantage. They will produce large quantities of green hydrogen. As announced in the Prime Minister's 10-point plan, the Government will work in partnership with industry to evaluate hydrogen as an option for heating our homes and workplaces. The rollout of HTGR reactors should assist the Government in their aim to create 5 gigawatts of low-carbon hydrogen production capacity by 2030.

I look forward to the Minister's winding-up speech and very much hope she will agree with my suggestion that we should speed up our discussions with the Japanese on introducing this technology to our country, as it can play a very important part in achieving a clean energy strategy. Can she also tell the House how the Government will determine which HTGR technology will be supported and when? HTGRs can make a significant contribution to industrial decarbonisation, as long as timely decisions are made both on support and on an enabling policy framework.

4.43 pm

**Lord Oates (LD):** My Lords, I declare my interest as chair of the advisory board of Weber Shandwick UK, as set out in the register. I thank the Library and the Nuclear Consulting Group for their briefing material and the various industry representatives, including from the nuclear industry and NGOs, who I have discussed these matters with previously.

I commend all noble Lords for their valuable contributions to what I think I would describe as a fascinating discussion of mutual agreement, rather than as a debate. Perhaps I can provide a service by giving another side of this argument. I do so with some trepidation as the only person to speak in this debate on that side and in light of the eminent people who have spoken already. But when I joined the Liberal Party, as it was then, I did not do so because it was necessarily the popular path to follow but because I thought I had important beliefs that should be articulated, so I shall follow that vein.

I also draw strength from the fact that, in the late 2000s, in the run-up to the 2010 election and during the coalition, Liberal Democrats were derided as fantasists when we talked about a policy of net zero. We were told that this could never happen and that it was ridiculous and unworkable. It was introduced by a

Conservative Government, as it happened, and I commend them for that. We were also rubbished on our belief that, through contracts for difference, we could really drive renewables forward. That was constantly obstructed by George Osborne in the Treasury, who was an absolute disaster as far as climate change was concerned. I take heart that those people have not always been right.

I wonder sometimes, with all this focus on the nuclear industry, whether the fantasy is still there. There is this idea that it could deliver, like some magic bullet, all that people have talked about. The promises of the nuclear industry may be many, and its advocates are undoubtedly articulate, but at the heart of their argument today lies the same fantasy that has shaped the argument around nuclear power generation since its inception: that it will be a source of cheap, clean and almost limitless electricity.

Of course the reality recorded by history is rather different. Instead of cheap power, we got eye-wateringly expensive electricity; instead of clean energy, the nuclear industry delivered deadly waste which, 70 years from the start of the civil nuclear programme, we have yet to find a solution for. I note the comments of the noble Lord, Lord Broers, but the fact is that this deep repository has not been built. It has been talked about for decades but, despite that talk, it has not provided the solution but has burdened the taxpayer with staggeringly enormous decommissioning costs. If you want to descend into the world of fiscal nightmares, just pick up a copy of the Nuclear Decommissioning Authority's annual report; it will give you a few sleepless nights.

New nuclear, we were told, would be different. I remember being reassured during the days of the coalition that, this time, the industry had come up with new reactor designs which could be more easily built, would avoid catastrophic project overruns and ruinously expensive electricity prices, and would provide a model which would not leave the taxpayer carrying the same enormous decommissioning costs as last time. As to the morality of creating yet more high-level nuclear waste with no solution for the existing waste, we were told by the industry—we have heard the same argument again today—that the solution is nearly there. It is just over the horizon, where it has been for the last few decades and more.

Let me deal with three of the principal issues raised in this discussion: cost and practicality, baseload support, and safety. During the coalition Government, funding for nuclear power was placed within the contracts for difference framework pioneered by my right honourable friend Ed Davey as Secretary of State for Energy and Climate Change—a policy which, it should be noted, has led to a quadrupling of renewables and massively driven down their costs. Sadly, despite the nuclear industry's many promises, it could not deliver the same. Nuclear is about the only form of energy that has not been able to deliver these sorts of cost reductions. Despite a strike price set at what some thought was an extremely high level, the nuclear industry could not even deliver on that.

In coalition, the Liberal Democrats insisted on the principle of no subsidy for the capital cost of construction for nuclear which, as far as I am aware, remained

government policy until the Government decided to introduce the Nuclear Energy (Financing) Bill, which was put before the House of Commons last month. As the noble Viscount, Lord Hanworth, said, this Bill offers the nuclear industry the supposed lifeline of a “regulated asset base” model of funding, which effectively passes on much of the risk of nuclear construction directly to the public and consumers. This is necessary because the private sector, having looked into these things more closely than the public are obviously able to, has decided that it has no intention of shouldering the risks itself. In effect, if these plants are to be built, the Government have to intervene to rig the market.

During the Second Reading of the nuclear energy Bill, the Minister, Greg Hands, told the House of Commons that RAB is a “tried and tested method” of funding major infrastructure projects. It is true that it is used to fund monopoly infrastructure assets such as water, gas and electricity networks. However, first of all, power generation is not a monopoly activity, and the construction of nuclear power plants is fraught with far more risks.

The United States, which made a similar attempt to rig its market in favour of nuclear through a version of RAB known as early cost recovery, has found that it has proved an abject failure. At its peak in 2009, the US so-called nuclear renaissance consisted of applications to build 31 plants. Despite spending more than \$20 billion, no new plants have gone into service. The plants in the states that did not have ECR, the RAB equivalent, were cancelled before too much money had been wasted, but in the states that had the RAB equivalent, owners were far more willing to incur risks. For example, in South Carolina, \$9 billion was spent before Westinghouse went bankrupt, causing the project to be cancelled. In Florida, also an ECR state, more than \$1 billion was spent. In total, US electricity customers are burdened with paying more than \$10 billion for cancelled nuclear plants and another \$13.5 billion in cost overruns. RAB is likely to have similar consequences for consumers here in the UK.

The Labour manifesto of 1997—one of its better ones, if I may say so—concluded:

“We see no economic case for the building of any new nuclear power stations”.

Nearly a quarter of a century on, the economic case is, if anything, weaker. In the absence of an economic case, a Conservative Government are, as I said, rigging the market at the cost of the consumer. Sadly, it appears—although we will hear from the noble Lord, Lord Grantchester, in a minute—that this is with the support of the official Opposition, who seem to have lost their good sense on this matter.

The nuclear industry is smart enough to know that it cannot win on cost, so it is reinventing itself as the new superhero which will save us from climate change by providing the baseload capacity to underpin renewable generation. The problem is that the billions that we seem to be intent on spending to provide excruciatingly expensive nuclear energy could be much more effectively deployed.

That could first be done through demand reduction. For the price of Hinkley Point C, you could retrofit enough homes to save all the energy that that plant

will produce, not just for its 60 operational years but for all time. That would make much more sense than spending billions to generate electricity which will then escape from our homes. Secondly, we could reduce the capacity required in the energy system through much smarter use of demand management technologies. Thirdly, we need a much more thought-through policy on energy storage and release. The Minister can perhaps tell us in his winding up how much we spent on abating renewable energy in the last year—I think it was in the region of £1 billion. If we had a coherent plan for the storage of excess energy, we could stop paying people to cease generating and start paying them to store it instead.

My time has gone. I conclude by saying that the issue of safety is not about nuclear weapons; it is about the waste that is created. How is it that we are engaged in the construction of new plants that will create yet more deadly waste, when we have no solution to the deadly waste that we have already recklessly generated? In her response, I hope that the Minister will try to give us a morally coherent answer to that question.

4.53 pm

**Lord Grantchester (Lab):** I am grateful to the noble Lord, Lord Howell, for returning with this subject for debate after its postponement last month. It is a very important area of energy policy that has perhaps been in the too-difficult box for some time, due to its long timescales and expensive price tags. All speakers in the debate, with the notable exception of the noble Lord, Lord Oates, have underlined that new nuclear has an important role to play in the energy mix of the future, alongside the decisive shift to renewables that is needed, both to deliver a response to the climate emergency and to ensure the UK’s energy security. Both present threats such that no part of the UK can afford to reject viable zero-carbon sources of power.

I thank everyone who has contributed to the debate for their insights into how best to utilise the technology more effectively. The noble Lord, Lord Wigley, spoke about how difficult it is to get the balance right in the public’s consideration of the issue. Nuclear jobs are high skilled, well paid and effectively unionised, but without new investment will inevitably slip away, overseas, from the Government’s dither and delay, leaving the UK so exposed and vulnerable to energy price spikes hitting families and businesses.

The problems that result from the Government’s lack of commitment to necessary timescales stem from the reluctance to fund adequately the range of nuclear technologies that are mostly untried, untested and underresearched. This has understandably arisen from nervousness following notable disasters and a lack of nuclear waste answers. However, my noble friend Lord West underlined the case for nuclear as crucial for low-carbon power.

Your Lordships’ House will shortly consider the Nuclear Energy (Financing) Bill, presently in the other place, introducing the regulated asset base financing model, with cost sharing—consumers paying through their bills—to reduce the cost of capital and build time. If everything is successful, with accurate estimates

[LORD GRANTCHESTER]  
of build cost and development time, this may seem attractive. However, the experience of the United States with its version, called early cost recovery, has not resulted in any new US nuclear plants coming into service. Consumer risk could not easily be contained in the event of failure or abandonment. Has the Minister any firm estimates of the size of the long-term levy on customer bills that will result from powers to be granted under this Bill, should there be no prospect of retrieval of costs from production?

Much of the debate focused on the proposed RAB system for financing Sizewell C. This raises the issue of critical national infrastructure and possible overseas threats. The noble Lord, Lord Howell, mentioned this in his opening remarks. The agreement drawn up in 2016 between the UK Government, the Chinese Government and EDF allocated China General Nuclear a 33% stake in Hinkley Point C, 20% in Sizewell C and permission to build its own nuclear reactor in Bradwell, Essex. China's involvement no longer has general support. Can the Minister update the House with any proposals to renegotiate this contract to ensure that there is no Chinese involvement in new nuclear in the UK, with a particular focus on ensuring that Sizewell C does not go ahead with the projected amount of Chinese involvement in its construction?

These problems stem from a lack of ownership control of the present major sites. The ownership of various sites may not coincide with the technology proposals that suit the Government's preferences and investment focus. Can the Minister say whether the Government are giving any thought to this, especially when it is understood that one of the sites may be becoming available?

The Government can be congratulated on their funding to advance their nuclear goals. In July, they stated their preference to explore high-temperature gas reactors for their advanced modular reactor programme. This, effectively selecting a technology and identifying it as a proposed winner, would appear a radical departure from the Government's previous position of being technology neutral. While high-temperature operation and heat supply has game-changing commercial importance in efficiency and a much broader industrial use case, this choice by the Government would ignore other fourth-generation systems being developed by the international industry and effectively close down UK participation in other AMR systems. This may have extensive national nuclear establishment backing in the UK, but it may not have the best economic potential to meet competitive commercial energy market needs.

Are the Government concerned that they will be putting their support into one basket that would entail a state design competing against other technology developers and crowd out other capital investors engaged in other AMR technologies? The noble Viscount, Lord Trenchard, mentioned others. Do the Government have potential collaborators and partnerships in mind for UK AMR deployment if they are not to maintain a more level playing field for non-incumbent players? Could Japan Atomic Research provide the sort of partnership that they would be comfortable with?

Speakers in the debate also considered the potential long-term size of and requirement for new nuclear power. The ultimate backcloth to this consideration revolves around the size of the capacity margin. This has caused anxiety in the past, as the capacity margin has been shrinking—down to 27% in 2016-17. However, more recently, the success of the CFD scheme has brought forward more renewable generation capacity, rising to 43% before falling back to 32% in 2020-21, due to the closure of many coal-fired plants.

Have the Government become more relaxed towards the margin projections, so that they have confidence through interconnectors and renewable developments to determine the baseload requirement for new nuclear? The Climate Change Committee, in its balanced pathway to meet electricity demand, estimated that a nuclear capacity of 10 gigawatts would be required. Alternatively, it presented four other scenarios, and the National Infrastructure Commission has been sceptical that any further developments beyond Hinkley Point C would be needed or cost-effective against renewables, which are likely to continue to fall in cost against a nuclear trend of ever-increasing costs and timescales.

Can the Minister confirm the Government's agreement to the Climate Change Committee's balanced pathway and that further new nuclear power generation beyond Hinkley Point C will indeed go ahead, and provide assurance that the 60,000 highly skilled nuclear industry jobs will remain, as the pipeline of activity must continue at pace? Under the Government's watch, three large-scale nuclear projects have been abandoned due to the lack of certainty about the Government's commitment. There are other ways, in addition to the RAB funding system, to de-risk the costs of capital. Can the Minister today provide further certainty on the many anxieties and questions raised about Sizewell C and the replacement for China's stake? The National Security and Investment Act now enables the Government to consider this carefully.

What plans do the Government have for future development of the Wylfa site and how to use it following the failure to come to an agreement with Hitachi? Do they include either the Bechtel proposals, or the hybrid plans for SMRs and a wind farm from Shearwater Energy?

Labour is determined to do much more to help keep energy bills down, tackle the cost of living crisis and help the more vulnerable, calling for VAT on fuel to be cut to 0% and the reinstatement of the £1,000 a year universal credit uplift, and putting forward a plan for £28 billion extra investment every year to 2030 to implement a green industrial revolution, locally led, house by house, street by street. This commitment is matched by the determination for action in this decisive decade towards decarbonisation and net zero. The danger is of more dither and delay. We need reliable, secure and affordable energy that includes nuclear power.

Are the Government satisfied that they have the institutional arrangements to enable swift, decisive decision-making and implementation? They have grand plans, often without substance or coherent policy. They have many regulators and advisory bodies. There was a Nuclear Development Authority. Now, with

the same initials but with its name changed, there is a Nuclear Decommissioning Authority. Have the Government turned their mind towards that important aspect?

Should now not be the opportune time to get on with it, as the noble Baroness, Lady Neville-Rolfe, concluded, to make progress and to consider delivery and implementation? Can the Minister say what plans the Government have in this respect? Civil servants are not generally known for their delivery prowess. Does nuclear now need a delivery agent to meet the challenge for implementation? Could its role be extended, with considerations to make SMR into a leading UK industry, for example, following investment in Rolls-Royce?

This debate has been fascinating, and there are many aspects I have not addressed. However, the Minister now has the opportunity to address and answer the many fundamental questions concerning new nuclear today. Can she inject some urgency and action into the Government's proposals?

5.05 pm

**Baroness Bloomfield of Hinton Waldrist (Con):** My Lords, I am most grateful to my noble friend for securing this incredibly important and timely debate, and for his thoughtful and thought-provoking speech drawing on his wealth of experience in this sector, gained over so many years. I am also grateful to all noble Lords for adding to the excellence of this debate. We are fortunate indeed to have so much experience in this House; polymaths indeed. I say to the two noble Lords who were wrongfooted by the timings of today's business that I will be happy to respond to their speeches if they will forward them to me in due course.

My noble friend Lord Howell and other noble Lords raised the important question of the role of nuclear power in this country's energy system, at a most important time for energy policy—a time when people and businesses up and down the country are worrying about the cost of their energy and the health of the companies that they rely on to provide it. The debate is also timely for another reason that gives a crucial context for our deliberations. We recently published our *Net Zero Strategy*, a milestone document that sets out the UK's path to net-zero greenhouse gas emissions by 2050. The UK was the first major economy to make net zero a target, enshrining it in legislation in 2019. There is no doubt that climate change is one of the greatest global challenges that we face, and that action and leadership are urgently needed in the UK and across the world. In committing to net zero, and now in publishing our plan of action to help us get there, the UK is showing global leadership in a battle that we simply must win.

Everybody acknowledges that net zero is an enormous challenge. To ensure that we are on track to meet that target, we have set the UK's sixth carbon budget in line with recommendations from the Committee on Climate Change. We must reduce our emissions of harmful greenhouse gases by 78% against 1990 levels by 2035. This will require all areas of our economy to play their part.

The power sector's effort share in this mission amounts to an 80% reduction in emissions by 2035, the mid-point of the carbon budget 6 period. This will require a range of low-carbon technologies to be deployed in

large capacities, and quickly, not least because we estimate that our electricity system will need to double in size by 2050 to meet the increased demand as sectors such as heat and transport use electricity to achieve their own decarbonisation.

The Government have been clear that a significant proportion of the UK's future electricity needs should come from renewables such as wind and solar, and flexible technologies, including energy storage and demand-side response. However, we have also been clear that the UK needs stable, firm, low-carbon power for when the wind does not blow and the sun does not shine.

It is in this context that we consider the value of nuclear power. We are already a nuclear nation. We built the world's first commercial power station, at Calder Hall in Cumbria, in 1957. Since the mid-1990s, around 20% of the UK's electricity supply has come from nuclear. After 1995, when we built Sizewell B in Suffolk, there was a hiatus on new nuclear build, but we broke that hiatus in 2016 when we gave the go-ahead to Hinkley Point C in Somerset. In 2020, nuclear provided around 16% of the country's electricity supply and 27% of our overall low-carbon supply. Hinkley Point C will provide 3.2 gigawatts, meeting around 7% of GB's current electricity requirements. However, over the next decade, as many noble Lords have pointed out, many of our existing plants will be coming to the end of their life. Therefore, we need more nuclear power, including large-scale gigawatt and advanced nuclear technologies, and the *Net Zero Strategy*, which highlights nuclear's role in reaching net zero.

We have announced a £120 million future nuclear enabling fund, the details of which are being worked up following the spending review, and I look forward to updating noble Lords on how that money can help to support further nuclear research in the UK. Alongside more information on the fund, we will publish a road map for new nuclear in 2022. It will focus on what is needed to support all future new nuclear in the UK.

We continue to make progress on key issues such as nuclear financing. The Nuclear Energy (Financing) Bill will establish a new model for nuclear projects that will cut the cost of financing and, importantly, reduce costs to consumers. The Bill will also help us reduce our reliance on overseas developers for finance, and open opportunities for British companies in the nuclear industry and our closest partners to develop projects across the UK without compromising on our nuclear ambitions.

We have also invested £210 million, matched by Rolls-Royce, to develop its design for one of the world's first small modular reactors. Each small reactor is potentially capable of powering a million homes. As well as providing energy for the UK, the project will also create high-quality jobs, helping us to level up as we drive emissions down.

Moving to AMRs, the Government have recently announced that we will focus on high-temperature gas reactors as the technology of choice for the AMR research, development and demonstration programme, with the ambition for this to lead to a HTGR demonstration by the early 2030s. That does not preclude the Government looking at other forms of advanced modular reactors, which I know the noble Lord, Lord

[BARONESS BLOOMFIELD OF HINTON WALDRIST] Grantchester, was concerned about. However, we have to put our backs behind one technology in order to make it happen in the timescale available.

Alongside our efforts on nuclear fission, the UK is widely recognised as a world-leader in the most promising fusion energy technologies, with the Government committing £220 million towards the first five-year phase of the Spherical Tokamak for Energy Production programme—STEP. Fusion is no longer decades away, and recently I know that the programme managed to produce more output than input into the project, which highlights the fact that it may not take another 30 years. We might be talking more like 15 years.

The value of nuclear is not seen only in terms of energy generation but in the socioeconomic benefits that these projects will bring to the UK. Hinkley Point C is providing an enormous boost to both the local and national economy, providing 25,000 new jobs, with £3.5 billion spent with companies in the south-west to-date—figures that we hope to be replicated at Sizewell C in Suffolk. Hinkley has also trained more than 800 apprentices. I also know that the Culham fusion project also has an apprenticeship programme that takes in 120 graduate apprentices a year who learn all about nuclear fusion.

We are committed to levelling up. For example, there is the National College for Nuclear, with two hub campuses in Cumbria and the south-west delivering training on its behalf. We also recognise the potential to develop clusters of nuclear expertise in other nuclear communities such as those in the North West Nuclear Arc. The noble Lord, Lord Wigley, will know of my particular interest in developing this arc further into north-west Wales, using Trawsfynydd, Wylfa and Bangor University's excellent nuclear department as part of that building-up exercise.

Energy security is also an absolute priority for this Government. We have highly diverse sources of gas and electricity that ensure that households, businesses and heavy industry get the energy they need. The Government are working closely with Ofgem, National Grid and industry to monitor supply and demand, and the gas and electricity system operators have the tools they need to manage operability requirements in all scenarios. We remain confident that Britain's energy security will be maintained.

However, we recognise the pressures that businesses are facing due to the significant increases in global gas prices. We are continuing to engage constructively with industry to further understand and help mitigate the impacts of global gas prices. Our priority is to ensure that costs are managed and supplies of energy are maintained. We will work with industry to put it on a more stable footing in the longer-term. That includes continuing to build a robust domestic renewable energy sector so that we are not as exposed to global trends in natural gas supply and demand.

In just this past year, we have seen incredible progress in our ambition to deliver new nuclear, including a comprehensive net-zero strategy that sets a clear direction and unprecedented representation of nuclear on the world stage at COP 26. It is that momentum that we must now build on, as we look to secure our future energy needs, with nuclear playing a key role.

My noble friend Lord Howell of Guildford asked me two questions. First, who pays for Hinkley Point C? I can confirm that EDF and all investors are committed to the project. On his second question of whether we are committed to large plants or waiting for SMRs, we believe that a diverse mix of low-carbon generating technologies in the UK is the right answer. We will need to progress all forms of low-carbon generation if we are to meet our decarbonisation targets, including large-scale gigawatt and advanced nuclear technologies such as SMRs and AMRs.

In response to the noble Viscount, Lord Hanworth, and a number of other noble Lords who talked about nuclear financing, as previously mentioned we have recently introduced into Parliament the Nuclear Energy (Financing) Bill, which has passed its Second Reading and Committee in the House of Commons. I can reassure noble Lords that we will be holding a number of Peer engagement exercises before the Bill arrives in this House—I suspect before the end of January. We had hoped that that would happen in December, but I suspect that it will now be early in the new year. However, I encourage everyone who has spoken in this debate to get involved in this interesting Bill.

I know the noble Viscount, Lord Hanworth, was concerned about the intergenerational gap of financing for large nuclear projects. I direct him to Dieter Helm's excellent work on this subject. The whole point of the RAB model is that it separates the risk of the construction phase from the rewards of the operational phase. We need to compensate the investor for the cost of capital at a rate in the construction phase that is derived through a market pricing discovery process, and it will then be set as part of the RAB licence. But when it comes to the operational phase, the regulator will set the cost of capital, balancing his financing duty with the duty to the consumer to help keep costs down. In this, it will mirror any other large-scale infrastructure projects, which use market mechanisms to set costs. In this way, investors will be incentivised to keep costs down. Therefore, it does not just de-risk the whole project but, because it reduces the amount of rolled-up interest that grows over many years in the construction, can reduce the cost of a Hinkley Point by up to £30 billion, as other noble Lords will have read in other briefing notes.

So the Nuclear Energy (Financing) Bill enables the use of the regulated asset base model for new nuclear projects, including both current technologies and potential advanced nuclear technologies and small modular reactors. This Bill will help to reduce the capital cost of nuclear projects, which is likely to be the key driver of the overall costs of a nuclear project, and it does this by sharing risk. Experience has shown that financing these sorts of projects through private capital can instil greater discipline than if they are done through government funds alone. This can help to ensure that the project is delivered on time and on budget, meaning that consumer costs are kept to a minimum.

Within the RAB model, we are creating incentives to encourage developers to deliver new projects in an effective way. To help protect consumers, we are creating a regulatory regime under which Ofgem will have full oversight and audit rights to the project activities throughout its construction.

I thank the noble Lord, Lord Broers, for his considered comments. I agree with him on the safety record of nuclear and the longevity of its operation compared to other technologies. I have already covered cost but, on his points on waste, the UK has in place an effective and robust regulatory regime to ensure that radioactive waste is managed safely, securely and in ways that minimise the impact to human health and the environment. That is why we believe that a geological disposal facility will allow the NDA to complete the decommissioning and clean-up of the nuclear estate. I should mention that I have read that some of the advanced nuclear technologies being worked on by some of the AMR designs may, over time, find the holy grail and be able to reuse some of the embedded energy in all that stored waste at Sellafield, which would mitigate the scale of the geological disposal facility that we might otherwise need.

I take issue with one of the noble Lord's comments: we need to invest in all these technologies, because some of them will have a very long-term benefit for what we do with nuclear waste. I also remind him that the large-scale nuclear reactors have lasted so much longer than they were originally intended to that we have actually been gaining from the production of energy from them long after we financed them in the 1970s and 1980s.

As my noble friend Lady Neville-Rolfe mentioned when responding to the noble Lord, Lord Howell of Guildford, CGN currently has a 20% stake in Sizewell C up to the point of final investment decision. The final configuration of investors for constructing the plant is subject to negotiations. Our aim is to bring at least one large-scale nuclear plant to the point of FID by the end of this Parliament, subject to value for money and all relevant approvals. We announced up to £1.7 billion in the spending review to help deliver this objective. In the *Net Zero Strategy*, we announced up to £120 million for a new future nuclear enabling fund to provide targeted support to address barriers to entry, and will look to accelerate nuclear projects.

The noble Lord, Lord West of Spithead, mentioned CGN and Taishan. These issues are under investigation, and we do not want to prejudice the outcome of that. But the Bradwell B project is at such an early stage of development that the Government are not making any decision at the present time. He also mentioned Wylfa, as, of course, did the noble Lord, Lord Wigley. I agree that this remains an excellent site, if not the perfect site, for new nuclear. We regularly discuss a range of proposals with all interested and credible investors—of which there are a number—and discussions are progressing.

The noble Lord, Lord Goodlad, referenced the speed of decision-making. I hope I have given some reassurance. We are currently in negotiations with the developers of Sizewell C with the aim of reaching a financial investment decision in this Parliament.

**Lord West of Spithead (Lab):** There was another question to do with Chinese involvement with these power stations, what discussions we have had with them and what threat we see in that.

**Baroness Bloomfield of Hinton Waldrist (Con):** I cannot answer specifically on what discussions we have had. As the noble Lord will know, we welcome any investment by foreign investors, but the final decision about the future involvement of the Chinese in Sizewell C will be taken only at the point of the financial investment decision. I cannot speculate on the outcome, but the noble Lord will be well aware of all the talk about Chinese involvement in our nuclear fleet.

The noble Lord, Lord Wigley, referred to hydrogen. The Government believe that nuclear could have a role in low-carbon hydrogen production and have published the UK's first hydrogen strategy, alongside policy detail on their support for low-carbon production across the UK. On his points regarding Trawsfynydd, the UK Government have noted the growing local and regional interest, and indeed support, for several sites for further nuclear development, including Trawsfynydd, and we welcome conversations with stakeholders who are considering whether their assets are potentially suitable for the deployment of nuclear facilities. With regard to Trawsfynydd, BEIS officials regularly engage with Cwmni Egin, the Welsh Government-supported company that is exploring options at the site. Indeed, yesterday I saw a letter from John Idris Jones to the Secretary of State for Wales and the Secretary of State for BEIS on that very subject. We recognise that siting policy is a key part of the enabling framework to bring advanced nuclear to the market.

I thank my noble friend Lord Trenchard for his interesting speech—I know he is extremely knowledgeable about advanced gas reactors. As he mentioned, we recently announced that we intend to consult on including nuclear in the green taxonomy. We are aware of the knowledge and experience that Japan can bring on high-temperature gas reactors because of conversations with the Japanese atomic energy authority about its test reactor. We are considering a range of options on how to design and deliver the UK's AMR demonstration programme effectively, and continue to engage with other leading nuclear nations. Our ambition is to share next steps on the demonstration programme by next spring.

I am afraid I profoundly disagree with much of what the noble Lord, Lord Oates, said, but he raised points about waste and the solutions being over the horizon. I hope I have reassured him that we are slowly moving towards resolving that. I know that there are competitions out and various people bidding in the process to host one. I reassure him that the process is under way. Working groups are being formed and further announcements are expected in coming months.

The noble Lord talked about the cost and risk to consumers. I reassure him that any decisions will be fully cognisant of all the risks, as well as ensuring value for money for consumers and taxpayers. I believe that the RAB model will reduce the cost to consumers of future technologies. We cannot stop trying now. This Government are investing heavily in scientific research and development across the whole nuclear piece, and I remain strongly optimistic that, in 10 years' time, we will look back and say thank goodness we resisted the blandishments of the noble Lord, Lord Oates.

**Lord Oates (LD):** In the light of what the Minister has said about the RAB model, what assessment have the Government made of the example of the United States' ECR model? Have they learned any lessons from that and can they explain why we will not suffer from the same problems they had in the States?

**Baroness Bloomfield of Hinton Waldrist (Con):** I apologise for not having answered that point. I was coming on to say that I would write to the noble Lord on that specific issue because I do not have enough details to hand to give him a satisfactory answer. I will share that answer with other noble Lords.

**Lord Lea of Crondall (Non-Aff):** My Lords, I raised the question of how we are going to produce annual reporting on progress towards meeting our Glasgow targets when nuclear, for example, comes in big chunks and it is hard to know how to do an annual metric. This is the only way of finding out how we are doing as we go along. Does the Minister agree that this should be studied in Whitehall, from the Treasury to the department for the environment and all the other departments, because it is the centrepiece of what we are committed to?

**Baroness Bloomfield of Hinton Waldrist (Con):** It is a point well made and I take it seriously, but I think we will get much more information coming out much more regularly than just an annual report of progress as we move forward with all these projects.

I am conscious of the time and I want to respond to the comments of the noble Lord, Lord Grantchester, on foreign ownership. As I have said, we welcome the role of overseas investors: we would not have EDF had we not welcomed overseas investors into the UK's nuclear sector, but all investment involving critical infrastructure is subject to thorough scrutiny, as he will well know. Having taken the NS&I Bill through this House, we are very careful to evaluate the input of foreign interests in such critical infrastructure as nuclear.

On the noble Lord's question about the Government's choice of high-temperature gas reactors crowding out other advanced modular reactors, I can again confirm that we are interested in seeing all types of advanced reactor being developed. He also asked about the long-term levy to consumers. This will be determined for each project as a result of negotiations. We will protect consumers through effective due diligence on the project and, as I have said, through the role of Ofgem, and by incentives on investors to manage costs

and not to have time overruns. Ultimately, the lower cost of financing achieved through the RAB should lower overall project costs for consumers. With that, I undertake to look at *Hansard* and, if there are any specific questions I have not answered, I will of course write to noble Lords.

5.26 pm

**Lord Howell of Guildford (Con):** My Lords, it remains for me to thank all who have taken part in this debate for their very expert contributions from different points of view and to thank the Minister for her very patient and full reply, although she was not able to cover all our questions. In fact we have left a few things uncovered, such as decommissioning. We touched on finance, with the help of the noble Viscount, Lord Hanworth, but we will be facing that in the Bill. I cannot help reflecting that this regulated asset base sounds to me like very clever bureaucratic language for the simple proposition that the poor consumers are going to have to pay in advance, on top of the enormous sums they are paying already for various reasons.

Japanese co-operation is very important—Japan is our best friend in Asia and we should be building on that, as touched on by my noble friend Lord Trenchard, but the key question that fascinates is whether nuclear is green. Has the climate policy establishment accepted that this is part of the green energy story? I think wise experts have: I am not sure the message has quite reached the Liberal Democrat Benches yet, although I live in hope that they will come round to it. I was very glad that the noble Lord, Lord Oates, contributed to the debate from a different angle: it made it a good debate, so I thank him very much.

Two questions remain: is Bradwell on for the Chinese or not? The question hangs in the air. I see the Minister could not answer but we, the Chinese and everyone else are going to need answers pretty soon. The other question is, in 2031, will we be building large-scale reactors again, like Hinkley, or will we be building clever, small SMRs in quantity to replace them? Which way are we going? We are not quite sure on either of those things yet. We went too far in with the Chinese 10 years ago, and my personal fear would be that we will now, stupidly, go too far away from them too fast. There is always common ground to be found on these great, technical issues of the future but, in the meantime, I thank all noble Lords for their contributions.

*Motion agreed.*

*House adjourned at 5.29 pm.*



