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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
Non-afl	Non-affiliated
PC	Plaid Cymru
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity or for the Lords spiritual.

House of Lords

Wednesday 8 February 2023

3 pm

Prayers—read by the Lord Bishop of Southwell and Nottingham.

Washable PPE

Question

3.07 pm

Asked by ***Lord Young of Norwood Green***

To ask His Majesty's Government what steps they are taking to encourage NHS Trusts to use British-made washable PPE garments with RFID (radio frequency identification) tags that can be laundered multiple times, instead of single use garments which go to landfill.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): PPE waste is potentially hazardous, and recycling is challenging. However, the NHS is committed to sustainability and net zero across its operations and is working with UK manufacturers to encourage innovation. On PPE procurement, the NHS recently piloted reusable RFID-tagged gowns and has trialled reusable face masks, and the findings will inform the future approach. On waste, including PPE waste, NHS England intends to publish a full clinical waste strategy later this year.

Lord Young of Norwood Green (Lab): My Lords, I thank the Minister for that Answer. I must declare an interest: I am the unremunerated chair of the company that produces these gowns. While I welcome what the Minister said, could I make a plea to him? This is a time when we need the NHS to make sensible economies and to look after the environment. It is not the fastest and nimblest organisation for adopting things that it should, so I would welcome an assurance that he will do everything possible to encourage every trust. They should not wait a year for trials—the trials have been successful; we know that it works. I would like to meet him to discuss how we can take this forward.

Lord Markham (Con): I thank the noble Lord for his question. I agree: the trials have shown that this is something we should be doing. It has shown big savings —about £180 million a year in procurement—so there is a very good case to do it. As ever, it is non-trivial. To begin with, we have a lot of PPE stock which we clearly need to use first, and we would need to put launderettes in place so that we can clean and recycle the PPE, but this is absolutely something we want to do going forward.

Baroness Meacher (CB): My Lords, can I appeal for a strengthening of that question? How many trusts currently have single-use PPE contracts? Will the Minister give a guarantee to this House that the Government will ensure that all those contracts are replaced by multiple-use contracts, as described, by the end of this year?

Lord Markham (Con): Right now, the Government are supplying all PPE centrally until next year, using up the excess stocks first, which I think we all agree should be the first thing we do. It will not be until next year that new contracts will be set. When they are set, I absolutely agree that we should push this agenda.

Lord Allan of Hallam (LD): My Lords, the Minister is an experienced businessman—and, I am sure, an honourable one. Based on that experience, what would he say is a fair and reasonable profit margin for somebody to make when selling PPE to the NHS? How would he describe somebody who saw the pandemic as an opportunity to make super-profits by maximising the mark-up they could apply to that PPE? This may have been legal, but was it right?

Lord Markham (Con): I can only speak personally here; I believe that the best businesspeople look to have long-term customer relationships. That means you have long-term, sustainable and fair prices, which is the way to build real customer value in a business.

Lord Kamall (Con): Did the trials find that, as well as being good for the environment, the washable PPE garments might be able to save the NHS money, which could be reinvested into health and care services?

Lord Markham (Con): Yes; as I say, the trials that we have seen so far definitely save money—the figure I have for the procurement savings is £180 million. A process of education also needs to happen. It has been shown that up to 50% of uses of disposable gloves are unnecessary. Understandably, however, medics got into the habit of using them during Covid. We absolutely want to be doing a lot more of this.

Baroness Bennett of Manor Castle (GP): My Lords, the Government were elected on the promise of 40 new hospitals, but the *Observer* recently reported that only 10 have planning permission and are likely to be built during this Parliament. Are those 10 being built with laundry facilities—which the Minister referred to as needed—so that we can indeed stop using single-use items and go back to laundering them?

Lord Markham (Con): First off, we are committed to the 40 new hospitals, on which the House will be hearing more going forward. Some of those might not have planning permission because they are on the site already, so that should not be taken as read. All those hospitals have the net-zero targets built into their plans so that we can make sure that they are sustainable.

Baroness Merron (Lab): My Lords, can the Minister provide an update on the warning by the National Audit Office that because of poor financial controls over procurement of PPE during the pandemic, auditors may be unable to sign off the accounts for the UK

[Baroness Merron]
Health Security Agency? Does he share the view of the chair of the Public Accounts Committee that the scale of waste of unusable PPE is yet another reminder of the vital importance of proper controls, including during a crisis?

Lord Markham (Con): I think we all agree that controls are a good thing. We all have to cast our minds back to two years ago, when planes were being gazumped in mid-air because they were carrying PPE and countries were trying to outbid each other. I think we all remember at the time that the strict instruction from everyone was, "Buy it, almost at any cost." That is what happened. Were mistakes made? Absolutely, they were, but the priority was to make sure that we had PPE for our front-line medics. Are we looking to learn lessons? Yes, we are, and clearly the auditors' role at the UKHSA is one of those situations.

Baroness Finlay of Llandaff (CB): My Lords, the Government have spoken about using the current stockpile of PPE. What lessons have been learned to make sure that we always hold a stockpile ready for the next pandemic and that we have high-quality PPE? In that way, the problem of long Covid following Covid contraction by staff who went into work knowing that they were putting their lives at risk and yet used PPE that they recognised as inadequate will not happen when the next pandemic comes along.

Lord Markham (Con): Clearly, we need to build resilience in the supply chain. A lot of that involves promoting domestic production. Through this whole exercise, over 4 billion items were bought from the UK. We must ensure that we keep that capability going forward. We should keep some level of storage, but, again, get the level right. Another question that I am often asked is, "How much are we paying in storage right now?" It is important that we get the balance right, with future resilience though not to excess levels.

Baroness Blackwood of North Oxford (Con): My Lords, in addition to PPE and the steps laid out by the noble Baroness, what success has there been in analysing a sustainability strategy for the NHS? For example, switching patients from propellant inhalers to powdered inhalers could be a big step forward.

Lord Markham (Con): The whole agenda on this is close to my heart. I do not have that particular detail, but I know that with LED lighting, for instance, you save 25%, so if we put LED lighting across the estate it would cost £400 million and save £100 million a year. Those things clearly are good for the environment and good for the health service in terms of savings, so, absolutely, it is on my agenda to make sure that we pursue it.

Lord Watts (Lab): My Lords, the NHS spends billions of pounds. Have the Government considered having a "buy British" policy, on which we can start to build up capacity not just in this area but in many other areas?

Lord Markham (Con): As I mentioned in answer to a previous question, when we started off, less than 1% of PPE was bought from the UK. We extended that, so that 4 billion items were bought by the end of it. To me, the beauty behind this whole question of sustainability is that it benefits domestic production, which is better for the environment as well. That is absolutely the direction of travel.

Lord Hunt of Kings Heath (Lab): My Lords, I declare my interest as president of the Health Care Supply Association. Will the Minister join me in recognising that NHS procurement people have saved the health service millions of pounds through their efforts in the last few years? Does he agree that they need investment in training and development? Will he ensure that they receive it very quickly, so that more savings can be achieved?

Lord Markham (Con): Absolutely; wherever there is a savings case, I will be right on it. Also, it is about education and training for all our staff. As I mentioned before, a one-hour course can reduce disposable-glove usage by as much as 50%.

Lord Geddes (Con): Is my noble friend aware—I can see no reason why he should be—that at the request of her daughter and son-in-law, both GPs, my wife made them three sets of multi-washable scrubs each, which to the best of my knowledge are still in use?

Lord Markham (Con): Score another one up for UK domestic production.

Railways: Driver-Only Operated Trains

Question

3.18 pm

Asked by ***Lord Snape***

To ask His Majesty's Government what representations they have received from organisations representing disabled people about the widespread introduction of Driver Only Operated trains on the rail network.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, the Government regularly receive ideas and feedback from the public and passenger bodies, including the Disabled Persons Transport Advisory Committee. The proposed modernisation reforms are intended to provide greater flexibility for operators to deploy staff in multi-skilled customer-facing roles that are able to deliver more assistance for disabled passengers and those with additional needs.

Lord Snape (Lab): My Lords, given that 45% of Network Rail stations are unstaffed and that a similar number are only partially staffed, does the Minister accept that that response does not reflect experiences in the real world? The addition of driver-only operation

to unstaffed stations means that travel for the disabled, particularly those in wheelchairs, becomes virtually impossible. The Government's attitude may well contravene both equalities and disability discrimination legislation.

Baroness Vere of Norbiton (Con): The noble Lord makes an important point. Many factors feed into the accessibility of our rail network, and that is why in the *Plan for Rail* we committed to a national rail accessibility strategy. This will take a system-wide approach and ensure that we can make as many routes as possible accessible to all.

Baroness Browning (Con): I confess to my noble friend that I am a cynical old politician. Recently, there has been the practice of split ticketing. It takes me two hours to come here and now I get two tickets, one for the first hour and one for the second hour. I do not need to change trains; the price is the same. Can she reassure me that this is not some device to show that more people take short journeys and therefore need fewer people on board the train to look after them, as opposed to people who take longer journeys, which might merit a guard?

Baroness Vere of Norbiton (Con): My Lords, such cynicism! I will certainly take that away and establish why it might be the case, but my noble friend makes a very important point: our fares are too complicated and there are simply too many. That is why, when the Secretary of State spoke at the George Bradshaw address yesterday, he talked about what we are doing to simplify fares by extending the single-fare pilot and by piloting demand-based pricing, as there is in aviation. Some tickets could be substantially cheaper when the demand is less.

Baroness Hollins (CB): My Lords, driver-only trains will be accompanied by the closure of ticket offices and no platform staff in rural areas. Is the Minister concerned that these measures will discriminate against groups such as people with learning disabilities, who may often need reassurance, have difficulty buying tickets from machines or worry about last-minute changes to train times, and so on?

Baroness Vere of Norbiton (Con): The key to the ticket office issue is not that they will close and the people staffing them will disappear; rather, they will come out from behind the Perspex. In the example given by the noble Baroness, somebody with learning difficulties could be assisted to use a ticket machine. Perhaps in time, they would feel more confident using the ticket machine with the assistance of somebody who can leave the ticket office. Any changes to ticket offices are set out in the ticketing and settlement agreement and are subject to local consultation.

Baroness Brinton (LD): My Lords, I have absolutely no doubt that the Minister puts disability and disabled passengers at the heart of her views, but for some years now she has been talking at the Dispatch Box about this strategy and how access will improve. I find that, at least once a week, the person I am expecting to get me off my train at my home station has not been alerted by the station I departed from. Without a conductor on the train, I have to go on to the next station, or even the one after that, and then try to get a train back—assuming I can. When will the system work for disabled people, whether they are in wheelchairs, are visually impaired or have learning difficulties?

Baroness Vere of Norbiton (Con): I am appalled at the circumstances the noble Baroness faces. The system is in place but clearly is not working, and that is what we have to fix. We have to go through every element of our railway system, modernise it, and make it more accessible, reliable, punctual and affordable.

Lord Berkeley (Lab): My Lords, may I table the idea of level boarding for trains, possibly with retracting ramps at each door? It would obviate the need for people always to be at the station if wheelchair operators could get on and off without anybody being there. It is not a total solution, but it is a solution.

Baroness Vere of Norbiton (Con): The noble Lord raises an important point. There are many solutions to improve accessibility for wheelchair users and other people with reduced mobility. That is why the Access for All scheme was launched back in 2006, and it has made huge strides to improve the number of accessible routes into stations. Between 2019 and 2024, we are spending £383 million to add more accessible routes. When we built the railways centuries ago, they were not built to be accessible. I accept that it will take time to make them 100% accessible, but that is where we want to be.

Lord Cormack (Con): My Lords, do I take it from the answer my noble friend gave to the noble Baroness, Lady Hollins, that it will be possible to purchase a physical ticket at every mainline station?

Baroness Vere of Norbiton (Con): It will be possible to purchase a physical ticket in the vast majority of cases, but I do not know about every single mainline station, as there are many hundreds of them. We have seen over time that people are not using physical tickets as much any more. We have to take into account the multiverse of different needs of the ticket-buying public to ensure that people can use the sorts of tickets that they want to.

Lord Tunnicliffe (Lab): My Lords, building on the testimony of the noble Baroness, Lady Brinton, the difference between disabled passengers who have a problem and ordinary passengers that have a problem is that in the case of the disabled passenger, the impact is almost catastrophic. Whereas occasional things going wrong are tolerable in a mainline system, for disabled passengers it must be 100%. The noble Baroness's experience is not a singular one: the Office of Rail and Road did a survey of passenger assisting in July 2022. Almost a quarter—23%—of all the assistance that they booked was not received. 11% of passengers are not met by staff and a further 7% have to wait too

[Lord Tunnicliffe]
long. And there is the emotional side of it: there is still concern that 28% do not feel confident that all the elements of the assistance they have booked will be delivered on the day of travel. The question is quite straightforward: is that acceptable? We do not want to hear about input; we want to hear about output.

Baroness Vere of Norbiton (Con): Well, I do not think that anybody would say that that is acceptable and that is why we are actually doing things about it. Part of the reforms we want to introduce is to have multi-skilled, passenger-facing roles whereby people are trained to deal with passengers with reduced mobility and those with learning difficulties to help them use the railways, so that the railways work for them.

Lord Dobbs (Con): My Lords, do these important questions that have been raised today not raise the very clear point that the rail strikes are a battle, not simply against ordinary people who want to go to work, children who want to go to school and elderly people who want to visit their families, but most of all against perhaps the most disadvantaged category: the disabled? This is a strike which hits the disabled. Would my noble friend agree with that characterisation?

Baroness Vere of Norbiton (Con): I agree with my noble friend that the strikes do indeed hit every single passenger who uses our railways. What worries me the most is that some of those passengers will not come back. We need a collaborative and constructive relationship with the unions, because things have to change. Our railways must change; we must see reform so that they work for disabled passengers and indeed all passengers.

Baroness Symons of Vernham Dean (Lab): My Lords, I travel to your Lordships' House on the train most days. Not so long ago, I was travelling on a very crowded train when the young woman next to me completely passed out. We were crowded shoulder to shoulder. I did not know whether she had had some sort of attack or simply fainted. There was no means of getting the guard's attention—there was no guard. Now, the young woman concerned may or may not have been in dire difficulty, but the fact is that all trains now tell you that you cannot pull a communication cord but must wait until the next station. Supposing she had had some sort of heart attack, and there was no guard there to help her. It is a terrible experience to have gone through, and what the Minister has said does not reassure me at all that she understands the predicament of disabled people or people in the position I was in.

Baroness Vere of Norbiton (Con): What we are looking at is not necessarily taking people off trains but ensuring that the people who are on the trains are able to provide precisely the sort of assistance that that person may have needed. The reality is that if one is on a train which stops fairly frequently, the best option, if it is driver-only-operated and there is no guard, is to wait until the next station, because such trains tend to be on routes where the stations very close together. On longer routes, where the stations are far apart, there are other people on the train looking after passengers, and in those circumstances that person would have been able to help.

Cost of Not Zero in 2022 (Energy and Climate Intelligence Unit Report)

Question

3.28 pm

Asked by ***Baroness Jones of Moulsecoomb***

To ask His Majesty's Government what assessment they have made of the report by the Energy and Climate Intelligence Unit *Cost of Not Zero in 2022*, published on 30 December 2022; and in particular, the finding that the delay in switching to renewables and improving energy efficiency resulted in some households paying around £1,750 extra on their bills last year.

The Parliamentary Under-Secretary of State, Department for Energy Security and Net Zero (Lord Callanan) (Con): My Lords, the Government remain committed to deploying renewables and energy efficiency measures. Renewable electricity generation has more than quadrupled since 2010, and will be supported further by the annual contracts for difference scheme. For energy efficiency, the Autumn Statement committed a further £6 billion until 2028, in addition to the £6.6 billion committed over this Parliament. This is alongside the £4 billion expanded ECO4 scheme and the additional £1 billion ECO+ scheme, launching in the spring.

Baroness Jones of Moulsecoomb (GP): I thank the Minister for his response, but it was not really an answer to my Question. The delay in going to renewables will be made even worse now by the Government handing out gas and oil licences, which completely goes against all common sense. If we rush to renewables, which is possible, we can stimulate jobs and make sure that consumers do not carry on shivering in their homes. So will the Government commit to moving faster on this and perhaps bring the deadline down to 2035, which is long enough away anyway, rather than 2050?

Lord Callanan (Con): I actually do not fundamentally disagree with the noble Baroness, but we are rushing out renewables deployment. We already have one of the largest deployments of offshore renewables in the world. We even have one of the largest solar capacities in Europe: we have more solar generation than France. I agree that we need to try to go faster. We are doing that—we have increased targets for 2030—but it takes time to roll these out. I disagree with the noble Baroness about there being no requirement for oil and gas; there will be during the transition, and we should get as much of that as possible from domestic sources.

Lord Teverson (LD): My Lords, I congratulate the Minister on his appointment to the new Department for Energy Security and Net Zero. I personally was very pleased to hear of the establishment of that department, because energy security comes about by

net zero, renewables and all those technologies. If that is the case, how come the Government have approved a coal mine—fossil fuels—in Cumbria? That clearly has trashed part of the UK's reputation globally in terms of the net-zero objective.

Lord Callanan (Con): I thank the noble Lord for his congratulations and I look forward to working with him. My responsibilities will be pretty similar to what they were before, but I accept the point he makes. I refer him to the answer I gave to the noble Baroness, Lady Jones, on renewables deployment. I do not want to get into the issue of the coal mine, but, as he well knows, that is not to do with power generation: we are phasing out coal for power generation facilities.

Lord Howell of Guildford (Con): My Lords, I echo the words of the noble Lord, Lord Teverson, about the restoration of a department for energy, among other things. I declare an interest as once having been Secretary of State at the Department of Energy. I also congratulate my noble friend on his appointment. Although we know that the long-term decline will be in oil, gas and fossil fuels, which we want, the delay that caused such a violent increase in oil and gas prices last year and the year before was simply because we had failed to manage that decline and to match supply with demand. As supply was outpaced by demand—and the world has an excessive demand for oil and gas—the result was a tenfold increase in gas prices, huge suffering, vast instability, political concern about cuts in real wages and a great deal of damage for millions of people. That is something those pushing for renewables should keep firmly in their minds.

Lord Callanan (Con): I know that my noble friend speaks with great authority on this matter, given his background, but of course there are many different aspects to the equation. Of course we need to expand supply in renewables, which we are doing, but we also need to reduce demand where we possibly can. That is where our various energy-efficiency campaigns come in. We had a big public relations campaign over the last few months, which has been extremely successful in rolling out energy-efficiency measures.

Baroness Blackstone (Lab): My Lords, the report makes it clear that the insulation of homes was increasing until 2013, when government grants were cut. This was followed by a 90% decline in rates of insulation, leaving us with the least efficient homes in western Europe, with 12 million in band D or below. The Government's plans for this Parliament and the next fall well short of what is needed, so will they urgently review these plans to increase insulation rates much faster?

Lord Callanan (Con): The noble Baroness is right that we need to do more on insulation, but she is wrong about the progress. I will give her the statistics: 47% of homes in England have now reached band C. That is up from 14% in 2010. So we are making very rapid progress in increasing the EPC rating. Of course, there is always more that we can do, and I outlined some of the vast sums of money that we are spending to the noble Baroness, Lady Jones.

Lord Pearson of Rannoch (Non-Afl): My Lords, have the Government yet read the World Climate Declaration, which is supported by some 1,400 scientists and professionals worldwide and finds that our climate is changing as it always has and that man is not responsible, so really there is nothing useful we can do about it? Why do the Government want to go on wasting billions of pounds by running with the climate scare lemmings who pretend otherwise?

Lord Callanan (Con): Well, I am not going to get into a debate with the noble Lord about his statements. Let me perhaps give him another perspective. Even somebody like him, a great British patriot, should surely accept that, even he does not believe in the net-zero target, that it makes sense to develop more renewable sources of electricity in this country, so that we are not dependent on unstable parts of the world for our oil and gas. Despite what I said earlier about needing to expand production as much as we can from the North Sea, it is a declining asset that we will not have in future. Therefore, even in his world, it surely makes sense to develop our energy supply locally in the UK.

Lord Foster of Bath (LD): My Lords, the Minister has just told your Lordships that we are making rapid progress on energy efficiency. He will be aware that back in September 2020 the Government consulted on raising energy performance in the privately rented sector. If he looks at the government website today, he will see that it says:

"Visit this page again soon to download the outcome to this public feedback."

How much longer must landlords wait to know exactly what the Government want them to do to improve the energy efficiency of the privately rented sector?

Lord Callanan (Con): Of course, landlords can voluntarily take action if they wish to improve the performance of their buildings. We are looking at the consultation responses at the moment. However, nobody should pretend that these policy decisions are easy. It is simple and straightforward to just pass a regulation saying that we have to improve the performance, but if the net result of that is a net loss of privately rented accommodation, particularly in poorer parts of the country, there are many people who want that accommodation and we will not have gained anything. So these decisions are not easy, but we are looking at this.

Baroness Blake of Leeds (Lab): My Lords, the report from the Energy and Climate Intelligence Unit makes the cost of inaction and delay for households abundantly clear. We also know how important it is for the planet. I add my congratulations on the Minister's role in the new Department for Energy Security and Net Zero in the reshuffle yesterday. Can I ask that this new department take its remit seriously by urgently prioritising the relatively cheap and quick options of renewable energy, onshore wind and solar, and making a statement to that effect?

Lord Callanan (Con): I thank the noble Baroness for her congratulations, but her question implies that we are not doing anything in this space at the moment.

[Lord Callanan]
Since 2010 the UK has seen a more than 500% increase in the amount of renewable electricity. The UK continues to break records in renewable electricity, which has more than quadrupled since 2010, while low-carbon electricity overall now gives us around 50% of our total generation. Of course we need to do more and do it faster—we are doing that—but let us not try to pretend that we have not made fantastic progress in this area.

Lord Kirkhope of Harrogate (Con): My Lords, my noble friend said the issue of solar power is of great importance. While we are in favour of his policy in general, many people, in rural areas in particular, are deeply concerned about the way in which good agricultural land is apparently now vulnerable to massive solar farms. This destroys our countryside and is quite unnecessary. Does my noble friend not agree?

Lord Callanan (Con): I do not agree with the noble Lord, actually. Only a relatively small—in fact, tiny—proportion of land is taken up with solar power generation, but of course we always have to make sure we get the balance right. We need agricultural land, but we also need more solar generation.

Baroness Hayman (CB): My Lords, I declare my interests. Given the Minister's compelling argument for increasing home-grown renewable energy, can he update the House on how the Government's consultations on getting a sensible planning regime for increasing onshore wind are progressing?

Lord Callanan (Con): We already have considerable quantities of onshore wind, but I know the noble Baroness's commitment to seeing that rolled out even further. As she will be aware, onshore wind will be eligible for contracts for difference in the next allocation round commencing in March, and we will consult shortly on developing local partnerships for a number of supportive communities that wish to host new onshore wind infrastructure in return for the benefits that can then flow to those communities.

Prepayment Energy Meters
Question

3.39 pm

Asked by ***Lord Sikka***

To ask His Majesty's Government what plans they have (1) to introduce legislation to prohibit the forcible installation of prepayment energy meters, and (2) to compensate those subjected to this practice.

The Parliamentary Under-Secretary of State, Department for Energy Security and Net Zero (Lord Callanan) (Con): It is right that Ofgem has asked suppliers to pause the installation of prepayment meters under warrant until they have assured Ofgem that they are compliant with all relevant regulations. Courts have been instructed not to list warrant applications, and the Secretary of State has asked energy bosses to report back on how they will identify consumers who may have had a prepayment meter installed inappropriately and how they will put those matters right.

Lord Sikka (Lab): My Lords, I am not really satisfied with the Minister's explanation. All the parties that he mentioned are partly responsible for the current state of affairs. Since 2019, nearly 1 million warrants for the forced fitting of prepayment meters have been nodded through the courts. The victims have been denied fair and public hearings, as required by Article 6 of the European Convention on Human Rights. Will the Minister now commit to a judicial inquiry into the failure of the whole apparatus and immediate compensation for those who have suffered?

Lord Callanan (Con): Ofgem is in fact conducting an inquiry into the matter. We were all appalled to see the activities of British Gas in particular, which were exposed by the *Times* newspaper, to which we should be grateful. However, we should remember that prepayment meters are a useful tool for some customers to help prevent debt building up. A complete ban on prepayment meters would likely just see a move to debt enforcement by the courts and bailiffs, which is not a desirable outcome either. So none of these policy choices is easy, but the Secretary of State has written to all energy suppliers asking them to report back to him urgently on what steps they are taking to put these matters right.

Lord Forsyth of Drumlean (Con): My Lords, is not the problem that people with prepayment meters are in the main people who are financially stretched, but they pay a higher rate for their electricity? What is the regulator doing allowing this to continue?

Lord Callanan (Con): My Lords, my noble friend knows that normally I agree with him, but in this case he is partly wrong. Yes, there is a slight extra charge for those on prepayment meters, but actually the highest rates are paid by those who have traditional standard credit. The cheapest way of paying is by direct debit. It is also not true that all customers on prepayment meters are necessarily in financially straitened circumstances. Some people—students, young people, people in tenanted accommodation and so on—prefer that method of payment. If we socialise the costs and equalise them among everyone, then many poorer people who prefer either standard credit or direct debit would pay more to take account of that.

Lord Lennie (Lab): My Lords, on Sunday, as the Minister said, the BEIS Secretary gave energy bosses until yesterday to report back on what remedial measures would be taken where prepayment meters were installed in the homes of vulnerable customers. He also said in his Statement on Monday that any compensation scheme is a matter for the regulator, Ofgem, which raises the question: what exactly are the Government going to do with what the energy suppliers report back to them?

Lord Callanan (Con): I am told that those letters came in last night, and the Secretary of State and officials are reviewing those responses. We will have more to say on this shortly.

Lord Walney (CB): The Minister must be alive to the prospect that what is happening here is that the courts system is simply so overrun that the warrant operation system is not functioning properly. Are the Government prepared to invest what is needed in the courts system to overhaul that, if it is indeed found to be one of the causes of these terrible incidents?

Lord Callanan (Con): The noble Lord makes an important point. The Lord Justice in charge of it has instructed the courts not to issue any further warrants in the meantime while these matters are investigated, but I am sure that is an important thing that we need to look at.

Baroness Blower (Lab): My Lords, what is the cost of the 1 million warrants issued by the courts since 2019 for the forced fitting of prepayment meters? How much of that money has been recovered from energy companies?

Lord Callanan (Con): I am afraid I did not quite understand the noble Baroness's question, as it depends on what she means by the cost. Is it the cost to suppliers or customers, or the costs through the courts system? I will ask officials to look at it and perhaps write to her on that.

Lord Teverson (LD): My Lords, those consumers who are not on direct debit get their £67 a month back through vouchers. We know that some 18% of those are not claimed, so who keeps the money? Is it the energy retailer or the taxpayer?

Lord Callanan (Con): Ultimately, it will be the taxpayer because that is a taxpayer subsidy, but we want to ensure that everybody gets the money that they are entitled to. The performance of companies varies widely in delivering these vouchers. Clearly, if people are on a smart meter then it is more advantageous because the support can be delivered easily and directly. We are working with suppliers to ensure that people get the support that they are entitled to but, by the very nature of premises with prepayment meters in them, it is sometimes difficult to get hold of the person paying the actual bill.

Lord Deben (Con): My Lords, I accept the basis of what my noble friend is arguing, but might he see whether we could look again at the real costs of prepayment meters? It seems that the energy companies get the money in from them to start with and that normally, if you pay in advance, you pay less. It seems odd if it is still true that some of the poorest are paying more. Can we look at that and see whether the figuring is in fact accurate?

Lord Callanan (Con): Of course, we continue to look at this and I know that Ofgem is taking a close interest in it at the moment. All that is allowed under the licensing conditions is that suppliers can cover their actual costs that are reflective of servicing those different customers. As I said, the most expensive method for suppliers is those who pay by standard credit, because they have to send out a bill then receive the payment in, et cetera, so those people pay even more than those on prepayment meters do.

Lord Falconer of Thoroton (Lab): My Lords, Lord Justice Edis stopped all of the warrant process on the basis that the courts had not been considering the vulnerability of the customers against whom warrants were being issued. The reason that process exists is to prevent prepayment meters being forced upon people who are vulnerable and would maybe therefore not get heat. There is a degree of urgency, therefore, in sorting out who has prepayment meters and is not getting access to energy. From the Minister's answers, I did not detect when Ofgem is going to report back to him and what steps he understands either it or he are taking to try to protect those people who did not get the protection of the courts.

Lord Callanan (Con): The noble and learned Lord is right. The purpose of the Secretary of State writing to suppliers was to find out what arrangements would be made to put right matters that went wrong. Clearly, a number of consumers who are vulnerable have had the meters fitted, which of course is against Ofgem rules and against the licence conditions of those suppliers. That is why the courts are right to stop the issue of these warrants until these matters have been sorted, but we want Ofgem to report back as quickly as possible.

Lord Bellingham (Con): My Lords, is there not another aspect of this agenda as well? Ever since the start of the Covid crisis, HMG have been doing all they can to persuade people to use non-cash payments for items such as utility bills. Surely it makes no sense whatever to now force some of the poorest members of the community in this country to use cash against their will.

Lord Callanan (Con): Of course, you do not have to use cash with a prepayment meter. You can have a smart prepayment meter, which you can top up using mobile phones and so on, but overall my noble friend's point is valid.

Lord Mackenzie of Framwellgate (Non-Afl): My Lords, the issue of a warrant to forcibly enter a dwelling-house is a very serious matter. In this case, we have heard that it has been done in mass numbers, which I suggest is clearly unacceptable. Would it not be in the interests of justice for the householder to be given the opportunity to make representations during the hearing as to the right or wrong of that procedure being taken?

Lord Callanan (Con): I am not an expert on the system, but my understanding is that they are able to do exactly that now. The suppliers have to write to people to say that they are applying for a warrant and anybody has the right to go along and make representations in response to that. It is only when the applications are unchallenged that they are issued en masse.

Lord Howell of Guildford (Con): My Lords, there is a degree of urgency to lowering the price of gas so that the poorest people in greatest difficulty, with or without meters, can pay. It just so happens that the price of gas is lower now than before the lockdown two years ago or the Ukraine invasion. Why is that much lower price not being passed on now to the poorest so that they can pay, rather than having their doors knocked in and being forced to take meters?

Lord Callanan (Con): It will be passed on when the price cap is reviewed by Ofgem. It is worth stating the amount of government support being given to all consumers. The reality is that over the winter the Government—the taxpayer—have been paying approximately one-third overall of people's energy bills. There is a considerable amount of government support because of the massive increase in prices due to Putin's war. Thankfully, the world has responded, and prices are coming down. However, many suppliers hedged against that and bought long-term contracts. As that unwinds into the energy system, prices will come down and the price cap will reflect that. Later in the year, we should hopefully see a reduction in the price cap. At the same time, of course, government support will begin to be unwound, so we will have to see how those two factors interact.

Business of the House

Motion on Standing Orders

3.50 pm

Moved by ***Lord True***

That Standing Order 38(4) (so far as it relates to Thursdays) and (5) (*Arrangement of the Order Paper*) be suspended until the end of the session so far as is necessary to enable notices and orders relating to Public Bills, Measures, Affirmative Instruments and reports from Select Committees of the House to have precedence over other notices and orders on Thursdays.

The Lord Privy Seal (Lord True) (Con): My Lords, in moving the Motion in my name on the Order Paper, I will update noble Lords on the approach agreed by the usual channels on the use of Thursdays in light of this Session being extended until the autumn. As is usual at this point in a typical Session, this Motion enables priority to be given to legislative business on Thursdays. While the Government will use some of these sitting Thursdays for scrutiny of government Bills, as the Session is longer, we have also agreed that there will be additional days throughout it for debates, which I know are valued by your Lordships.

Reflecting the arrangements in a typical Session, we have agreed that at least eight of the additional Thursdays will be used for debates. These will be divided between party, balloted and Select Committee debates. They will be taken throughout the remainder of the Session in a staggered way. These days are also in addition to time that will be made available this week for a debate on Ukraine. I say in parenthesis what an honour it was to see so many of your Lordships present at that extraordinary occasion in Westminster Hall; we affirm our support for President Zelensky and the brave people of Ukraine.

These debates will be in addition to time for a debate on the Spring Budget, which will be on 16 March. I am pleased that this year the debate on the Budget will follow very soon after it. The usual channels agreed the division of the extra debate days between various groups. The first was on 2 February, when noble Lords debated three Select Committee reports. I know that opportunities to debate these are valued by your Lordships. The next will be on 31 March, when we will have Labour Party debates. Subject to the progress of the legislative programme, we will look to allocate additional Thursdays for debates, if possible, above the eight I can confirm today. The timing of further days will be announced in *Forthcoming Business* in the usual way.

Lord Reay (Con): Could the Leader of the House kindly let us know how many Select Committee reports have been debated so far and how many are outstanding?

Lord True (Con): I know that this is a matter of concern to your Lordships. My noble friend Lady Williams of Trafford and I acknowledge the strong feeling across the House on the need to progress debates on Select Committee reports. We have already made good progress this Session; 28 reports have been debated and a further two are due for debate tomorrow. This puts us on track for well over the recent norm of around 30 debates in a 12-month Session.

This has gone a long way towards reducing the overall backlog. Currently, I think there are only 10 reports —I do not have the information to hand—for which debates are still to be scheduled. Only two of those are from 2021. We have also already had more debates in the Chamber. Last Session, only about a third of debates on Select Committee reports were in the Chamber; this Session, we have already debated 18 reports in the Chamber, representing around 65% of the total number.

There is never perfection, but these debates on our Select Committee reports are of inestimable importance to the House. I hope that noble Lords will feel that this and the announcement I have made today demonstrate the earnestness with which we in the usual channels attach importance to enabling your Lordships' voice to be heard. I thank most earnestly the usual channels for their agreement to this and their support.

Lord Grocott (Lab): My Lords, I assume that we are debating this Motion. In his characteristically emollient and persuasive way, the Leader of the House is actually announcing what a shambles the Government's legislative programme is in. As he said, towards the end of a Session, it is normal to have government business on a Thursday, and I know that this has been agreed between the usual channels, but the Motion says that government business will take precedence

"until the end of the session".

The end of the Session should be in May. It is a good discipline that Sessions normally last a year, to make sure that the Government get their act together in time and can deliver on their promises in the Queen's Speech at the end of the year—that is what happens.

However, we now know, at least in part, that the Session will end not in May but in the autumn, whenever that may be—that is the best date I could find in searching the internet—so it may be six or seven months before the end of the current Session. Of course, the next one may be truncated because there may be a general election—who knows? This Motion says that the Government can carry on having their business on a Thursday until the end of an unspecified Session that will go on until an unknown date. Couple this with the fact that not getting their act together has been a behaviour pattern of this Government since 1970; we have had at least two two-year parliamentary Sessions that I can remember, and this one will apparently last at least 18 months.

I am not happy with this Motion. It has been agreed by the usual channels, and I can understand why this gets done; I know that we are getting a few extra days. But it is an important discipline for a Parliament and a Government, even more so, that they announce a legislative programme that can be done in 12 months and do their best to deliver during that period. Perhaps, at the very least, the noble Lord could help the House by telling us when the next Queen's Speech will be—we would know where we are then.

A noble Lord: It will be the King's Speech.

Lord True (Con): I will not remind His Majesty the King of that. Recollections may vary, but I recall a two-year Session when the noble Lord was at the helm of the state and sitting in No. 10. It is rare for a member of the Opposition to complain about the Government taking more time to lay their legislation before Parliament. The Government will seek to proceed with their legislation in a timely way, paying full respect to the rights of all Members of this House, to which I attach great importance.

This Session will be longer, although I am not in a position to announce the precise date of Prorogation. We have made some rough planning assumptions to help organise business and ensure that the House can prepare. I have shared that information with the House, and I cannot give a precise date for Prorogation at this point.

Lord Hannay of Chiswick (CB): I thank the Minister for this Motion and the effort being made to clear some of this huge backlog, of which I, among others, have been pretty critical. However, does he not think that, since the Government operate under a requirement to respond to a Select Committee report within two months, it would be quite reasonable if the House set a limit on the time that it could delay putting this on the agenda? Would he be prepared to discuss that with the usual channels?

4 pm

Lord True (Con): My Lords, I have not been in post for eternity. I repeat what I have already said with all due humility: I hear what the noble Lord says, but my noble friend the Captain of the Gentlemen-at-Arms and I have sought to address the concern that he articulated. As I said, we have already debated 28 reports this Session and two are tabled for debate tomorrow. The backlog is being attacked, and I hope that that will continue. I have had the honour of chairing a Select Committee of your Lordships' House and believe that Select Committee reports should be debated in this House, so, for as long as I am the Leader of the House, I will try to ensure that they are.

Motion agreed.

Reform of Children's Social Care

Statement

The following Statement was made in the House of Commons on Thursday 2 February.

"With permission, Mr Deputy Speaker, I would like to make a Statement about how we plan to reform children's social care.

My first visit in this role was to a children's home in Hampshire. The young people I met were full of excitement and enthusiasm for the opportunities ahead. One wanted to be a hairdresser or perhaps a beautician—she was still deciding—and another was set to follow his dreams and join the Navy. They all wanted to have the same opportunities as their friends, and our job is to make sure that all children should have those opportunities. It is why levelling up was the guiding principle of our 2019 manifesto.

On this visit, I could not have seen a more vivid example of how our dedicated professionals can change young lives. I am sure all colleagues will join me in paying tribute to the phenomenal work of our social workers and family support workers, directors of children's services, foster and kinship carers, children's home staff and so many others across the country. It is thanks to them, as well as to children's talent, resilience and determination to succeed, that many who have had a tough start in life go on to thrive.

While the care review, the child safeguarding practice review panel on the tragic deaths of Arthur Labinjo-Hughes and Star Hobson, and the Competition and Markets Authority pointed to some good and innovative practice in children's social care, they were also unequivocal in showing us that we are not delivering consistently enough for children and young people. These reviews provide us with a vision of how to do things differently, and how to help families overcome challenges at the earliest stage, keep children safe and ensure that those in care have loving and stable homes. I accept wholeheartedly their messages, and give special thanks to those who led and contributed—Josh MacAlister and his team, Annie Hudson and the rest of the panel, and the Competition and Markets Authority. Many thousands of people with lived and personal experience of the system also contributed and told their stories to these reviews, and I extend my heartfelt thanks to them for helping us to reach this point.

My honourable friend the Member for Colchester (Will Quince) came to this House eight months ago and committed to action from day one to respond to the care review, and I commend him for all his work while he was the Minister for Children and Families. Since then, we have established a national implementation board, with members to advise, support and challenge us on the delivery of reform. We have set up a new child protection ministerial group to champion safeguarding at the highest levels. We have launched a data and digital

solutions fund to unlock the potential of technology, and we have started work to increase foster care placements. This work, coupled with the direction of the reviews and successful initiatives such as the Supporting Families programme and the innovation programme, has provided us the confidence to go further to achieve our ambitions for children.

I know that both Houses and all parties support bold and ambitious reform. This Government are determined to deliver that, and I am pleased to announce that today we will publish our consultation and implementation strategy, *Children's Social Care: Stable Homes, Built on Love*, which sets out how we will achieve broad, system-wide transformation.

We want children to grow up in loving, safe and stable families where they can flourish. The Prime Minister recently spoke about the role of families in answering the profound questions we face as a country. Where would any of us be without our family? That is true for me and I am sure it is true for everybody. My parents, my brother, my sister and my wider family had a huge role in shaping who I am, and they continue to do so.

When children are not safe with their families, the child protection system should take swift and decisive action to protect children. Where children cannot stay with their parents, we should look first at wider family networks and support them to care for the child. Where a child needs to enter care, the care system should provide the same foundation of love, stability and safety. Over the next two years, we plan to address some urgent issues and lay the foundations for wider-reaching reform across the whole system. Our strategy is backed by £200 million of additional investment, so we can start reforms immediately and build the evidence for future rollout. We know this is something that partners support, including local government. This investment builds on the £3.2 billion provided at the Autumn Statement for children and adult's social care.

After that, we will look to scale up our new approaches and bring forward the necessary underpinning legislation, subject to parliamentary time. We will listen to those with experience of the system as we deliver. This starts today, as we consult on our strategy and the children's social care national framework. Our strategy will focus on six pillars of action to transform the system. We will provide the right support at the right time, so that children thrive within their families and families stay together through our family help offer. We will strengthen our child protection response by getting agencies to work together in a fully integrated way, led by social workers with greater skills and knowledge. We will unlock the potential of kinship care so that, wherever possible, children who cannot stay with their parents are cared for by people who know and love them already. We will reform the care system to make sure that we have the right homes for children in the right places. We must be ambitious for children in care and care leavers, and provide them with the right support to help them thrive and achieve their potential into adulthood. We will provide a valued, supported and highly skilled social worker for every child who needs one, and make sure that the whole system continuously learns and improves and makes better use of evidence and data.

I will set out some of our key activity over the next two years to deliver this shift. On family help, we will deliver pathfinders with local areas to test a model of family help, and integrated and expert child protection, to make sure that we support family networks and help them get the early help they need. On child protection, we will consult on new child protection standards and improve leadership across local authorities, the police, health and education through updates to the statutory guidance, *Working Together to Safeguard Children*. On unlocking the benefits of alternatives to care, we will publish a national kinship care strategy by the end of 2023, and invest £9 million to train and support kinship carers before the end of this Parliament.

For children in care and care leavers, we will deliver a fostering programme to recruit and retain more foster carers, and pathfind regional care co-operatives to plan, commission and deliver care places. We will fund practical help for care leavers by increasing the available leaving care allowance from £2,000 to £3,000, and strengthening our offers so that children can stay with their foster carers or close to their children's home when they leave care. In recognition of the great work that foster carers do and the increasing costs of living, we are raising the national minimum allowance and foster carers will benefit from a 12.43% increase to that allowance. We will consult on strengthening and widening our corporate parenting responsibilities so that more public bodies provide the right support to care leavers.

On the workforce, we will bring forward a new early career framework to give social workers the right start, and support employers with a virtual hub sharing best practice. We will expand the number of child and family social worker apprentices by up to 500, and we will reduce our reliance on agency workers by consulting on national rules related to their use. For this system, we will assemble an expert forum to advise on how we make the most of the latest technology and publish a data strategy by the end of this year. We will introduce a children's social care national framework to set out our system outcomes and expectations for practice, and align this with the work of Ofsted.

This strategy sets out a pathway towards fundamental, whole-system reform of children's social care. We are rising to Josh MacAlister's challenge to be ambitious, bold and broad for the sake of vulnerable children and families. I thank all those who guided us here, including my honourable friend the Member for East Worthing and Shoreham (Tim Loughton), my right honourable friend the Member for Chelmsford (Vicky Ford) and my honourable and learned friend the Member for Eddisbury (Edward Timpson), who contributed so much along the journey.

Too many children and families have been let down, and we are determined to make the changes needed. We must remember the stories and the lives of Arthur and Star and the children who came before them. We must settle for nothing less than wide-reaching, long-lasting change. Today we set the direction of travel and make a pledge on a future system that will help to provide all vulnerable children with the start in life they deserve.

As the Minister for Children, Families and Wellbeing, my honourable friend the Member for East Surrey (Claire Coutinho), noted in November in the House, our ambition is to lay the foundations for a system

built on love and family. I believe that this strategy and the actions we are taking now will deliver that. Family will be central to the way we deliver our ambitions. I commend this Statement to the House."

4.01 pm

Baroness Chapman of Darlington (Lab): My Lords, we welcomed the conclusions of *The Independent Review of Children's Social Care*, which quite rightly called for a radical reset of the childcare system. There will be a lot to scrutinise in the Government's strategy, but giving children stable homes, built on love is something we all want to see. I thank Josh MacAlister and his team for their inspirational report. I especially thank those who work with children each day and, most of all, the children themselves, who played a central role in the report. The review takes place in a very challenging context for children's social care: we have seen Sure Start centres closing, preventive services stripped away and young people abandoned in unregulated settings, including some, heartbreakingly, in semi-independent homes miles away from their homes.

At the same time, we see some providers raking in, frankly, obscene profits, and the response from the Government so far is not sufficient. It is not the radical reset that we need. What additional funding there is is welcome, but it risks becoming just another sticking plaster. There is insufficient vision for the direction of children's social care; it is still insufficient in ambition for our most vulnerable children. Government is about what we do and how, but we still do not know how the Government will pull together the different departments that must now step up and work together so that change can be lasting and impactful. That will not happen without strong grip from the centre. Whether it is for looked-after children themselves, kinship carers or social care workers, the system is just not working: 43% of children's services departments are currently rated as inadequate or as requiring improvement. Does the Minister think that the announcements the Government have made so far will lead to the current dire situation improving? I want to think that, but I do not at the moment.

On the issue of workforce, we have unsung heroes working with children in every community in the country. They change lives every day, and we thank them. Sadly, however, the gaping hole in these reforms is the lack of a sustainable workforce plan, and without that, so little will be achieved in the long term.

Last year, the 20 biggest private providers of children's homes and private foster placements made £300 million in profits. Are the Government sure that those private providers are offering the best value for money, the best quality of care, the best services and, most importantly, the best opportunities for these children? I welcome the consultation on national rules for the use of agency social workers. It is a good step, which I hope will help to achieve better outcomes, but to go after agency social workers rather than the worst providers is reaching for the low-hanging fruit and does not get to the root of the problem. The Government need to do both.

We want stable homes, built on love. I am still worried that these piecemeal measures will not lead to the long-lasting, loving relationships that every child in the social care system deserves.

Baroness Tyler of Enfield (LD): My Lords, I, too, thank all those involved in the care review, who have done such an important piece of work and pay tribute to the utter dedication and commitment of all those in the social care workforce. I welcome the Government's plans to reform children's social care and to rebalance the system towards early support for families. However, we need to see action quickly, backed up by funding, because children's social care is in crisis.

More than 80,000 children are in care in England, more than ever before. The record number of children looked after by the state, and the horrific killings of Arthur Labinjo-Hughes and Star Hobson, as well as the abuse of disabled children recently uncovered in residential settings in Doncaster, are powerful reminders of the urgent need for sustained reform. The care review estimates that, without this reform, the number will rise to 100,000 within a decade, with the costs rising from £10 billion to £15 billion a year. As the costs of simply accommodating children grow, local authorities are spending less on the critical preventive services that can save money, reduce harm and keep families together.

I welcome the proposals to trial new family help teams, more early support and more integrated and expert-led approaches to child protection and to promote kinship care and develop new approaches to the planning, commissioning and delivery of care placements, together with a fostering recruitment drive. In particular, I welcome the proposal to extend corporate parenting duties to a range of public bodies and authorities. That is all a step in the right direction, but—and it is a big but—this strategy does not address the urgency of the crisis that vulnerable children face. It does not meet the £2.6 billion funding commitment called for by the care review, nor the £778 million that local authorities need to close the children's social care budget gap. It will not, of itself, address the chronic shortage of care placements in some parts of England. It drags the reform processes out by more than a decade, by which time many of today's vulnerable children will already be adults.

I have a number of questions for the Minister. We are told that the Government will improve social workers' mental health expertise, which is good—I welcome it. However, given that care-experienced children and young people are at a greater risk of experiencing mental ill-health than their peers, what measures are the Government taking to improve access to mental health services for that group? The strategy says that the Government will launch a recruitment drive for 500 more social worker apprentices and support local authorities to improve retention to reduce reliance on costly agencies. That is good but, given the current high level of vacancies and very high turnover rates, what else are the Government doing to improve the working conditions of social workers and promote the professionalism of the sector?

Will the Minister commit to increased funding for children's social care now to stabilise the current system while the reforms are being implemented? Will she also commit to investing £2 billion into family help once the pathfinder programme is complete, as was initially recommended by the care review? Can she tell us what proportion of children in care will be helped by the proposals in the Government's implementation

[Baroness Tyler of Enfield]
plan in this Parliament? What assessment has she made of the impact that a delayed rollout of the children's social care reforms will have?

We welcome the recruitment of foster carers, but can the Minister say how exactly they will be targeted so as to recruit carers who can care for children not currently well served by the system, such as sibling groups, older teenagers and unaccompanied asylum-seeking children? Also, what safeguards will the Government put in place to ensure that the development of regional commissioning and procurement does not lead to more children being placed out of area?

Finally, the recent Health and Care Act—which so many noble Lords in this Chamber, myself included, were involved in—included a commitment for the Department for Education to come back to Parliament within one year with the results of a review of the sharing of data and information and the practicalities of the use of a consistent child identifier. The social care implementation plan mentions proposed approaches to data and information sharing. Can the Minister confirm that the Government are still in favour of the use of a consistent child identifier? If the Minister is not able to answer my questions now, will she write to me?

The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con): My Lords, I thank both noble Baronesses for their remarks and questions and for recognising the incredibly important work that our social workers do all around the country. I echo in particular their thanks to those care-experienced young people who worked with the department in putting together our response to the reviews and who are, in many cases, continuing to work with us through implementation.

If I may, I will start with the importance of implementation, but I think that I will also finish with the importance of implementation. All the points that both noble Baronesses have raised are valid questions to ask, and I will do my very best to answer them, but we know that this is an area that is not a new problem. The problem may have evolved and may be in a particular state at the moment, but the need to implement change effectively—and implement high-quality responses, which I know both noble Baronesses and all your Lordships care deeply about—is vital. That is why we have chosen the approach of "test and learn" through pathfinder sites so that, when we come to scale up, we can be as confident as it is possible to be that we have the evidence of—as the noble Baroness opposite said—not just what we are going to do but, at a local level, how it is going to work on the ground from the beginning to end of the experience of that child and family coming into contact with services.

The noble Baroness, Lady Chapman, questioned whether this was really a "radical reset"—she used the term "sticking plaster" and spoke about a lack of vision. Our ambition is aligned to that which Josh MacAlister set out in his review. We believe that the changes we are proposing and will be testing are radical. Through this work, we are sending the system a very clear message about a focus on family help. I know that both noble Baronesses will have read the Government's response; the theme of family help goes through pretty much every one of the pillars.

We have talked a lot in your Lordships' House about the truly preventive work that we believe is going on, and will go on, in family hubs. This will be at the earlier intervention end of the spectrum, as opposed to truly preventive, but some of the work that we will be doing to merge early help teams and children in need teams will respond to what children and families tell us, which is that they feel that they are being endlessly assessed and not getting enough support. We want less assessment—we want good assessment, but to have that as streamlined as possible—and more help.

The noble Baroness, Lady Tyler, spoke about the 80,000 children in the care system and she is right that that figure is very high. There are some particular factors that have influenced that: one is obviously a growth in population; the other is the number of unaccompanied asylum-seeking children who are in this country, many of whom stay in the care system much longer than might be the case for children who have gone into care in other ways. Obviously, the proof of the pudding will be in the delivery and that is why we will be putting so much focus and emphasis on the 12 pathfinder sites.

Both noble Baronesses raised the question of the children's social care workforce, which of course has risen in absolute terms and is currently at 32,500, but we are absolutely aware of the pressures within the workforce. The noble Baroness, Lady Tyler, asked what else we are doing. She will have seen that we will be introducing an early career framework for social workers. We are supporting recruitment more broadly, including in relation to apprentices: we have seen some local authorities offering apprenticeship opportunities in this area and it is something that we think we can learn from, build on and support. As the noble Baroness, Lady Chapman, said, we are consulting on the use of agency staff. The level of use of agency staff has risen a lot, it puts an important financial burden on local authorities, and we want to understand better the reasons behind it and what appropriate levels might be.

As for our confidence that the system is improving, the noble Baroness will be aware that in 2017 only 36% of local authorities were judged good or outstanding by Ofsted. That figure is now 56% and the number of inadequate local authorities has fallen from 30 to 16. There has been, and continues to be, very active intervention and support from the department for those local authorities and we think we are on a good trajectory with that, but we recognise that there is still more to do.

On children's homes, I think the noble Baroness knows my views on some of the profits, so I do not need to repeat them; I think my popularity on the Benches opposite rose at that point. The House should be aware that we have already announced an investment of £259 million to expand the number of children's homes. We agree that it is not acceptable that children are sent miles from their roots. We are going to do a pathfinder for two regional care co-operatives, which we think will support the sector better in future.

The noble Baroness, Lady Tyler, asked about the focus on foster carers—she might have spoken my briefing for me. The areas she highlighted were sibling groups, unaccompanied asylum-seeking children and others, and those are exactly the areas where our

investment in expanding the number of foster carers will be focused. The Government still support the consistent child identifier to which she referred.

Both noble Baronesses challenged the amount of funding that the Government have committed at this point. I think it is important that we do not compare apples and pears. Josh MacAlister's review was for a five-year period and national implementation, and he recommended £2.6 billion of investment. We have announced, at this point, £200 million over two years, with a focus on pathfinders principally in those 12 areas that I referred to, although there will be two regional care co-operatives and seven additional specific pathfinders in relation to kinship care. So, we are not comparing the same things there.

I understand and very much respect the challenge from the noble Baroness opposite about the speed of implementation. We are balancing quality versus speed and if we are successful in those 12 pathfinders, delivering in the way the whole House hopes they will deliver, we will be able to scale up and review the funding that is required at that time.

4.20 pm

Lord Hannay of Chiswick (CB): My Lords, the steps taken to expand kinship care are extremely welcome, but does the Minister recognise that they are also extremely modest? They are really just scratching the surface of the problem and until the Government are prepared to grasp the nettle of funding for kinship carers, we are not going to get the big expansion we ought to have. Does she also agree that there is now a lot of evidence that kinship care is a cost-effective way of addressing the problems of children who need care and that it will, in the end, be less costly than their being fostered or sent to homes? If that is so, could the Government please get on with it?

Baroness Barran (Con): The Government are getting on with it. As I said earlier, there is a huge focus in our response on family-led solutions, and kinship care is an invaluable part of that. In addition to the £9 million we have committed for training and supporting kinship carers—who do an extraordinary job—we will be publishing a national kinship care strategy by the end of the current year. That will look at a number of the issues that have been rightly raised, such as educational entitlement, training, improved and more consistent local authority practice, and exploring financial allowances. I accept the noble Lord's point that kinship care is, most importantly, a hugely valuable part of what is offered and, secondly, cost-effective.

Baroness Berridge (Con): My Lords, one of the previous initiatives announced by the Government is priority admission to schools for looked-after and previously looked-after children. Obviously, the priorities are to get them into good and outstanding schools—where not just the education but the leadership, pastoral care and safeguarding systems are good—and for schools to know that they have to plan and keep places available in case looked-after children come into their area. Can the Minister outline what progress has been made on this? Do we have the data on a local authority area to see in which schools children end up—free school meals data is not a proxy for this because if you have been adopted, you may no longer qualify for free school meals—and whether the children are getting into good and outstanding schools? Is there an awareness of these issues? I have had to advise people informally, even though they have been through a lengthy process to become foster carers, because they did not seem to be aware that if they take in children, that comes with priority school admission.

Baroness Barran (Con): My noble friend is right that getting looked-after and previously looked-after children into the right school and getting them the support they deserve within that school is a really important element of changing their life trajectory. My understanding is that it varies between local authorities, in part because of different levels of school places, but if there is data on that I would be very happy to write to my noble friend and share it.

Baroness Armstrong of Hill Top (Lab): My Lords, I welcome the fact that the Government have broadly supported the recommendations of Josh MacAlister's report, but I am sure the noble Baroness will recognise that I am somewhat underwhelmed at the pace and conviction of actually making sure it happens quickly enough to change, in real terms, the opportunities for many of the most vulnerable children in our society.

I echo what others have said about kinship care, which I have talked about a lot in this House before. What kinship care does, and what we need to look at in other settings, is to allow children and young people to have a consistent relationship with the person who is caring for them. One of the shocking discoveries, in a sense—it was not unknown—was the number of social workers and carers, and the fact that children would go out in the morning and not know which carer was going to be there when they came back in the evening. That really has to be addressed.

When do the Government expect to roll out the pathfinders, and when do they expect to move from a rollout to a more universal service? What is happening with family hubs? The only way we will change from the crisis intervention we now have is through much more effective early intervention. Family hubs are the model that the Government are going with, and I am very happy with that. As the Secretary of State said last week, it needs to be a universal service, but we are a million miles and a lot of money away from that. Can the Minister tell the House about that unrolling of family hubs so that we really can have universal preventive services?

Baroness Barran (Con): I share the noble Baroness's desire that everything should be done as quickly as is humanly possible. I hope she would agree, though, that the Government are sending a very strong signal to every local authority that a family-first approach, if you like, is important and gets the best outcomes for children. That is why we are investing £30 million in programmes such as Lifelong Links to make sure that extended family connections for children in local authority care are explored as much as possible—family finding,

[Baroness Barran]
befriending, mentoring and all those services. Those things will be happening quickly and are directed at our most vulnerable children.

The first pathfinders will start this autumn, and there will be a second tranche next year. They are running for two years, at which point we will review the next steps. On family hubs and universality, if I understood what my right honourable friend the Secretary of State said last week, and as the noble Baroness knows, we are rolling out family hubs in 75 local authority areas. Access to them is universal. If I am right, I think the distinction is that there were certain eligibility criteria in Sure Start's early stages in particular. The noble Baroness is shaking her head; perhaps I misunderstood, but that was my honest impression. If I am wrong on that, I apologise. I am confident that there are no eligibility criteria for family hubs, and obviously there is a wider age range.

Lord Russell of Liverpool (CB): My Lords, first, I declare my interest as a governor of Coram, which has been adopting and looking after children since 1739. I want to ask the noble Baroness a question about leadership. There are a variety of institutions in our country which are in a state of crisis and require strong leadership to turn them around. I point out that in the decade between 2007 and 2017, there were four Children's Ministers in office, and in the five and a half years since June 2017, there have been no less than eight. I suspect that there is a degree of correlation between the deterioration in the system and the lack of consistent leadership. I suspect that it is above her pay grade—it is certainly above mine—to influence who is and is not the Children's Minister. However, I suggest, from a long experience in helping businesses try to change, that it would seem a sensible insurance policy to make sure that within the ministry there is a core team of individuals who are completely focused on the breadth and depth of these recommendations; who are properly resourced; who are the best people to be in charge; and who are there to ensure continuity as Ministers change, to get them up to speed as quickly as possible and to make them as effective as possible.

Baroness Barran (Con): Of course, the noble Lord is right that leadership is incredibly important. As regards the core team, that is what we are lucky enough to have in our senior civil servants, who have huge subject expertise—I spent time with them earlier today—and an extraordinary personal commitment to delivering on these reforms.

Lord Farmer (Con): My Lords, following on from the question asked by the noble Baroness, Lady Armstrong of Hill Top, particularly about lifelong relationships, I welcome the Government's emphasis on ensuring that children in care have good-quality, lifelong relationships. On that subject, Star Hobson and Arthur Labinjo-Hughes both lived with unrelated adults—a situation in which children are nearly 50 times as likely to die of inflicted injuries than if they live with both biological parents. The national review said that the risk from new partners was not considered in either case. Apart from the reducing parental conflict programme, what else are the Government doing to make parents and professionals aware of the greater risks from parental relationship breakdown—the elephant in the room—which ultimately leads to so many children coming into care, or worse?

Baroness Barran (Con): Sadly, my noble friend is right about the problem that he articulates, which is very clear. I think that the experts and professionals working in the sector are clear that relationship breakdown, and domestic violence and abuse in particular, are very important reasons for children being taken into care. My noble friend is right that more needs to be done to raise awareness around some of the specifics that he cited. However, I suppose I feel that it is not sufficient to be aware of it; as my noble friend suggests, one needs to know what we then need to do about it. Work will come out of this review on the standards that we will be setting for all multiagency partners, and being clear about information sharing, which is a theme that comes out of every serious case review that I have ever read. However, with all that we just need a relentless focus on the quality of implementation, which is what we plan to bring to this.

Baroness Drake (Lab): My Lords, the Government refer in their six pillars of transformation to one of those being unlocking the potential of kinship care, and I want to return to that. Although developing a national kinship care strategy is welcome and a significant step towards ensuring that kinship care is properly supported and that more children remain safely in their family network, for it to be delivered and for it to make a real difference it needs cross-government buy-in, from the Treasury, the DfE, the MoJ and from BEIS—not just conversations but real buy-in, with the money following through from that. So I would really welcome even stronger assurances from the Minister unequivocally that the strategy has cross-government buy-in and that the adequate funding to match the ambition will be provided. On the current budget it cannot meet that ambition—we all know that intuitively. In addition to all the support structures that are needed, which have been articulated by others in this debate, we have the issues of advice services that are critical, legal advice, financial support to these families and employment rights, all of which need to be addressed if we really are going to fulfil the ambition of unlocking the potential of kinship carers, because, as I have said on previous occasions, the barriers are quite dysfunctional at the moment.

Baroness Barran (Con): The noble Baroness asks me to predict the outcome of the strategy that we are consulting on. Obviously, I cannot do that, but I can share with the House the scale of the Government's ambition and the value that the Government place on kinship care. This is the first time that there will be national training and support for kinship carers, so it is an important step forward in the short term. We know that there has already been a move from the Ministry of Justice in terms of extending legal aid to special guardians in family court proceedings. We are exploring other workplace entitlements with colleagues across government for kinship care, as in cases where they have special guardianship orders or child arrangement

orders—and, as I said, we will be looking at educational entitlements, local authority practice, training, and financial allowances, which I think encompasses quite a few government departments.

Lord Bellingham (Con): My Lords, further to the excellent question asked by the noble Lord, Lord Hannay, and the last question, from the noble Baroness, one of the conclusions that I reached after dealing with many constituency cases was that so many social service departments do not involve the wider family—aunts, uncles, grandparents. We all agree that it is incredibly important to prioritise kinship care. What is the Minister going to do to change the culture and attitudes of different social service departments?

Baroness Barran (Con): I mentioned earlier that we are keen to establish and clarify, as your Lordships and my noble friend have highlighted this afternoon, that there is variability of response, understanding, support and capacity from local authorities in relation to kinship care. We want to be clear about what good practice looks like. We are also working with Ofsted to raise the visibility of kinship care in its inspection framework. Everyone violently agrees about the value of kinship care. The question is how we make sure that it is available and supported, and that some of those barriers to which my noble friend refers are removed.

Lord Watson of Invergowrie (Lab): My Lords, the report has some very positive elements. Overall, I share the view of many noble Lords that it is a disappointment. I would not call it a missed opportunity, because time will tell on that. However, Mr MacAlister himself must be disappointed, because the call that he made for a once-in-a-generation opportunity to reset the delivery of children's social care will not be met in terms of the report and its contents thus far.

There are two more consultations. I want to hinge again on the question of funding, which is well short of what MacAlister asked for. In the Statement, the Government say that they are determined to deliver

"bold and ambitious reform".

Well, that will not be achieved with the sort of funding that we have heard about so far.

Kinship seems to be the central theme of this session. In the Statement, the Government say that they will

"invest £9 million to train and support kinship carers before the end of this Parliament."

Well, that could be 18 months away, and £9 million would be about £50 per kinship carer. If that is not scratching the surface, I really do not know what is. It is not like him, but if anything, the noble Lord, Lord Hannay, understated the case when he talked about the financial benefits that kinship carers bring. They save the Government countless millions and do not get the recognition either of that fact or of the work that they do.

Perhaps I might ask the Minister another question on kinship care. The review called for a single legal definition of kinship care to be written into law to improve recognition of the varying forms of kinship care arrangement and to improve access to the support that carers and their children need. Does the Minister recognise the many benefits to having a clear definition of kinship care enshrined in legislation?

Baroness Barran (Con): On funding, I have made the point that we are talking about a two-year programme in selected areas, not five years nationally. The reason for that choice is that we believe it is critical to get the quality of implementation right, on the ground, before scaling. Secondly, I remind the noble Lord that spending on children's social care is £10.8 billion annually. There was a £3.2 billion uplift to the adult and children's social care budget in the autumn, so the Government are already committing very large sums of money to this area—as we rightly should.

On the definition of kinship care, we want to strike a balance that retains flexibility, as every family potentially has a slightly different model for how kinship care works, and absolute clarity, as we want to make it easy for families to deliver this and for them to feel supported. Whether that is through a definition or not is a slightly different question, but it is our aspiration to retain those two things.

NHS Strikes

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Monday 6 February.

"I am grateful to the honourable Member for his Question, which I am taking on behalf of the department as the Secretary of State is attending a COBRA meeting focused on minimising the disruption experienced by patients because of today's walkouts.

In preparation for today's industrial action, we have again drawn on extra support from a range of places, including military service personnel, volunteers and the private sector. People should continue to use NHS 111 if they need medical help and to dial 999 in the event of an emergency. Yet even such strong contingencies, including more people trained to drive ambulances and doctors redeployed to other parts of the system, are no replacement for having the right people doing the right jobs.

Any strike inevitably means that some patients will have their treatment delayed, and I know that people are being contacted if their appointments need to be changed. About 88,000 procedures or out-patient appointments have been postponed as a result of industrial action over the last eight weeks, so I am disappointed and concerned that patients are facing disruption once again, especially because strikes by Royal College of Nursing members have now come together with action by GMB and Unite members in eight ambulance trusts.

I recognise that there have been efforts on behalf of unions to ensure that derogations are in place to keep people safe, and I acknowledge that some aspects of that can indeed be challenging, but it is essential that all unions adhere to a set of derogations at a national level so that we can plan and act with certainty. I have also been heartened to hear that on previous strike days, some devoted ambulance workers and nurses

who received calls while on the picket line returned to work where derogations were not going to be met. That is a real tribute to the care and dedication we see on the front line day in, day out.

Ultimately, both staff and the public should no longer be in this situation, because we all know that industrial action is in nobody's best interests, especially given the collective challenges we face to help the NHS recover from the pandemic. Despite what the honourable Member for Ilford North, Wes Streeting, might imply, there is much common ground, not least our shared desire to improve the NHS and deliver better care. Last week we announced our plan to recover urgent and emergency care—the second of three plans to cut waiting times in the NHS, including our elective recovery plan and our primary care recovery plan, which will be published in the next few weeks. With such important missions ahead of us, and fewer than two months left of this financial year, it is time to move forward, to look ahead and to come together in the interests of the patients we all serve."

4.41 pm

Baroness Merron (Lab): My Lords, the Minister regularly refers to the independent pay review process, even though it may have suited the Government to ignore its recommendations in the past. Ministers have said that it is time to come together in the interests of patients, while NHS employers and staff, and the public, all want to see negotiations. Can the Minister explain why the Government have not come together with the unions to sort this out? If they do not do this, how will this dispute, which is unprecedented in the history of the NHS, ever be resolved?

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): Clearly, we all want to resolve the dispute, and many meetings have been held with the unions to date. We believe in the independent pay review body; it is something we have backed since 2014. In the circumstances, April is very close—it is a matter of six or seven weeks away—and we enter into the new pay deal then. I would expect the pay review body to take all these factors into account, including historic inflation and inflation going forward, and put forward something that is fair and reasonable on that basis. I believe that is the foundation for a solution.

Lord Allan of Hallam (LD): My Lords, the Government's response to NHS staff seems to be to offer them jam tomorrow, when they are struggling to pay for jam today. Does the Minister accept that, if the Government do not lift the funding constraints on the independent pay review body so that it can make a decent settlement for 2023-24, the entire process risks losing all confidence and the independent pay review process itself could become irreparably damaged?

Lord Markham (Con): I would not say that six or seven weeks is jam tomorrow; I would say that it is jam pretty soon. That gives us a basis to go forward. The noble Lord's basic point of allowing the pay review body to take all factors into account is fair: we need to give it the freedom to be able to do that.

Lord Davies of Brixton (Lab): My Lords, I thank the Minister for his replies. It seems, from what he is saying, that they are going to run out the clock and hope for deliverance next year. I think that is acting irresponsibly. Does the Minister not agree? He probably will not agree, but comments from some of his colleagues have been less than helpful. Does he understand the strong feeling among NHS staff when Ministers talk about unions failing to maintain decent service levels, as it is 13 years of Conservative Government that have led to this failure?

Lord Markham (Con): I totally agree with the noble Lord that constructive dialogue is the way forward, and language and actions are important as part of that. I am glad to say—and I thank the unions for their part in all of this—that the first priority for everyone is to protect life. We all appreciate their role in ensuring those minimum derogations are in place, to make sure that those key life-threatening situations are well-handled and catered for.

Baroness Walmsley (LD): My Lords, the Minister and other Ministers have often mentioned that the lowest-paid workers have been given a higher percentage uplift—I recall 9% being mentioned. Does he accept that 9% of a small amount is a very small amount, and does not buy an awful lot more food? Does he accept that this is why people are campaigning for a proper percentage increase to match inflation right across the board?

Lord Markham (Con): In the case of the lowest paid, it was made sure that everyone received at least £1,400, so there was a pound note amount there. I note, in the case of the calculation, that 9.3% is fairly close to the rate of inflation, which is about 10.5%. It is not exactly the same, clearly, but it is pretty much the impact that the cost of living will have had on them. The other thing that I would note at this point is that they will have been protected from energy bills by the unprecedented steps that the Government took there, because of course that had a big impact on people's cost of living as well. So it is a range of measures. Is it a challenging time? Absolutely, but we are seeking to really try and protect those who are on the lowest incomes.

Turkey and Syria Earthquake

Statement

The following Statement was made in the House of Commons on Tuesday 7 February.

"With permission, Mr Speaker, I will make a Statement to the House on the situation in Turkey and Syria.

On Monday morning at 1.17 am UK time, a major earthquake struck south-eastern Turkey and north-western Syria. Measuring 7.8 on the Richter scale, the quake's impact was felt hundreds of miles away in Lebanon, Cyprus, Greece and Israel. Just nine hours later at 10.24 am London time, a second major earthquake struck the same region, with a magnitude of 7.5 on the Richter scale. The first tremor centred on the Turkish city of Gaziantep, some 150 miles north of the Turkish-Syrian border. The epicentre of the second quake was approximately 80 miles further north.

Earthquakes of this severity have not been seen in that region for 80 years. The effects of the two earthquakes have been devastating. At least 2,291 deaths have already been confirmed by the Turkish authorities, and at least 15,834 people have been reported injured. Those numbers are, I regret to inform the House, highly likely to rise significantly. I know that the House will join me in offering our sincere condolences to the people of Turkey and Syria.

Across the region, which is inhabited by more than 12 million people, more than 6,000 buildings have collapsed. Electricity and gas infrastructure has been severely damaged. Many of the 3.5 million Syrian refugees hosted by Turkey reside in the affected provinces. Turkey's outstanding disaster relief response capability has been severely tested by the sheer scale of the catastrophe. The Turkish Government have declared a state of emergency, and they are requesting international assistance on a scale that matches the enormity of the situation that they are facing. Turkey will lead the disaster relief response in the areas of Syria where it has a presence.

As of this morning, we know that three British nationals are missing. The Foreign Office's crisis response hub is working to support the at least 35 British nationals who have been directly affected by the earthquakes. We assess that the likelihood of large-scale British casualties remains low. The Turkish Government have contacted His Majesty's Government to request support, and we are working closely with our Turkish allies to provide them with the help that they need as swiftly and as effectively as possible.

I have been in direct contact with my Turkish counterpart, and I plan to speak to the UN's Under-Secretary-General for humanitarian affairs and emergency relief co-ordination this afternoon to discuss future steps. Our 77-strong urban search and rescue team, with four dogs and state-of-the-art equipment, is due to arrive at Gaziantep later today. I have also authorised the deployment of a UK emergency medical assessment team.

In Syria, the UK is in contact with our partners on the ground to establish their need and decide how best to help them. The conflict stability and security fund will provide an uplift to the opposition Syrian civil defence, commonly known as the White Helmets, to support their emergency response operations across north-west Syria. We are also providing support to Syria through the International Medical Corps, Save the Children and, of course, the United Nations agencies.

We will continue to stand by the people of Turkey and Syria. We will deliver aid to those in need, wherever they are, and as we do so, we will work with our allies and partners around the world to ensure the most effective humanitarian response. I undertake to keep the House updated on the situation in Turkey and Syria as it evolves. I commend this Statement to the House."

4.47 pm

Lord Collins of Highbury (Lab): My Lords, the devastation in Turkey and Syria is clearly heartbreaking, with thousands losing loved ones in the most shocking of ways. Our thoughts and sympathy must go out to all those so deeply affected, in particular the diaspora community here in the United Kingdom. As the Minister reminded us on Monday, the death toll of this terrible disaster was rising at a huge rate—by the hour, he said. At that point, the reported casualty figure was 2,000; this morning, the Disasters Emergency Committee reported that at least 9,000 people have been killed across the two countries, anticipating that the figures will continue to rise. President Erdoğan announced later that the death toll in Turkey had reached 8,754. Combined with the 2,470 known deaths in Syria, that brings the total official death toll to 11,224.

Of course, it is anticipated that, sadly, these figures will continue to rise. Many people are trapped under rubble and search and rescue operations are still continuing. More than 5,770 buildings have collapsed in Turkey and 4,000 have collapsed in north-western Syria—that was the estimate from last night. Information from rural areas, however, may not have been received due to the damage to communications and road infrastructure. The WHO has suggested that the final toll could rise as high as 20,000. A similar-sized earthquake in the region in 1999 killed at least 17,000.

This afternoon, the Disasters Emergency Committee announced it was launching the DEC Turkey-Syria earthquake appeal tomorrow through TV and broadcast appeals. I hope that the Minister will be able to tell us this afternoon how the Government will ensure support for that appeal, both in funding and in promotion.

The Turkish Interior Minister has issued an international assistance call and stated that Turkey has mobilised state emergency teams. On Monday, the Minister gave us a detailed report on how our international search and rescue teams had been deployed and commenced life-saving activity within the crucial 72 hours. Can he tell us whether we plan to send any further search and rescue resources, beyond what is in the Statement, in particular heavy-lifting equipment, helicopters, et cetera? Clearly, the demand is huge. Anyone listening to the BBC this morning would have heard the terrible reports about the need for shelter, energy, water and sanitation. There are reports that cholera is already spreading in Syria. The terrible conditions and the question of how bodies are stored and buried also need to be addressed.

DEC reports that its humanitarian directors indicated that at least 10 of its members have the presence and ability to implement a response in Turkey, either directly or through partners, and 13 of its members have indicated that they have capacity to respond in Syria. Several DEC agencies have already begun responses using existing resources. We want to hear how the Government can support additional services.

This disaster highlights the desperate need to improve humanitarian access to Syria from Turkey, particularly after last month's renewal of the UN Security Council mandate on cross-border aid secured only one crossing for six months. I also mentioned on Monday that many NGOs are deeply concerned about Syria, in particular on access and control of different areas. Ismail Alabdullah from the White Helmets spoke to the BBC from within Syria, near the border with Turkey, to appeal for international assistance. He said:

"We need help. We need the international community to do something, to help us, to support us. North-west Syria now is a disaster area. We need help from everyone to save our people."

[Lord Collins of Highbury]

On Monday, the Minister said that the FCDO was working directly with the United Nations and that he hoped to speak to the UN co-ordinator, Mohamed Haji, later that day about Syria. I hope he accepts the need to drive humanitarian access up the international agenda and open new flows of aid to north-western Syria. I thank the Minister for his regular updates to me and, I am sure, other noble Lords on the situation. I understand from them that he was able to speak to Mohamed Haji earlier today. I hope he can tell us the outcome of those discussions and what more positive steps we are taking as a nation to help those people in Turkey and Syria.

Lord Purvis of Tweed (LD): My Lords, I associate myself with the comments of the noble Lord, Lord Collins, regarding our sympathies being with those directly affected. This is also an extremely concerning time for the diaspora community. Is the FCDO offering any guidance and support to the diaspora community on how to access information about those it may be concerned about? I will not be alone in this House in having friends in the area who have already struggled with communications. We have all seen the images of the pure hell of the area, with whole villages and communities razed to the ground. Part of the communications and infrastructure network has also been affected.

As the noble Lord, Lord Collins, indicated, the human cost is rapidly growing and is now more than 11,200 in southern Turkey and northern Syria, with more than 23 million lives affected. Without question, the UK population will respond to the DEC appeal; the public in this country respond when there are awful disasters such as this. Can the Minister confirm that the Government will trigger the UK aid match? They did so with regard to the Pakistan floods and, of course, the Ukrainian appeal. I would be grateful if the Minister could make a rapid announcement on a UK aid match from the Government, matching the generosity of the British public.

The European Union has provided a commitment for €3.5 million through the EU civil protection mechanism in response to a formal appeal from Syria. What is the UK government mechanism for support? As the noble Lord, Lord Collins, indicated, the people of northern Syria have been afflicted by conflict, and it is an area where control is divided between the Government and rebel groups. There is already concern that the Assad regime may use this politically, but the people will need humanitarian assistance. So what are the mechanisms by which the UK will work with our international partners on delivering assistance? I understand that it has been the Government's approach not to provide equipment that could be used internally in Syria. There are grounds for exceptions to be made for this. Are the Government actively considering that in an urgent way?

We pay tribute to the work of those providing humanitarian assistance already. Beyond support for the White Helmets, what is the FCDO advice for British charities and NGOs that wish to be active in this part of Syria? I know this is a very delicate situation, but what clear advice has been provided?

We know the reality in this region: 4.1 million are already dependent on humanitarian assistance, the majority of whom are women and children, in a harsh winter and with a cholera outbreak. With regard to healthcare, medication, food, shelter and essential provisions, if the British public want to contribute to specific organisations beyond the DEC, what is the advice as to whom and how?

I pay tribute to the crisis response and recovery unit at Crown Agents, which does sterling work on Ukraine and across the area. I know the Minister knows Crown Agents extremely well. It supports supply chain organisations, shelter response, heaters, latrine units and, specifically, water and sanitation for girls and women. How are the Government supporting Crown Agents, which I think is held in the highest esteem in the world for tackling logistical difficulties in very complex areas? Are the Government ensuring that it is equipped as it should be to provide this assistance? I hope the Minister can respond positively.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, as I am sure all noble Lords do, I fully associate myself with the words of the noble Lord, Lord Collins. The situation in Turkey and Syria continues to worsen, exacerbated by both hard-to-access areas and the weather conditions; snow and rain are hindering progress.

I turn to some of the specific points. I thank the noble Lords, Lord Purvis and Lord Collins, for their strong support. This underlines the importance of being at one when these crises hit. Of course, I will continue to update your Lordships' House on a regular basis, as I said I would 48 hours ago, as things evolve and emerge. Tragically, as the noble Lord, Lord Collins, pointed out, the figures continue to increase. From both official statistics and the reality on the ground, as conveyed to us through reports and, importantly, some of the calls I have had—which I will come on to in a moment—it is very clear that this number will continue to increase.

There is always the odd bit of hope. I am sure that many noble Lords saw on the front pages of our newspapers that young girl in Afrin—a source of hope. The tragedy was that she was born under the rubble and the rest of her family have died. Who knows how many such cases we will come across?

On the calls I have been making, I spoke yesterday to the head of the White Helmets, Raed al-Saleh. I join the noble Lord, Lord Purvis, in commending their incredible work, which we are again seeing unfold on our screens. As I announced then, we immediately stood up another £800,000. I conveyed that to Raed al-Saleh and his team and asked him to identify specific needs and requirements in Syria.

I accept what the noble Lord, Lord Purvis, said about accessibility. As I said a couple of days ago, that remains a priority. There is one sanctioned humanitarian corridor, as the noble Lord, Lord Collins, alluded to. I have been in contact with our senior ambassador and permanent representative to the United Nations, Dame Barbara Woodward, to see what further pressure can be exerted on the likes of Russia to open up corridors.

This is about saving people's lives. It is important that Russia now recognises, notwithstanding the immense differences that we have because of its illegal war in Ukraine, that lives will be saved through accessibility into Ukraine. I assure noble Lords of our best efforts in working with both our key partners at the UN and partners such as the United States and the European Union to apply further pressure in that respect.

I turn to some of the specific questions. Both noble Lords asked about the DEC appeal. I do not want to pre-empt any announcement, but I assure noble Lords that, as we have done previously, we are working closely in a co-ordinated fashion. When those announcements are finalised, I will update noble Lords. I reassure them that we very much stand by the DEC appeal in terms of both logistics and financial support, as we have done previously. The details of that are still to be determined, but I will update the House accordingly.

The noble Lord, Lord Purvis, asked about Crown Agents. It is a key partner and I associate myself totally with what he said. I have not yet seen the specifics of some of the requirements, but I will update the noble Lord on that.

I am trying to find my note on the UN—this shows just how much of a live issue this is. The DEC appeal has just been launched. I will not go into detail on that because it is still being worked out, but we will look at match funding; indeed, as I left the FCDO today, that was one of the issues that were still being determined.

The noble Lord, Lord Purvis, pointed to the EU contribution of £3.5 million. The UK has stood up £8 million, which will focus specifically, as we announced earlier today, on a package of life-saving support to cover both Turkey and Syria. The humanitarian package includes immediate extra support, covering thousands of tents, blankets and hygiene-kit specifics, as the noble Lord outlined, as well as equipment to help address urgent medical needs and the offer of a world-class UK field clinic. It is important that in Turkey we co-ordinate this through the Turkish agency, which we are doing, and that in Syria we work through the UN. My right honourable friends the Foreign Secretary and the Development Minister had a very constructive call with Martin Griffiths.

I can also inform noble Lords that today I had a good call with the UN co-ordinator, Muhannad Hadi; unfortunately, he painted a very bleak picture, but there is some hope. Senior representatives of the United Nations, including Martin Griffiths, will be going to Damascus to plead the importance of humanitarian relief. On the point made by the noble Lord, Lord Collins, about direct support, I asked Muhannad Hadi what could be done so that we could relay that information. He said that he would provide specific information to me; as soon as I have it to hand, I will share it with noble Lords.

I stress that our agencies, NGOs and charities that work in the UK have incredible reach. The Red Cross and the Red Crescent, through their networks, are providing important support; I am sure that, as partners are identified through the DEC appeal, they will provide other opportunities for key partners working on the ground. Of course, we continue to work in a very co-ordinated fashion with them.

I will make a quick point on engagement. I am sure all noble Lords acknowledge the strength of the message sent by His Majesty the King to the President of Turkey. My right honourable friend the Prime Minister also spoke to President Erdoğan yesterday. The Foreign Secretary and I have both sent messages to the Foreign Minister of Turkey, while the Turkish ambassador is in the FCDO as I speak and meeting the Minister for Europe. He conveyed his sincere thanks for the outpouring of support that he has seen, not just from the important and valued British-Turkish diaspora but across all communities. I am sure that will continue to be the case.

I will continue to update noble Lords as the details are finalised, but we are very actively engaged on this agenda through international agencies and directly through the UN teams, working with key partners. I can report that the team that I announced, made up of 77 search and rescue specialists, is now on the ground and working with other teams there. A UK medical team has also been dispatched and has arrived in Gaziantep, where it will meet the Turkish Ministry of Health to establish other key priorities.

5.06 pm

Baroness Uddin (Non-Afl): My Lords, like all noble Lords, I am absolutely heartbroken, particularly because I have so many good friends in Britain who have already travelled to Istanbul. Some are trying to access Syria. I am deeply touched by the powerful contributions of my noble friend Lord Collins and the noble Lord, Lord Purvis, and I thank the Minister for keeping us up to date.

I have two questions. A huge amount of effort is already under way within the various communities. How can the Minister and the Government ensure that those British efforts are directed in one direction, so that they can be maximised? The sending of tonnes of food and clothes is being arranged. Can we ensure that there is some collaboration with the Turkish embassy, Turkish Airlines, et cetera?

My other point is to ask the Minister whether he has sought meetings with other Muslim countries in the region, particularly Qatar, given that it has just created some massive, good-quality tents. Can some of those be donated to Turkey, especially in light of the fact that Qatar already has really good experience of creating high-class clinics, as it did in Pakistan some years ago? My prayers and condolences are with the people of Turkey. I hope that we will all, individually and collectively, do everything within our ability and capacity to ensure that Turkey is helped.

Lord Ahmad of Wimbledon (Con): My Lords, on the second point, as the Minister for the Middle East and North Africa, I will very shortly travel to the Gulf and this will be one of the key areas of my discussions. Equally, I know that those near neighbours are responding.

The noble Baroness talked about co-ordination. We are speaking directly with the Turkish authorities, as well as with the ambassador here, to see how we can best co-ordinate efforts. I have already indicated certain NGOs that can be worked with. Undoubtedly, the Turkish authorities are overwhelmed. Specific lines have now been set up for British relatives who are in

[Lord Ahmad of Wimbledon]
Turkey; those are directly with the Foreign Office and consular offices are available 24/7. On people looking for family support, as was pointed out in our previous discussion by the noble Baroness, Lady Hussein-Ece, that is a matter for the Turkish authorities directly but we are looking at how we can disseminate that information.

Finally, I add a note of caution. As we have seen, the Turkish Government have stated clearly that only vehicles which carry aid teams and aid materials will be allowed to enter certain cities deemed to be inside the disaster areas. That should be borne in mind.

The Earl of Sandwich (CB): My Lords, does the Minister agree that the DEC should be congratulated for getting off the mark much faster than usual? This is going to be very reassuring to all those who have donated. I recall from my time with some of the DEC members that there was a healthy tension—not to say competition—between them early on in these events. Can the Minister give the House an idea of how briefings are provided without showing any restraint or regulation? How does one keep in contact, especially when there is duplication of food and materials?

Lord Ahmad of Wimbledon (Con): My Lords, I applaud the efforts of the DEC. It has stood up aid during the recent challenges and disasters which have engulfed the world, including last summer in Pakistan. This also underlines the strong generosity of the British people in supporting these contacts. On co-ordination—if I understood the noble Earl correctly—the DEC provides a strong framework. It is being briefed regularly and has meetings with FCDO officials.

Baroness Foster of Aghadrumsee (Non-Afl): My Lords, geology, as we have found yet again, is no respecter of national boundaries and nor is the disease which follows such events. Can my noble friend the Minister outline how we will use the expertise in this country to help our friends and colleagues in Turkey and Syria deal with the disease that will inevitably follow this terrible disaster?

Lord Ahmad of Wimbledon (Con): My Lords, I assure my noble friend that it is for exactly that reason that we have dispatched a UK medical team, which is analysing what the exact requirements are. We are also meeting the Turkish ministry of health and the World Health Organization to determine the direct impacts. As I have said, we have offered health facilities directly to the Turkish authorities to see how and where they can be best utilised.

Lord Harris of Haringey (Lab): My Lords, I am pleased the Minister indicated that he has just left a meeting that considered the question of match funding for money raised through the Disasters Emergency Committee. When might we expect a decision to be announced?

Lord Ahmad of Wimbledon (Con): They say that patience is a virtue. I assure the noble Lord that he will not have to wait too long.

Baroness Stowell of Beeston (Con): My Lords, can my noble friend provide a little more information about the aid and support the UK is sending to those in the middle of the search and rescue operation?

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend rightly raises the importance of the type of aid; it is not just about standing up aid. The specific initial requirements, which we have responded to, are search and rescue expertise. We have deployed experts and specialists, along with rescue dogs and equipment. The second requirement from the Turkish authorities has been on health. As I have already said, we are looking at this and making assessments to stand that up. There will be a requirement for more medium and long-term support. We are directly co-ordinating with AFAD, the Turkish relief agency, which is co-ordinating all international efforts. I think that over 70 countries have now responded. It is important to see which countries have which strengths and equities, so they can be directly and correctly deployed across Turkey and Syria.

Lord McDonald of Salford (CB): My Lords, an area of development assistance the UK traditionally does best is humanitarian assistance. As the Minister has outlined, our response in the face of this disaster will be quick and impressive. The press is alive with rumours of cuts in ODA. Can the Minister assure the House that humanitarian assistance in particular will be protected so that, when there are future disasters, the UK response will be equally nimble and large?

Lord Ahmad of Wimbledon (Con): My Lords, over many years and under successive Governments, the United Kingdom has prided itself on its humanitarian response; it defines who and what we are as a nation. When people are in need, we should respond accordingly. As the noble Lord, who speaks with great insight and from experience, says, we need to respond to humanitarian crises as they occur in a dynamic way—and long may that continue.

Lord Hussain (LD): My Lords, when such disasters strike, anywhere in the world, the British public are very good at responding to these appeals. In previous situations—flooding in Pakistan and earthquakes elsewhere—I have seen a lot of small groups collecting money for these purposes. How can we make sure that every single penny collected goes to the people we are collecting for?

Lord Ahmad of Wimbledon (Con): My Lords, several noble Lords have asked about the DEC appeal. The Government's advice will always be that aid should be given through recognised agencies. The DEC appeal provides the vehicle to ensure a structured and co-ordinated response and that the money reaches those it is intended to reach, as the noble Lord pointed out.

Baroness Uddin (Non-Afl): Will we ensure that women have sanitary products, contraceptive pills, et cetera as part of what we offer in responding to this disaster?

Lord Ahmad of Wimbledon (Con): As I alluded to, we have health teams on the ground and they will specify the requirements. But the issue of vulnerable communities, women and girls is of course an important part of any humanitarian response.

Lord Leigh of Hurley (Con): My Lords, on 23 April 2019, two British citizens, Daniel and Amelie Linsey, were killed in a terrorist attack in Sri Lanka. At the time, there was great difficulty in bringing their bodies back, and the Foreign Secretary then said he recognised that the Foreign Office had a weakness in its procedures. The Linseys were dual citizens, and the United States Embassy was much more efficient and helpful. In the end, the bodies had to be repatriated to America because the Linsey family could not wait for the British Foreign Office to facilitate the return of the bodies. At the time, there was talk of reviewing the whole systems and procedures for British nationals dying abroad and the bodies being returned. Given the very sad recent events in Turkey and Syria, have those changes been implemented?

Lord Ahmad of Wimbledon (Con): My Lords, I will of course follow up the specific case my noble friend raises and determine exactly what the issue is. But in my experience over several years at the Foreign Office—now the FCDO—it has always prioritised repatriating British citizens during tragedies such as the one sadly unfolding in Syria and Turkey. Thankfully, according to my current report, we have not received any specific reports of British nationals being among the casualties. However, I will certainly take back my noble friend's point about the importance of prioritising this issue and ensuring that we are able to return the bodies of the deceased. If there is further information to share in that respect, I will write to my noble friend.

Economic Crime and Corporate Transparency Bill

Second Reading

5.18 pm

Moved by ***Lord Johnson of Lainston***

That the Bill be now read a second time.

The Minister of State, Department for Business and Trade (Lord Johnson of Lainston) (Con): My Lords, I draw noble Lords' attention to my registered interests, including as the director of and person with significant control of AMP Ventures, and as a shareholder of and person with significant control of several other companies. I do not believe that any of those are relevant to today's debate.

Economic crime threatens our national security, prosperity and global influence. It underpins serious and organised crime and undermines legitimate business, causing great harm to individuals, our society and our economy. That is why this Government are determined to tackle economic crime and drive out dirty money.

We have already taken unprecedented action to prevent kleptocrats and organised criminals abusing our open economy. We were the first G20 country to establish a public register of domestic company beneficial ownership in 2016. We introduced new powers in the Criminal Finances Act 2017, including account-freezing orders, which in 2021-22 alone enabled £132 million-worth of assets to be frozen or seized. We secured £400 million through the spending review and the new economic crime levy to support law enforcement over the next three years. We established both the National Economic Crime Centre to co-ordinate the law enforcement response to economic crime and, more recently, the combating kleptocracy cell in the National Crime Agency to target corrupt elites.

With the support of this House, following Russia's invasion of Ukraine, we took immediate steps by passing the Economic Crime (Transparency and Enforcement) Act. It introduced reforms to improve transparency in land ownership and to provide greater powers and more information to identify, investigate and take action against illicit wealth. It also helped the UK to act swiftly to impose sanctions against over 1,200 individuals and 120 entities linked to the Russian state. I was very pleased, as I am sure we all were, to hear President Zelensky praising these moves today in his moving speech to both Houses.

However, we know that this is a constantly evolving challenge. We must not be in any way complacent about the threat. Building on the first Act, we are pleased to bring to the House the Economic Crime and Corporate Transparency Bill. It will bear down even further on kleptocrats, criminals and terrorists who abuse our open economy, and it will strengthen the UK's reputation as a place where legitimate business can thrive, while ensuring that dirty money has no place to hide.

The Bill will ensure that law enforcement and the private sector have the tools needed to help tackle economic crime, including fraud and money laundering, and it will deliver greater protections for members of the public and businesses. It forms part of the wider government approach, sitting alongside the key provisions in the Online Safety Bill, which will tackle online fraud, as well as the forthcoming second economic crime plan and fraud strategy, the delivery of which are all supported by the spending review settlement.

The Bill covers several areas, and I will now speak to the measures set out within it, starting with the reform of Companies House. The UK operates one of the world's largest and most open economies. It is important to note that the vast majority of companies are formed and run by legitimate business owners, benefiting the economy and contributing to society. We want to maintain that ease of doing business and continue to welcome investment and legitimate business. However, while that brings prosperity and opportunity, it also exposes the UK to harmful practices, such as money laundering, corruption and terrorist financing. Our welcoming business environment is open to misuse by those who seek to undermine the business framework. The use of anonymous or fraudulent shell companies and partnerships provides criminals with a veneer of legitimacy and undermines the UK's reputation as a sound place to do business.

The Bill will deliver significant reforms to the role of Companies House, marking the biggest change to our system of registering companies in over 170 years.

[Lord Johnson of Lainston]
The changes will improve transparency and bear down on the use of thousands of UK companies and other corporate structures as vehicles for economic crime, including fraud, money laundering, illicit finance, corruption, terrorist financing and illegal arms movements. The reforms will provide Companies House with the appropriate information, tools and powers to take action and better respond to abuse, thereby strengthening our business environment.

Through clauses in Part 1 of the Bill, we will introduce identity verification for new and existing directors, beneficial owners and those who file information with Companies House, helping to ensure that we know the real people acting for, and benefiting from, companies. The Bill also broadens the registrar's powers so that the registrar becomes a more active gatekeeper over company creation and a custodian of more reliable data. Improving the financial information on the register will make it more reliable, complete and accurate, thereby supporting better business decisions and creating wider economic benefits. Part 1 will also provide Companies House with more effective investigation and enforcement powers and will introduce better cross-checking of data with other public and private sector bodies. We will also enhance the protection of personal information and addresses, thus helping to protect individuals from fraud and harm.

On limited partnership reform, Part 2 tackles the misuse of limited partnerships, including Scottish limited partnerships, while modernising the law governing them. We will tighten registration requirements and require limited partnerships to have a lasting connection to the UK. The Bill will also increase transparency requirements and provide the registrar with powers to deregister limited partnerships which are dissolved or no longer carrying on business, or where a court orders the dissolution because it is in the public interest.

Part 3 of the Bill makes some technical changes to the register of overseas entities that was legislated for in the first Act. These changes will maintain consistency with changes to the Companies Act and are intended to enhance the effectiveness of the register.

On crypto asset measures, the measures in Part 4 and its associated Schedules 6, 7 and 8 will provide additional powers to law enforcement officials, so they are able to more quickly and easily seize, freeze and ultimately recover crypto assets. The creation of a civil forfeiture power for crypto assets will mitigate the risk posed by those who cannot be criminally prosecuted but use their funds to further criminality or for terrorist purposes. These measures will modernise our proceeds of crime and counterterrorism legislation to ensure that crypto assets cannot be a conduit for money laundering, fraud, ransomware attacks or terrorist financing.

Measures in Part 5 of the Bill will enable better information sharing between certain businesses and with law enforcement to prevent and detect economic crime. It also provides new intelligence-gathering powers for law enforcement to tackle money laundering and terrorist financing. These reforms will enable the better detection and prevention of crime taking place across multiple businesses and will prevent criminals exploiting information gaps between them. Clause 174 also streamlines the process for updating the UK's high-risk third-country list.

The Bill will provide legal service regulators with enhanced enforcement powers to support them in upholding the economic crime agenda within their regulated community. A regulatory objective will be added to the Legal Services Act 2007—the LSA. The Solicitors Regulation Authority's—SRA's—statutory cap on the financial penalty powers for disciplinary matters related to economic crime will be removed, and the SRA will be able to proactively request information from its regulated community for the purpose of monitoring compliance with the economic crime regime. These measures will make clear to regulated bodies and individuals the expectations that government has of the regulators on this issue and support their ability to uphold sanctions and the wider economic crime regime.

The Bill will also enable the Serious Fraud Office to use its powers under Section 2 of the Criminal Justice Act 1987 at the pre-investigation stage in any SFO case, including fraud cases. This will support the Serious Fraud Office in delivering its functions and assist with the Government's efforts to tackle fraud.

I conclude my opening remarks by highlighting the opportunity that we have in front of us. This Bill will make a difference to businesses, law enforcement and our citizens. Businesses will receive a better service from Companies House; law enforcement will receive new powers and better information to help root out criminals; and citizens will be better protected. This Bill is significant, and addresses several technically and operationally complex areas. The measures within it have undergone extensive and constructive scrutiny through the other place, particularly through the work of the Public Bill Committee. Through that process, we have listened and made several refinements and improvements.

In that vein, I also want to thank noble Lords for the support which was received during the passage of what became the Economic Crime (Transparency and Enforcement) Act. I am mindful of the pace at which that Bill was passed and noble Lords' request to ensure that this second Bill is subject to a timetable which enables full and proper scrutiny. I welcome that further scrutiny, including today's debate, and I look forward to engaging with all noble Lords on the Bill as we seek to ensure that it achieves the crucial objective of making our country, our businesses and our citizens safer. I beg to move.

5.29 pm

Lord Ponsonby of Shulbrede (Lab): My Lords, I open by welcoming the Minister to his new position in his new department; we wish him well. I agree with all the sentiments that he has expressed when introducing this Bill, particularly that we are dealing with a "constantly evolving" threat and what he said about the mechanisms that are being addressed in this Bill. It went through a very lengthy process in the House of Commons, and I hope that we will have an equally thorough process in this House.

Although the Bill introduces many necessary changes, we must make sure that those changes are strong enough to stand up to the significant problem that economic

crime has come to be in this country. The Government first promised action against fraud, money laundering and other forms of economic crime in 2016. It is regrettable that change has taken so long to reach us and that action has come only after the war in Ukraine exposed the deep connection that economic crime and dirty money have to war and the threat that not plugging the gaps in our financial system poses to the rule of law and democracy across the world.

In the Bill's absence, the problem of dirty money within our system has not only been allowed to continue, but has grown significantly. Estimates of the total annual cost to the UK from economic crime are between £290 billion and £350 billion per year. These are huge sums, and around twice what we spend on our NHS in England every year. Over the past two years, 64% of businesses have experienced fraud, corruption or other financial crime—a figure that has increased by 50% over the past four years. In 2020, 4.5 million incidents of fraud were recorded, and many more remain unreported. This makes it the single most common crime perpetuated against people in the UK, and only 0.01% of cases are brought to court where somebody is charged with an offence. Only three convictions for serious fraud were secured last year, which is a decrease of seven since 2015. Reform is vital to ensuring protection and justice for individuals and businesses across Britain, but the scale of financial crime across the country also threatens our economic fortune, national security and international status. If we are to continue to welcome and encourage good business and clean money, we must firmly expel the bad.

On the day on which we welcomed President Zelensky to speak to us in Parliament, we must also reflect on the part that economic crime here in the UK has played in supporting crime and war worldwide. Crime within our financial system supports international organised crime, such as people trafficking, drug smuggling and illegal arms dealing. Through the corruption of political systems, it threatens peace, democracy and the rule of law across the world. President Zelensky spoke earlier of the bravery that Ukrainians have shown in the face of invasion and thanked the British people for standing with them, in his words, "from day one". We must all work together in this House to make sure that this Bill is strong enough to play its role in helping Ukraine. Ending the flow of illegal Russian money through the UK, which is being used to fund the war in Ukraine, will be one important measure of this Bill's success.

The Government must explore strengthening measures in the Bill in several areas. The overhaul of Companies House is welcome and long overdue. Verifying the details of nearly 5 million existing company directors and others with significant control is a large but achievable task. The Government have allocated £63 million to Companies House for this reform and stated their intent to raise registration fees. We do not wish to see fees raised to the point of discouraging enterprise, but they must cover the costs of preventing not only serious instances of large-scale fraud, but the day-to-day frauds perpetuated against ordinary individuals. I said that fraud worth up to £350 billion takes place every year. How does the Minister think that £63 million stands up against that figure? Given the large number of existing directors, as well as new directors, who will need to be verified, I am interested to hear from the Minister how long he thinks that it will take to complete the process and whether the balance between encouraging business creation through low fees and covering costs can be met.

The Bill as written also fails to mention all the loopholes connected with the use of trusts and with companies registered in British Overseas Territories. In fact, it remains completely silent on this point. The Bill will be marked down as a missed opportunity, and we will return to this issue as it progresses through this House.

The Bill also needs strengthening in its enforcement measures. The Government have not yet set out a clear strategy to recoup assets seized through economic crime enforcement and to compensate victims. It is welcome that the Government have indicated their intent to introduce further measures on corporate criminal liability after significant concerns were raised in the other place. The lack of measures to hold directors to account for fraud and money-laundering conducted by their businesses is a clear omission in the Bill in its current form, and we look forward to seeing what measures the Government will bring forward, as was promised in the other place.

We must ensure that this Bill allows us to get ahead of those wishing to abuse our financial system through economic crime. The delay in bringing forward these reforms, and the gaps that remain in the Bill, risk us being condemned instead to playing catch-up with the criminals. We are pleased to support its Second Reading, and I look forward to working with the Government and colleagues from across the House to address the issues and make this a better Bill.

5.36 pm

Lord Fox (LD): My Lords, it is a great pleasure to follow the noble Lord, Lord Ponsonby, and to associate myself with his remarks about why the Bill is so important and why its effectiveness is essential. I also agree with him on welcoming the noble Lord, Lord Johnson, to his new and expanded role. It is lucky he did not have much to do on his first day in office, and we welcome him.

Over the years, as we have heard, the United Kingdom has, wittingly or unwittingly, become a haven for economic activity that should not be acceptable or legal in our country. We have become a haven for stolen wealth for some of the worst regimes in the world. That is why we want the Bill to succeed and for the objectives set out in it to be achievable. We will be supporting and working constructively with the Minister and across the House to make sure that the Bill that leaves your Lordships' House is fit to deliver the things that have to happen.

When your Lordships' House fast-tracked the first economic crime Bill through this House, and we all worked hard and very quickly to make sure we were able to deliver the sanctions immediately and quickly, there was much talk about what the next Bill should achieve. This is that next Bill, so we will be examining it on the basis of the hopes that were expressed during that debate: is it capable of achieving the objectives we discussed then and will be discussing now? The Minister

[Lord Fox]

in his introduction—and, indeed, his predecessor, when we met—laid great stress on the changes being brought to Companies House. This was, of course, a source of great discussion during the previous Bill, with many of us outlining the scale of the challenge that organisation faces, particularly given from where it was starting. With this Bill, that challenge has not got any less, but I think many of us fear that the journey that Companies House needs to take, from being a passive paper repository to becoming a data-led investigative doorkeeper, is still not fully appreciated. The scale of cultural change required for this to happen is great, and I think this is something we will come back to time and again through this debate.

Perhaps the first test was the UK property register. Only last week we learned from the *Financial Times*, and I think there was a report this week from the BBC, that thousands of offshore companies have missed the UK property registration deadline. It was aimed at identifying owners of around an estimated £100 billion of illicit financing, much of which is channelled through British real estate. The new register requires previously anonymous foreign owners or buyers of UK property to reveal their identity, yet thousands of offshore companies owning properties in the UK had not declared their real ownership on the new government register by the deadline, which was a couple of weeks ago. The previous Minister is on the record as saying that the Government

"will be using all the tools at our disposal, including fines and restrictions, to crack down on foreign companies who have not complied."

Can his successor explain how anonymous foreign owners will be fined? Can he tell your Lordships' House how many Companies House employees are currently investigating the unregistered owners?

According to data taken from Companies House at the end of December and analysed by the research organisation Open Ownership, some 2,800 companies had said they were based in the British Virgin Islands, with Jersey and the Isle of Man also at the top of the league. I am sure my noble friend Lord Wallace will expand in due course on the role of overseas territories.

Looking forward, I note that new purchases that involve anonymous foreign buyers should now disclose the beneficial owners to Companies House before any application can be made to the UK's various land registries. Can the Minister tell your Lordships' House whether this is now happening in all cases, and how he knows it is happening? In other words, what is the reporting structure and data structure that the Government have on the performance of Companies House?

The Minister mentioned the excellent debate at Report stage in the Commons. During that debate, MPs called for stronger reporting to hold the whole of Companies House's works to account. As Dame Margaret Hodge MP put it, it should

"ensure that it delivers what we have in mind in being at the front end of fighting economic crime through the data that it collects."—[*Official Report*, Commons, 24/1/23; cols. 916.]

In other words, we believe this Bill needs to be strengthened in terms of the reporting regime to Parliament from Companies House.

As the Minister highlighted, identity verification is a vital tool in the policing of the sector, if it is to be successful. On that basis, I would have thought that it should be a core competence of the new model Companies House. However, it seems that much of this work is being outsourced to corporate service providers. These are the same firms and sector that provide identity support for at least 50% of the applications that Companies House is supposed to verify. To hand the role of identity verification to the very sector that is seeking to obscure identity for its clients is absurd. I believe the Minister should look again at what is happening on this front. I would like to hear the justification for outsourcing what should be a core competence of Companies House.

We then turn to the funding of Companies House and related activities. In the Commons, there was considerable debate about the fees paid to register. The current level is ludicrously low. The Commons proposed £100, which to my mind remains a relatively small sum and in no way a barrier to serious players. I understand why the Minister may not want to enshrine this in primary legislation, but I would ask that the Minister tells your Lordships' House—either now or perhaps in Committee—what figure the Government intend to bring forward, and will the Government commit to linking this to inflation and ring-fencing it from HMRC siphoning off, because the money is needed to bolster the whole process of policing this?

I have allowed Companies House to dominate much of this speech as its effectiveness is key. I know that my noble friend Lady Bowles will look at this more, and there are other issues too that my noble friends and your Lordships will no doubt raise, both today and in Committee.

We were heartened that the Government took on the challenge laid down in the amendment moved by Robert Buckland MP and supported across the Commons. This sought to address the need to make a failure to report into an offence. The aim is to start to better address the role of enablers—the lawyers, the accountants and other professional services—in the laundering of dirty money. The details in this are key and, like others in this House, we will look at the Government's version of this amendment. Can the Minister undertake to have it published well before the first day of Committee? I expect my noble friend Lord Clement-Jones to speak to this in more detail in Committee, and I am afraid he is unable to participate today.

One of the ways that service providers will be brought to book is through whistleblowers. My noble friend Lady Kramer has been the lead in the debate to better facilitate and protect whistleblowers. I am afraid she also is unable to attend the Second Reading, but I know that both she and the noble Lord, Lord Clement-Jones, are following this debate very closely. Whistleblowing is crucial in the fight against economic and financial crime. Unfortunately, many of the whistleblowers who have come forward and contributed vital evidence have suffered from the consequences of doing so. This Bill should do more to reinforce their position and encourage others to step up. We believe that, so far, the Bill fails to do that.

In the Commons, Dame Margaret Hodge MP, again explained that all the work on economic crime done by the Public Accounts Committee in her time as its

chair came from whistleblowers. Similarly, Kevin Hollinrake MP, now the Parliamentary Under-Secretary of State at the Department for Business—at least, I think he is; the Minister is nodding to confirm—asserted that he believed that 100% of economic crime detection could be attributed to whistleblowing. This is important. That is why Mary Robinson MP, chair of the APPG for Whistleblowing, moved an amendment in the House of Commons to provide meaningful protection to whistleblowers by creating an office of the whistleblower. Even Tom Tugendhat, the Minister of State for Security, while refusing to accept the amendment, conceded that the country needs an office for whistleblowers. There is work to do on this, and we should address this hole.

Moving on, none of this matters a jot if there is no effective enforcement. We have to ask ourselves: why does Latvia have a better record of enforcement on economic crime than we seem to have in the United Kingdom? According to my reading, there have been essentially no economic crime cases brought in this country since Putin came to power. Why? One of the most charitable explanations is that the fear of costs generated by super-rich litigants in the setting of a civil court can lead to budget-busting costs if they are awarded against the prosecuting authorities. This fear that the costs will be so high breeds a risk-averse attitude in the prosecuting authorities, but this would not be a problem if it was happening in a criminal court. I am sure we will want to try to find ways of probing this in Committee.

Then there is the role of lawyers in intimidating people such as journalists seeking to shine a light on the sort of practices that have shamed our country. Essentially, this is legal bullying. It has another name in this country: SLAPPs, or strategic lawsuits against public participation. As we will hear from my noble friend Lord Thomas, SLAPPs are a form of legal intimidation used by wealthy persons to avoid what often turns out to be the truth from coming out. There has to be action to stop this, and I am sure he and other noble Lords will raise this.

To speak briefly on crypto assets, there were something close to 50 amendments to the Bill brought in the House of Commons on this subject. I am intrigued by the idea of what is a UK-connected crypto asset and how the Government will go about seizing a crypto asset when it certainly does not reside within a UK-governed territory and often does not really reside anywhere at all. The intentions within the part of the Bill on crypto assets are good, but I think the practicalities may be well beyond the words we see in it. I am interested to hear about that.

Finally, I will mention the issue of seizing assets that have been frozen, as the noble Lord, Lord Ponsonby, also raised. Very few of us who witnessed it could not have been moved by what President Zelensky had to say today, but we need to match our applause with action. One issue he raised was compensation; one way to do this is to use frozen assets to effect some sort of redress. In the case of Ukraine, I believe there is some $350 billion of Russian assets currently in the international freezers. As I am sure the Minister is aware at the moment, moving assets from being frozen—perhaps interminably so—into a place where they can be legally redistributed is fraught with legal problems. Before the Minister tells me that this is because of sovereign immunity and above our respective pay grades—it is certainly above mine—I agree. But that is why an amendment was tabled in the Commons to propose that the Government look into this and report back to Parliament within six months on how these assets can be put to use to make good some of the harm that has been caused to Ukraine. There is a Private Member's Bill in the Commons on this topic, so perhaps the Minister, either now or otherwise, could come back with some idea of what the Government's feeling on that Bill is or how some of the debate around it might be incorporated into what we are talking about here.

To conclude:

> "The UK's and its overseas territories' lax laws on company formations, trusts, our financial centre, our huge expertise, our lack of resources for enforcement and our weak whistleblower protections enables economic crime, probably more than any other nation on earth."

Those are not my words but those of Kevin Hollinrake MP, before he came Under-Secretary, who now has some responsibility for the Bill. We agree with him: now is the time for his department to rise to the challenge that he himself so savagely outlined when on the Back Benches. We commit to help the Government make the important strengthening that this legislation needs.

5.50 pm

Lord Vaux of Harrowden (CB): My Lords, I remind the House of my interest as a non-practising member of the Institute of Chartered Accountants in England and Wales. I hesitate to do that, given the comments that I am sure will follow about enabling, but there we go.

Like, I suspect, everybody else, I welcome the Bill, which is an important step towards cleaning up the high levels of economic crime that have been allowed to build up in this country for far too long. However, like other noble Lords who have already spoken, I share the concerns that it does not go far enough; it is not strong enough at the moment.

I too welcome the Minister to his new role. I am going to be slightly unfair to him by referring to what his predecessor said during the passage of the first economic crime Bill, which was rushed through last year as emergency legislation. The then Minister was clear that the introduction of this second Bill would be an opportunity to revisit the first one. Accordingly, I start by asking the Minister, as the noble Lord, Lord Fox, has already done, to update us on progress with the register of overseas property. Has anything been learned from that process so far that might be of relevance to the Bill before us?

This is a good moment to look back, because the initial deadline for filing for the register of overseas properties was last week: 31 January. Transparency International issued a report yesterday on the progress made. It highlights that the register is starting to serve its purpose and that it reveals the names of many individuals who control overseas companies that own UK property; so far, so good. However, of the estimated 32,000 companies that are required to declare their ownership, nearly half had not yet filed; more than 3,000 listed anonymous companies as the beneficial

[Lord Vaux of Harrowden]
owners; more than 4,000 indicated that they are held by trust arrangements; and 12% of all the companies that have filed claimed to have no beneficial owner. Therefore, while, to be fair, it is early days, it would be hard to claim that the register of overseas entities has so far been a resounding success. It is clear that those who wish to hide their identity are still managing to do so.

The Transparency International report highlights five methods people are already using to hide their beneficial ownership: simply failing to submit information or filing non-compliant information, listing opaque companies as beneficial owners, trust companies hiding the real owners, companies claiming to have no beneficial owner, and naming service providers as beneficial owners. I would be interested to understand what the Government are now doing to follow up on these, and in particular what action is being taken to identify regulated entities which have verified the information and remind them of their liability, as well as reporting them to their regulators. It would be interesting to know whether there are any trends in particular verifiers or types of verifiers using any of those methods to hide identity. All these things have obvious implications and lessons for this Bill, as well as highlighting the need to continue to strengthen the last one. Therefore, again, what have the Government learned from the experience so far?

The Bill's main purpose is to strengthen Companies House and enable it to ensure that it can verify the information provided to it. That is extremely welcome, if very long overdue—did the noble Lord say 150 years? The importance of Companies House cannot be overstated. Your Lordships' Fraud Act 2006 and Digital Fraud Committee, of which I was a member, met a number of fraud victims as part of our inquiry. One thing that stood out was that in all cases where the fraud was carried out involving an apparent business, the victims we heard about had checked that the company existed with Companies House before parting with their money. The fact that the company was registered actually helped the fraudster. The Bill is therefore essential, but there are areas where it could be improved.

The success or otherwise of the Bill is extremely heavily dependent on how well the authorised corporate service providers, or ACSPs, carry out their verification responsibilities. Let us be honest: history is not terribly encouraging in that respect, especially regarding trust or company service providers. The proliferation of regulatory bodies is a major issue—there are 13 alone for the accountancy profession. In particular, there is nothing in the current supervisory regime that obliges the supervisors to check the verification standards of the entities they supervise. I know the Treasury is looking into reforming the supervisory regime—that cannot come quickly enough—but in the meantime, it is essential that Companies House is proactive in its oversight of the ACSPs and that it has an obligation to check that they are carrying out the required verification properly. It should not just rely on the fact that ACSPs will be regulated, as is currently proposed.

More generally, will ACSPs be publicly identified for each filing, in the same way that now happens with the register of overseas properties? Identifying them publicly would make them much more likely to take verification seriously and would enable public analysis of which ACSPs are verifying the more dubious-looking companies. If they will not be publicly identified, why not?

As we have heard, none of this will work if Companies House is not sufficiently resourced. At the moment, the fee for creating a company is the laughably low £12, which is among the lowest fees in the world and nowhere near enough to cover the costs we are asking Companies House to incur in strengthening the regime. Indeed, it could be argued that the very cheapness and ease of creating companies may actually encourage wrongdoing. The EU average is about €300, and in the US it ranges from $570 to $1,400. An increase to, say, £100 will not disincentivise legitimate companies but would greatly increase the resource available to Companies House without increasing government funding. What consideration are the Government are giving to that?

Moving on briefly to other economic crime, and specifically fraud, I mentioned earlier the inquiry carried out by the Fraud Act 2006 and Digital Fraud Committee, which was expertly chaired by the noble Baroness, Lady Morgan of Cotes, who we will hear from later. That report made many recommendations on how we might break the fraud chain and start to reduce the 42%—I stress, 42%—of all crime against the individual that fraud now represents. In passing, I note that the Government's response to that report is now nearly a month overdue and that the long-awaited national fraud strategy was also expected before Christmas. Both those documents would be extremely helpful in our deliberations on the Bill, so can the Minister please commit that we will see these well in advance of Committee?

One of the key recommendations in our report was the introduction of a new corporate offence of failure to prevent fraud. The report concluded:

> "Until all fraud-enabling industries fear significant financial, legal and reputational risk for their failure to prevent fraud, they will not act."

To be effective, the offence needs to cover the whole range of fraud enablers. It must cover, for example, a telecoms company failing to take reasonable steps to stop fraudsters using its network to contact victims, and social media and other platforms failing to take reasonable steps to prevent fraudsters using their platforms to carry out fraud. I understand that the Government intend to introduce a "failure to prevent" amendment. To follow up the comment of the noble Lord, Lord Fox, when might we see that amendment, and will it cover the area I have described, especially telecoms and social media platforms? I understand that that might not be the case, because the Government intend that the offence will depend on the company itself having benefited from the fraud. That would not cover—or it would be difficult to make it cover—a social media company failing to take reasonable steps to prevent its platform being used by fraudsters, for example. This is not a small issue: according to TSB, 70% of all investment frauds originated on Meta platforms, and Action Fraud tells us that 80% of all fraud is cyber-enabled. Do the Government really not intend to put a stop to that?

One could say an awful lot more about the Bill but I am conscious of time, so I will wind it up there. However, I welcome the Bill and look forward to working with the Minister and others around the House to strengthen it and make it better.

5.59 pm

Lord Clarke of Nottingham (Con): My Lords, I too congratulate the Minister on his new position, and congratulate the Government on bringing forward this Bill. It is probably the most significant of several steps which have been taken in recent years to begin facing up to the enormous problem that we face of financial crime generally, fraud generally, and money laundering. It also addresses the presence of overseas criminals in this country.

I think that the main point of this debate and of your Lordships' proceedings will be to make sure that the splendid policy intentions that lie before it, and which I suspect have almost universal support in this House, are turned into something that makes a real, practical difference on the ground. That has not always been the case in the various pieces of legislation that we have had since 2016. For example, one of the most important introductions that the present Government made was to introduce unexplained wealth orders—but we have not had many of them made. They are extremely difficult to enforce. The acquittal of someone charged under the unexplained wealth order is extremely expensive to the prosecuting authority and a considerable deterrent to proceeding. That kind of thing has been repeated in many instances in the more recent legislation.

I am particularly influenced by an experience that I had in my last period in the House of Commons, as Father of the House. I was one of quite a number of Conservatives who voted with Members from all the other parties in the House to defeat the Government and insert in a Bill a requirement that our overseas territories, places such as the British Virgin Islands and the Cayman Islands, should have a public register. The Conservative contribution to that vote was led by Andrew Mitchell. He is now in the Cabinet. I am almost certain that Kevin Hollinrake, now the responsible Minister, also supported that Conservative rebellion.

Of course, its practical effect was practically nil, because shortly thereafter I discovered that the public register that appeared in these places contained information that was almost comically valueless and misleading in the case of those suspicious companies that had registered in those territories. One rapidly discovered of course that Companies House here, which had moved to having a public register, was equally fooled by suspicious companies giving valueless information for those trying to enforce the law and those trying to protect themselves. So we do not want a repeat, whereby the legislation sets out a legal position that makes us all highly satisfied and proud but which on the ground makes remarkably little difference.

In recent years, sadly, I have got into the habit of referring to London as the money laundering capital of the world. Most of the most sophisticated and prosperous financial criminals know perfectly well that London is an attractive place to go to and that, while it has quite a good reputation in most ways, it is a comparatively easy place to find some professionals, lawyers and accountants to help you clean the money, obscure its origins and invest it in a variety of attractive and realisable assets, ranging from very expensive accommodation in Chelsea to football clubs or anything else that takes your fancy. So what we actually need is not attractive legislation on the subject but legislation which turns rapidly into considerable change on the ground, where London is no longer an attractive place for criminals from around the world and is no longer subjecting our society to the ever-increasing volumes of financial crime which we have been experiencing in recent years.

In the Commons, a very large number of cross-party amendments were tabled with this objective. Quite a few have already been referred to today. I find myself in the position of being lucky enough to be allowed to speak fifth in the debate but already having to avoid being repetitive. I hope that the entire debate continues to be repetitive, because that will give the strongest possible message to the Government that, again, while I congratulate them on having been responsive in the House of Commons, adopting some changes and responding to them, we have been promised more and we wait to see what will be done as soon as possible in the Lords to give effect to the intentions already pronounced in the Commons. The Government should take on board that there is almost universal support for their policy but not yet adequate satisfaction that it will make the significant difference that we hope for in rescuing people and rescuing the country from financial crime.

The key part of the Bill, and the only part that I will touch on without repeating what has already been said by the noble Lord, Lord Fox, and others, is the transformation of Companies House, which I think will take place. It will be transformed from being just a registrar of companies to being an accurate registrar of companies, and one that investigates the accuracy and verifies the accuracy of its own register and has enforcement powers. The Bill gives Companies House very extensive new powers. The broad-brush point underlying the changes that are being pressed for is that those powers should be turned into legal obligations to verify the information being given and which Companies House is publishing. Also, Companies House and the registrar should be made accountable to this place and to the public for the delivery of its duty to make sure that it is putting forward a verifiable register that can be of use to individuals who are suspicious and wish to be reassured before they entrust their money to a body that they wish to know more about.

The points that need to be verified are quite clear. Someone should verify that those who are described as the beneficial owners of entities actually are the beneficial owners. Who are the main shareholders? Is the address that is given for the organisation a useful and plausible address? When one reads accounts of frauds in this area, one discovers that the beneficial owners, the main shareholders, are useless nominees who can give no guarantee of security to anybody. It is quite common for a shell company to register some stray residential address in some suburb of London where the residents, quite genuinely, have never heard of the company and cannot assist anybody in moving

[Lord Clarke of Nottingham]
towards it. So we have been publishing a register since 2016 that publishes what appears to be vital and helpful information but is actually an abuse. People have rather amused themselves by giving the information on the basis that this will help to deceive the victims of their crime. We are going in the same direction.

I will add to the other subjects. A criminal offence of failure to prevent financial crime should be explored seriously. The Government have already said that they are coming back to us on that, so I hope that they come back with something that matches the arguments in the lower House, not something touches on that but is actually trying to move away from it.

The lobbying of professional bodies, such as the Bar Council and the Law Society, disappoints me. In the dim and distant past, for a long time I practised as a barrister at the criminal Bar and I quite understand the cab-rank principle and that it is for the jury, not you, to determine the guilt of the accused, but the moment that you feel you are participating in or furthering a crime, the moment that your client—I never had one do it, actually—admits his guilt to you and asks for your advice on how he should avoid the consequences, you return the brief. It is not a respectable part of the legal profession or the accountancy profession, which at the moment make so much money by offering their services to people from overseas and elsewhere who ask for help, to turn dishonest, dirty money into clean money that they can enjoy the benefits of here.

I have indicated my strong support for the principles of the Bill and expressed my congratulations to the Government on how far they have got. If the debate in this House continues along the same lines, as I expect it will, I hope the Minister who replies will take on board the message that the Government will have to further strengthen the Bill in its process here. We want to turn out a Bill that makes a real difference to the reputation of this country and the financial security of our citizens.

6.11 pm

Lord Browne of Ladyton (Lab): My Lords, it is an immense privilege to follow the noble Lord, Lord Clarke of Nottingham. He invites us all to be repetitive, and I will try not to be, except to this extent: I agree with every syllable, every word that was uttered by my noble friend Lord Ponsonby, followed by the noble Lords, Lord Fox, Lord Vaux and Lord Clarke of Nottingham. In trying not to be repetitive, I may inadvertently touch on some of the subjects they mentioned.

My thanks go particularly to the noble Lord, Lord Fox. His speech covered almost all the points that I want to make, so maybe I should go on to his Back Bench and support him, as he suggested his noble friends will be doing. I also welcome the Minister to his Front-Bench position and congratulate him. I look forward to working with him, particularly on this Bill, as we all do.

I noticed that the Minister used a form of words that the Government almost always use when talking about economic crime. He is not to be criticised for that consistency; it is a good thing. Almost every time I go on a government website about economic crime, in which I have an interest, the first sentence is to the effect that economic crime is not merely an enforcement or regulatory issue but—and this is what interests me—it poses a threat to the UK's national security, economy and institutions, as well as causing serious harm to society and individuals. It is a threat to our national security because we seem to have an open door to some of the most dangerous and violent people in the world who either send their money or, in some cases, come to live with us because they can, partly because, at one stage, they could buy visas that would allow them to do that if they invested a significant amount inwardly.

It is not only that. I was pleased that my noble friend Lord Ponsonby started with the scale of this crime, which is extraordinary. It is estimated that economic crime costs this country somewhere in the region of £300 billion per year, but everybody who says this also says that the difficulties of assessing the scale of undiscovered economic crime means that this is almost certainly an underestimate. As we heard in the fraud Select Committee, which I will come back to, a large number of people are so embarrassed about being defrauded that they do not report the crime so it is never entered into the statistics. Even so, at that rate, it constitutes 15% of GDP. I do not think there is a measure of London buses that would help people realise what that means, but it is seven and a half times what the UK spends on defence.

The prize for all this and the contribution it would make to the good order of this country is that, if we can interdict this behaviour, there is an enormous amount of money to be gained. There would be no problem with the Government paying public servants what they want if we could get that money back or, better still, stop it leaving the country in the first place. That is where our focus should be.

This debate takes place directly in the shadow of the UK's fall from 11th to 18th place in the Corruption Perceptions Index. This should concern us because it suggests that the systemic failures, which we have often discussed in your Lordships' House and will be discussing today and throughout the passage of this Bill, are being noticed by our partners abroad and causing trust in the probity of our institutions to ebb.

Against this backdrop, the provisions in this long-overdue Bill are welcome. I think they will be welcomed by all the speakers who contribute to this debate, but my welcome is not unqualified. The reforms to Companies House, the enhancement of transparency, the disclosure requirements for limited partnerships and the strengthening of the scope and ability of law enforcement agencies to confiscate illicitly acquired crypto assets—although I share the bemusement of the noble Lord, Lord Fox, about how that is going to be done, because I have no idea how you can take an illicitly acquired crypt asset off somebody; that will have to be explained to me at some stage—have all rightly garnered cross-party support, but with this support, and we have the other place to thank for it, comes a helpful, cross-party and expertly informed call for the Government to strengthen certain measures further and include a few well-thought-out additional provisions.

In the 10 or more years that I have been in this House it has been almost a tradition for many speeches at Second Reading to include a criticism of the other

place for a failure to scrutinise the detail of the legislation, consequently delivering it to your Lordships' House in a state where fundamental repair or, in some cases, reconstruction work is necessary. Nothing could be further from the truth in respect of this Bill. The Report stage debate on 24 and 25 January in the other place is a model of parliamentary legislative scrutiny. It was cross-party, informed and detailed, and in almost every line of the excellent speeches an improvement of the Bill emerged. It turns out that—people who have been around Parliament long enough know that this invariably happens in debates on Bills—the Government resisted the temptation to accept any of those amendments although, in this case, they promised to come back to some of them.

The deep irony was that the two Ministers who were being persuaded—one was the current Security Minister and the other was Kevin Hollinrake—were partly responsible for the process that generated these amendments in the first place. Behind this—a virtual industry, over the years—were two All-Party Parliamentary Groups. The people who spoke in the debate were either members of those groups and had contributed to these amendments or were members of the Treasury Select Committee, which had been debating and promoting them for some years. It was a virtual treasure-trove of advice and suggestions to improve the Bill significantly.

Over the period of time that we have the Bill, it is almost certain that this House will nurture it and bring it forward through a process in which all this will be repeated and debated. From my experience of the House, particularly recently, the Government will have greater trouble here in getting the votes to go with them when they resist common-sense and well-thought-through improving amendments to the legislation. I am not suggesting that we just jump to that process—we have to go through it and we will—but that is my confident prediction about where this Bill will end up. We will give it back to the other place in the state that it hoped it would come to us in.

This will be a big challenge for the Government but, in my view, it will be a much-improved piece of legislation that starts to deliver what the Government want, which is to make us more resilient against what has become a disease in this country, that is, corruption and fraud. It is costing us phenomenal amounts of money. There is a big prize.

I had intended at this point to refer to some of these points, but since the noble Lords, Lord Fox and Lord Vaux, have done it for me, I will not. I think that we have laid out the menu. However, I will ask the Minister one important question. I too was a member of the fraud Select Committee, immensely ably chaired by the noble Baroness, Lady Morgan of Cotes, and there are other speakers in this debate—such as the noble Lord, Lord Young—who were also members. I think that we are all very proud of the work we did and commend the report, which should be read. However, I say to my noble friend Lord Vaux that I am not certain I want the fraud strategy to be published in the current circumstances, for the reason that I am about to come to.

Coincidentally, alongside the publication of the committee's report—we did not set this up—the National Audit Office published a value for money report on combating fraud, which is the responsibility of the Home Office. Five years before, it had published a value for money report and been deeply critical of the Home Office for not having, among other things, data about the level of fraud, so it must have been to its surprise—it was to mine—that this report, which it published at the same time, said among other things that the Home Office had no reliable way of measuring the financial impact of fraud or the value for money of its own policies to tackle it. That is because its data was—guess what—six years out of date, coincident with the last time that the Home Office told it that it had no data to measure fraud. That struck me as appalling, given the Home Office's responsibility, as I am sure it did the National Audit Office. This is now with the Public Accounts Committee, so we cannot debate it in any more detail in this House until that comes out.

Believe it or not, the Home Office put up a spokesperson on the day who said, and I paraphrase—responses of all Governments of any hue to crises start off by saying, "We take this issue very seriously"; the answer to that in many cases is, "No you don't, because if you did then there wouldn't have been a crisis"—that they took this issue very seriously, were in the process of drafting a national fraud strategy and would take into account the criticism of the National Audit Office. They should have said: "We will delay the publication of our national fraud strategy until we have some data on which to base it." I am not so desperate to get from this machine a national fraud strategy until they have corrected the problem that the National Audit Office described.

I am conscious of time; I had promised myself that I would not go any further than eight minutes. I think that I have said enough; I will say no more. I support this legislation, but it must be improved, exactly as the other place tried to improve it.

6.23 pm

Lord Cromwell (CB): My Lords, I join everyone else in welcoming the Minister to his role. I also join with them in a theme that I think will emerge from everybody: support for the objectives and intentions of the Bill, but a rather more cautious view about its implementation and the resourcing of the tools to deploy it.

Unfortunately, the word SLAPPs—the use by wealthy folk from around the world, including in the UK, to deploy UK law firms to intimidate those who wish to publish information in the public interest—has regrettably become part of our parliamentary lexicon. I have repeatedly raised this urgent issue, and as have others in both Houses, so I hope it is not necessary for me to detail tonight the tactics deployed in the action of SLAPPs.

I will, however, touch on their impacts. At a personal and professional level, being on the receiving end is not just stressful; as one victim said, it takes over your life. It involves huge amounts of time, in some cases years, and bills for legal advice that are simply unaffordable. On such costs, the report '*London Calling*' by the Foreign Policy Centre quotes a leading defamation lawyer as stating that:

> "£500,000 is the 'absolute floor' for a full-scale libel trial, with most starting at £1 million. Even preliminary hearings, at which stage defendants might seek to get the case thrown out on meaning or jurisdictional grounds can run anywhere from £50,000-£100,000."

[LORD CROMWELL]

At a public interest level, when people with fabulous wealth—perhaps from murky sources—can engage top London law firms to act as legal attack dogs to set on anyone going public, then who can blame a journalist or newspaper editor who decides, as many have done, simply not to investigate or publish public interest stories, no matter how well-researched or important? That is why so many stories never see the light of day.

At the level of the legal profession and the rule of law, we must recognise that many lawyers do not participate in SLAPPs. However, there is no shortage of firms willing to deliver such harassment and look the other way from the source of their client's funds. This brings into disrepute the UK's much-vaunted rule of law. At the level of the economy, it corrupts our financial markets. Suppressing public interest information about substantial business figures and their activities is market abuse by those who gain from it. It sits squarely in the purview of this Bill on economic crime and transparency.

Let us not get carried away. There are two problems here. First, surely everyone has a right to defend themselves before the law. If they want to spend millions on doing so, is that not their choice? The second problem is what can actually be done about this. This House is uniquely rich in legal expertise, and I can think of no better way to answer these two conundrums than to quote from the recent letter of the noble Lord, Lord Pannick, to the *Times*, where he considered both problems and said that

"the rule of law … requires that all persons, however 'dubious', have access to legal advice and representation."

I agree with him. Crucially, he then added:

"There are exceptions to this … and rightly so, in particular that we may not assist litigation which we believe to have no reasonable basis or which is being pursued to harass others."

Again, I agree with him, but some lawyers do not follow this sound advice. They grasp instead the substantial fee opportunities available for acting as legal heavies; it is these harassment tactics that constitute a SLAPP. The noble Lord's letter concludes that it is for judges, not lawyers, to determine the nature of such litigation. Once again, I agree.

What can be done? The answer is a vital but modest amendment to current practice to address the proliferation of SLAPPs. We need a process whereby, for example, a journalist subjected to SLAPP tactics can obtain a hearing in front of a judge far earlier than is currently available. This both reduces the time and keeps down the cost. Evidence can be presented by both sides and the judge can then rule on whether the case is vexatious or not. There are details to be resolved, such as the criteria and evidence required, but this has already been considered and clauses drafted, which I shall refer to again shortly.

Why this Bill? Well, the Government have repeatedly stated on the record from as far back as July last year that they are appraised of the issue and absolutely determined to legislate. I sat in on the debate on this Bill in the House of Commons and there was loud—I might say impatient—support from all sides of the House for the Government now to act, as I believe is also the case in this House. Instead, on Bill after Bill we hear, "Sorry, not in this Bill", or reference to the Bill of Rights Bill, which is under fire from all sides, including from the Joint Committee on Human Rights, or even suggestions of deferring to stand-alone legislation at some future unspecified and distant date. This Bill is the right and logical opportunity to address this growing issue. If we miss this opportunity then nothing will happen in this Parliament and those reporting on economic crime will continue to be unprotected until goodness knows when.

So what to do? As has been mentioned, the Government have had many months to think about this and we have further time between now and Committee, so they have ample time to turn their publicly and repeatedly stated commitment into a government amendment to the Bill. It might help the Minister to know that professionally drafted clauses have already been prepared by lawyers and have been shared and discussed with, and improved by, highly respected Members of this House with legal expertise. I offer to share these with the Minister and the Bill team if it would assist them in producing a government amendment. I therefore ask the Minister to tell us whether he will agree to stand by the Government's declared policy and work with us to bring forward a suitable government amendment in Committee.

In concluding, I highlight again that our free press, our legal profession, the rule of law and the proper functioning of our markets are all things that we are usually and justifiably proud of in the UK, but all four are under threat and are being damaged and dragged down by the bullying and abuse that SLAPPs embody. This Bill, which is after all dedicated to preventing economic crime and to promoting corporate transparency, is the realistic and logical place to enact a suitable amendment. I therefore look forward to the Minister's reply and to his doing more than reading out a statement about the Government's commitment to some unspecified future date. It is now or never to bring this vital amendment into the Bill and on to the statute book. It must be now.

6.32 pm

Baroness Stowell of Beeston (Con): My Lords, it is a great pleasure to follow the noble Lord, Lord Cromwell. I will pick up on quite a bit of what he has just said but, like other noble Lords, I will attempt not to be repetitive—certainly not unhelpfully so. I should say from the outset that I recognise that this is a very important Bill and my noble friends on the Front Bench will have my full support in getting it on to the statute book.

I feel a little bit like an interloper. As noble Lords who have observed my interventions in this Chamber over the years will know, I would not normally be found participating in a deep dive into economic crime and issues of corporate transparency law. However, I come to this Bill with my role as chair of the Communications and Digital Select Committee very much to the fore, because of the topic the noble Lord, Lord Cromwell, clearly and ably gave us an account of, which is SLAPPs—in full, strategic lawsuits against public participation. I will not go through a detailed description of what this means because the noble Lord has already done that, but I will add a couple of things to what he said.

Although this practice came to public attention last year when it became apparent that it was often deployed by oligarchs, it is important to bear in mind that it is not just something that rich Russians use. It is widespread and used by powerful and wealthy individuals but also by institutions. They reach for it as a defence when they do not like legitimate scrutiny or have something to hide.

When my committee first looked into this matter a year ago, we established that what we were aware of about this practice represented just the tip of the iceberg. In fact, the deployment of SLAPPs or very aggressive lawfare is so successful in deterring scrutiny that many cases never get anywhere near a court. I should add, as a former chair of the Charity Commission, that this practice of aggressive lawfare is also sometimes deployed against regulatory bodies, not just journalists.

The Communications and Digital Select Committee recently held a follow-up session on SLAPPs and took evidence from the regulator, the Solicitors Regulation Authority, to find out what it is doing to identify, deter and punish British law firms that profit from facilitating these abuses of our legal system. I am pleased to say that the committee heard that it is now taking the issue seriously, but I was concerned to find that there are completely inadequate deterrents against lawyers taking on SLAPP cases. In a moment I will comment on what the noble Lord, Lord Cromwell, said as a more expansive solution to this issue, but two specific points stood out to me that are directly relevant to the Bill whether or not the Government support the noble Lord's proposal to use the Bill to address the matter more comprehensively.

First, the regulator can fine wrongdoers up to £25,000. This has just been increased from £2,000. Noble Lords do not need me to point out just how ludicrously small that sum is; it probably amounts to a few hours in legal fees for the top law firms. I cannot imagine that many lawyers working for billionaire oligarchs or any other rich and powerful figure would live in fear of such a punishment.

The Bill provides a crucial opportunity to change that. It will give the regulator unlimited fining powers in relation to economic crime. That is welcome, but most lawfare cases would fall outside of that scope. I therefore recommend changing Clause 181 to allow the regulator to fine solicitors up to £250 million for pursuing SLAPP cases, whether they relate to economic crime or not. This amount is in line with what the SRA can fine other types of organisations, such as alternative business structures. To be clear, ABSs are law firms that are run by non-lawyers or whose partners are a mix of lawyers and non-lawyers. That means that the big accountancy firms qualify for this status, so in theory the SRA could fine those big accountancy firms that provide legal services up to £250 million but not the majority of law firms. I do not know about other noble Lords, but that strikes me as rather odd. In correspondence with me following my committee's public hearing, the regulator confirmed that it supported this suggestion. The money this would generate could go into a defence fund for journalists and others facing such SLAPPs.

Secondly, I learned that payment for legal advice is not subject to the same type of money laundering regulation checks as other legal services. In addition, key parts of the Proceeds of Crime Act, which should require solicitors to report suspicious activity to the National Crime Agency, apparently do not apply to the conduct of litigation by lawyers. I accept that lawyers will need to represent individuals from all walks of life, including criminals, but that does not mean they should profit from dirty money. Again, this loophole is odd, to say the least, because it suggests a risk that dirty money can be used to pay lawyers to pursue abusive lawsuits aiming to silence journalists. That is particularly ironic, given that money laundering tends to be a key topic of interest for investigative journalists. Indeed, one of our witnesses made explicit allegations that the law firm pursuing a SLAPP case against her was working for someone using illegitimate funds. I recommend taking this opportunity to close that loophole and send a message that law firms should be doing everything in their power to uphold proper standards of due diligence.

The SRA has said it will write to lawyers about money laundering but, in all likelihood, the lawyers carrying out these cases know exactly what they are doing and how to game the system. The only way to stop them is with meaningful deterrents and sanctions. On that topic I have written to the Lord Chancellor and the Chancellor of the Exchequer. I hope my noble friends the Ministers will agree that these changes would be a valuable and proportionate contribution to the Government's commitment to stamping out abuses of our legal system.

As the noble Lord, Lord Cromwell, said, we need to do more to stamp out the practice of SLAPPs and end London's disreputable status as the best place for wealthy and powerful bad people to hide from legitimate scrutiny. If the noble Lord, Lord Cromwell, seeks to use this legislation to bring forward wider measures to tackle this—and I very much urge the Government to seize this opportunity to deal with this practice—it is possible that we will be able to achieve more than I had hoped we might in what I have covered today, which is quite modest and precise, in amendments that I propose to the Bill.

6.41 pm

Lord Sikka (Lab): My Lords, it is a pleasure to join the debate. This is the second instalment of the economic crime Bill; we had one earlier that created the register of overseas entities and required disclosure of beneficial owners of UK properties. As was pointed out during debates, that Bill—now an Act—was deficient because it made no reference to property ownership through trusts, even though it was pointed out to the Government that this was a deficiency. Also, the definition of beneficial ownership is incredibly malleable. Those caught by disclosures this time can easily rearrange the ownership structure to make sure that they do not have to disclose it next time. So I hope the Minister will revisit that and bring forward amendments. In my view, anyone who has a beneficial interest—it does not have to be 25%, 20%, 10% or 5%—needs to be identified, because they could well be dabbling in dirty money.

As has been pointed out, the BBC and Transparency International recently reported that almost half the firms required to disclose beneficial ownership of foreign property have failed to do so. Some 18,000 offshore

[Lord Sikka]
companies, which between them hold more than 50,000 properties in England and Wales, have either ignored the law altogether or filed information in such a way that it remains impossible for the public to find out who the beneficial owners of those properties are. I hope the Minister will reflect on that. The promise in the Act was that those who do not comply with the law—and that deadline has passed—will receive a fine of £500 per day or a prison sentence of up to five years. I hope the Minister will tell us what preparations are being made to implement that kind of retribution against those who have failed to comply with the law.

The Bill claims all over the place that it is trying to tackle crime and fraud, yet there is no reflection on whether we have the institutional architecture for dealing with that. I raised this during a debate on the Financial Services and Markets Bill. Our police forces are regional, whether in the City of London, Reading, Bristol or somewhere else. There is no national police force, and forces do not co-operate. If you find that somebody involved in an alleged crime is in another district, you have to seek the co-operation of the police force there. That force may be willing to co-operate with you, or it may not because it simply does not have the funds or personnel. That kind of issue has been recurring for the last 40 or 50 years, yet it is not really addressed.

A classic example is the HBOS frauds. Two police forces looked at the issues, found that it was too expensive to pursue bankers from HBOS for fraud and simply did not wish to proceed. The Thames Valley police and crime commissioner decided that he would pursue them—and he did. He eventually secured convictions and just under 50 years of prison sentences for a few people, but he had to spend £7 million of his own budget. He did not get a single penny from central government for securing convictions. After the event, the FCA decided that it now needed to show a brave face because it had done nothing for years. It fined Lloyds Bank £45 million—all of which went to the Treasury. When the police and crime commissioner for Thames Valley requested reimbursement from that, the Government said no. He appealed to then Prime Minister Theresa May, and the Cabinet Secretary agreed to arrange a meeting with him. He then provided more details and mentioned the names of banks—especially Lloyds Bank—that was involved in this, but mysteriously, a couple of weeks later, the invitation to meet was withdrawn. It disappeared; nobody wanted to see him about it.

So I hope the Minister will tell us what kind of institutional architecture there is. We just do not have any, which is why these things do not get prosecuted. We need resources, and the resources are there. They can simply be levied on the institutions engaged in fraud. If the Minister thinks that corruption and fraud are not rife in the City of London, perhaps he would care to name a pristine bank. Just one example of a major bank will do—I will accept his word for it. If he cannot, he knows that plenty of resources can be raised to clean up the world of finance.

I agree with the possibility of new checks at Companies House on company formation, but I totally oppose the idea that those checks are to be outsourced. There are too many conflicts of interest, as has been pointed out. Outsourcing is a bad practice. It means that you do not build in-house knowledge and you do not have an institutional memory of what happens, has happened or could happen. Therefore, regulation is poorly designed and poorly enforced and there are simply too many exceptions.

The Bill is fairly vague on what kinds of checks will actually be made on company formation. I point out to the Minister that it is not just checks at company formation; they need to be continuous. Companies' directors, secretaries, addresses and many other details, including persons with significant control, change, so these checks are not going to be a one-off; that simply will not work.

In some of the examples of fraudulent practices I have come across—over the last couple of years I have referred many of them to the government department through Written Questions, and I will come back to one or two of those—individuals have used a variety of names as company directors. Imagine if somebody's name was John Brian Smith. They might call themselves John Smith, Brian Smith, J Smith, JB Smith and numerous other names. This way, they get around the issues when they are disqualified. They keep appearing again and again, in many other guises. In some cases, individuals have changed their name by deed poll so that they can become a company director.

I do not see anything in the Bill that tells me what exactly is going to happen and what kind of checks there will be. Those kinds of things really need to be debated and discussed, rather than the Government saying that later on there will be some kind of magic formula developed by somebody. What kind of evidence will be sought to authenticate the names, addresses and any other details?

I have given Ministers numerous examples of companies which have never traded, have been used as fronts for crime and have filed false information. Will Companies House be authenticating financial numbers in any way? I shall give one example. There was a company, which I have referred to in my Written Question, called Aflak Traveling Abroad Ltd. It was dormant, had never traded and had no employees but, according to the accounts, its share capital was £1.46 trillion, and Companies House happily accepted that. Someone filed those accounts so that they could impress people: "Look, chaps, I run a company in London and the British Government have given me a certificate of incorporation, which is vital. There you are, you can do business with me." The British state is then complicit in facilitating these frauds. Will Companies House be checking for those kinds of numbers? That is not an isolated example.

Currently, anyone from anywhere in the world can set up a company in this country, using any name and address. I see nothing in the Bill that would prevent someone living in Latvia, Timbuktu or anywhere else forming a company in the UK. How will we authenticate their details? What language will the information be in? How will we know it is genuine? Would it not be better if every company registered at Companies House was required by law to have at least one UK resident director, so that we would know where the buck stopped, who was actually responsible and who we could go after if things went wrong?

Companies have used very strange names for their directors that have been easily accepted. Companies House has been accepting names and details in other languages. A head of the mafia filed accounts in Italian that contained a lot of information. Companies House did not translate it; if it had bothered, it would have found that the translation in English was that the director's name was "The Chicken Thief", occupation "Fraudster", living at "Street of the 40 Thieves" in the town of "Ali Baba" in Italy. Companies House happily accepted that filing for years.

In other companies, some directors' names have been given as "Mr Adolf Tooth Fairy Hitler", "Lord Truman Hell Christ", "Judas Superadio Iskariot" and "Victor Les-Appy Hugo". Another director was called "James Bond" and his occupation was "security controller". Another had a director named "Joseph Smith Jr", whose occupations were listed as "Steward of the Ring of Mormon", "Profit and Ringwatcher" and "Guardian Angel of the Ring of Mormon". Another was "Lord Truman Michael Spypriest", whose occupations were given as "Secret Espionage Service", "War Lord", and "Weapons System and Tuba (Latin)".

How can we stop this? I see nothing about it in the Bill, especially given that we are allowing foreign residents to register companies in the UK. I think the House has a flavour of some of the practical issues here. There are numerous examples of companies being registered with false addresses. I shall explain what I mean by that. The miscreants use a genuine address but without the knowledge or permission of the genuine owners of the property. Those owners become aware that their address has been used only when threatening letters from various people arrive on their doormat. They go to Companies House and say, "We're nothing to do with this company", but Companies House says, "No, we can't remove that address unless you get a court order." Innocent people have to incur legal costs of thousands of pounds to remove their address, which has been fraudulently used, and I can see no remedy in the Bill for that. What are those people to do? I hope the Minister will explain that.

Individuals from sanctioned countries such as Russia can easily form a company. Do government departments talk to each other? Should it be possible that those companies can be used as fronts for sanction busting? That is not explained either.

We have heard that the Government are going to introduce an offence of failure to prevent fraud. I welcome that but I look forward to hearing the details, specifically about the regulatory architecture for that, especially as the Government are not doing anything to reform accounting, auditing, insolvency or corporate governance.

The Bill has "corporate transparency" in its title but I do not see much about that. For example, there is no proposal to require rich people to make their tax returns publicly available. As the Prime Minister would testify, if he had known about the tax returns of a certain former Chancellor, he might have made a different ministerial appointment. Why is that missing? Why are large corporations not required to publish their tax returns?

Throughout this Bill, the previous Bill and company law, we are constantly redrawing the boundaries between what is public and what is private; they are always shifting. Why does the Bill not really demand transparency of tax returns? That is one way of dealing with a large part of economic crime. Up to £1.5 trillion of taxes has not been collected since 2010. That is a hell of a lot of money. HMRC admits to only £400 billion but its estimate is wrong, and we can have a debate about that another day.

I hope the Minister will bring forward some amendments to require greater transparency of everyone's tax returns or, if not, then at least of wealthy individuals and large corporations. I look forward to the Minister's response.

6.56 pm

Baroness Bowles of Berkhamsted (LD): My Lords, I thank the Government for reorganising business so that those of us who were engaged in the Financial Services and Markets Bill have an opportunity to speak. I am obviously a beneficiary of that. While I am thinking in economic terms, perhaps if we solved fraud, fraud enablers and fraud defenders and put their efforts to good use, we would not have a productivity gap, so there is a lot to be gained.

I welcome the Bill because it has measures in it that noble Lords on all sides have been flagging for some time. Perhaps inevitably, we are queuing up again to say, "Can we go rather further?", and I will be offering encouragement to do that.

Companies House being a passive recipient of rather strange information—reliant upon many public eyes as scrutiny for correction, as Ministers have said in the past—has completely failed to result in correction, so changing it to a more active gatekeeper and custodian is welcome. Like other noble Lords, I hope it can live up to that promise and operate in a dynamic way, and that there will be adequate resources. Like others, I want to know what kind of fee increase the Government envisage. There is plenty of room to generate funds to do things properly so that we do not have to try to outsource it on the cheap but, rather, build up a true body of expertise.

There is also a need for sound procedures for correcting not just mistakes but fraud—for example, if someone has been wrongly registered as a company director or their address abused. Why are there no longer notifications telling you that someone has been registered at your address or that you have been registered as a director? These are vital pieces of information and useful protections for citizens.

Parallel to that, will the Government be doing anything about fraud in the Land Registry, where entries can be changed? It is hard to understand why it is necessary to register for notification of changes to entries, rather than it being the default situation if you own a property. There is protection if there is a mortgage, as the mortgager can ask for notice due to the registration of their interest, but people who have paid off their mortgages may be surprised to learn that their entry in the Land Registry can be changed without them ever finding out, yet they are clearly an interested party.

I accept that there have been compensation arrangements when fraud has been discovered but, again, surely some automatic notification of the change of entry would be a simple matter. If you can register for it, why can you not have it automatically? I am

[Baroness Bowles of Berkhamsted]
rather surprised that this is not done routinely by conveyancers; it was rather negligent for that not to have happened automatically.

I understand that the Government will introduce a failure to prevent fraud amendment and that there may be other offences. Like others, I await the text with interest. I too was on the Fraud Act 2006 and Digital Fraud Committee. We looked at this issue and strongly backed offences for both failure to prevent and failure to prevent facilitation, as has the Justice Committee. In the context of fraud, facilitation offences are essential to catch the enablers and, just as with tax evasion, there can be professional, systematic and systemic enablers. We singled out the telecoms companies as being particularly complacent, saying:

"The telecoms sector has no real incentive to prevent fraud and has allowed blame to be placed elsewhere for too long. It must do more to tackle phishing emails and smishing texts before they reach victims, and must prevent fraudsters from making spoof phone calls using easily accessible technology to manipulate vulnerable victims into thinking they are a trusted organisation".

It is no coincidence that the conclusion saying

"The telecoms sector has for too long been allowed to stand by while fraud is facilitated via its services"

immediately precedes the section on corporate criminal liability. Such measures are long overdue.

The committee recommended corporate criminal offences for failure to prevent fraud and failure to prevent facilitation of fraud. But the committee was also taken with the idea of regulatory failure to prevent offences and regulatory-led strategies, so as to bring regulators more directly into fighting fraud in the sectors they regulate, including a duty to prevent the facilitation of fraud in the industries they regulate. On Monday, I was suggesting such measures for financial services regulators in Grand Committee on the Financial Services and Markets Bill, but realistically, why is that not just a fundamental duty of all regulators? Surely, issues such as prevention of fraud are as fundamental as competition: both seriously affect the economy and consumers. At the personal level, fraud is more devastating.

Of course, any regulator, like any person, can seek criminal prosecutions and they do not need a statute to do so. I say this as an extension of the R v Rollins Supreme Court decision concerning the FSA, but would it not be appropriate to establish powers in the Bill to give all regulators a duty to prevent facilitation of fraud, along with regulatory failure to prevent offences? Such on the spot oversight and fraud prevention measures would drive culture change, in addition to having more effective corporate criminal liability and breaking through the identification doctrine blockage. I shall also support amendments in that direction.

This is not just about stopping the dirty money. There should also be no place for dirty people to hide.

7.03 pm

Lord Young of Cookham (Con): My Lords, I hope to make the shortest speech in the debate so far and to complement the contributions from the noble Lords, Lord Vaux and Lord Browne, and the noble Baroness, Lady Bowles, who along with me spent an enjoyable and productive year under the benign chairmanship of my noble friend Lady Morgan on the fraud Select Committee.

I begin with a general point. Your Lordships' House has two unique selling points: first, its ability to subject legislation to detailed expert, impartial and lengthy scrutiny, uninhibited by timetable Motions or a government majority; secondly, and less publicly recognised, the work of its Select Committees, whose reports do not command the credit or attention they deserve and are often debated months after publication. Where we can do better is by linking those two strengths and focusing, yet more relentlessly and insistently, the recommendations of the Select Committees on legislation as it comes before your Lordships' House.

I know that is not as easy as it sounds. Select Committee reports are generated by Parliament while Bills are generated by the Executive. The agendas may be slightly different and all sorts of reasons are produced for not accepting amendments. I recently tried to get a manifesto commitment added to a government Bill but was told I could not because the Bill was time-critical. There was then several months' delay before it had its remaining stages. Ministers get approval for Bills on the basis that they repel boarders; the usual channels do not like Christmas-tree Bills to which embellishments can be attached. Ministers have to give all sorts of commitments in order to get into the programme. They may promise to deal with an issue in their own time, and on reflection, I confess I have used some of those arguments myself.

With this Bill, however, there seems to be a common agenda: tackling economic crime. We have plenty of time and several Select Committee Reports, not just the one on fraud, which give us a real opportunity to press those recommendations home. I believe we have Ministers who have already indicated some flexibility, which I welcome, and may be persuaded to go yet further. I want to mention five points very briefly.

First, on SLAPPs, the Government have made a commitment to bring in stand-alone legislation but have not said when. My concern is that it will not happen in this Parliament unless we do it in this Bill, so journalists will not get the protection they need when they work in the public interest on economic crime. My noble friend Lady Stowell, who chairs the Communications and Digital Committee, has just made a powerful contribution. She is on the record as saying:

"The current level of activity to tackle SLAPPs is wholly inadequate",

so we have a real opportunity to make progress there.

Secondly, on Companies House, the improvements were available to the committee when we considered this, but, while welcoming them, we went on to say:

"We remain concerned about how these reforms will be funded … It will be essential that alongside any such funding, adequate resources are given to upskilling the workforce at Companies House to support the growth in investigative capacity."

My noble friend Lord Johnson, whom I welcome to the Front Bench, mentioned the powers that are going to go to Companies House in his opening speech but did not say anything about resources. Perhaps that could be rectified in the wind-ups.

Thirdly, the committee said:

"The Government should launch a review into the use of civil remedies to tackle fraud, including an examination of obstacles, for example, fees to commence civil proceedings, to the use of civil remedies such as asset recovery and injunctions."

To this end, capping adverse costs in civil recovery could be a useful amendment.

Fourthly, there is the duty to prevent, which several speakers have mentioned. We said that we need a new corporate criminal offence of failure to prevent fraud, applicable across all sectors. But way back in 2019, the Lords Select Committee on the Bribery Act recommended that the Government should

"delay no more in analysing the evidence".

Related to that, as the final of my five points, is the identification principle. I do not think that has been mentioned so far but it underpins how we hold our companies liable for economic crimes. At the moment, it is a rather antiquated Victorian concept which does not fit with modern and complex governance structures. The Law Commission found it

"an obstacle to holding large companies criminally responsible for offences committed in their interests by their employees."

The commission clearly said that we need both failure to prevent offences and identification principle reform.

I end by making a suggestion related to my first point about raising the profile of Select Committee reports. When I was leader in another place, I introduced a reform whereby the chairman of a Select Committee could launch their report on the Floor of the House of Commons on the day it was published and then have a short question and answer session. It raised the profile of the report generally and focused the House's attention on it. I leave that proposal hanging in the air, as it may be too radical for your Lordships' House.

7.10 pm

Lord Davies of Brixton (Lab): My Lords, I welcome the Bill. This has been an interesting debate, and clearly issues will be raised in Committee. I have a relatively narrow point and a specific question directed to the Minister. Will his Home Office, the Treasury and the Department for Culture, Media and Sport—as I think it is now—talk to each other? We have three pieces of legislation coming before us. There is this Economic Crime and Corporate Transparency Bill which is having its Second Reading. The Online Safety Bill has had its Second Reading and is waiting for Committee, and the Financial Services and Markets Bill is currently in Committee. There is considerable overlap between these pieces of legislation. As highlighted by the noble Baroness, Lady Bowles, we had to put off a meeting of the Committee on the Financial Services and Markets Bill to take part in this debate.

They overlap as most economic crime or fraud, particularly that affecting individuals, is now committed online. Most fraud is almost by definition financial. People are defended against fraud and financial harm by financial regulators and the rules set for internet providers, so there is a clear overlap between these different pieces of legislation. On the Financial Services and Markets Bill, we had an interesting debate about the Government having a proper fraud strategy, which is clearly relevant to today's discussions. That is an issue we are likely to return to on Report.

In the Online Safety Bill, there is a problem with the issue of "legal but harmful". To know something is illegal, you have to wait for it to become illegal—for the fraud to come to fruition—but we need to stop the fraud before that stage. Those familiar with fraud will know that often the markers are there before you get to the stage of illegality. We need to have an overall look at the different issues and at what protection is available before it is too late and the criminal act has been perpetrated. The best way to deal with fraud and economic crime more generally is to make life difficult for the fraudsters. Will the Minister give a commitment to work in the context of this Bill with his colleagues in other departments to ensure that there is an overall view? I am pleased to report that I have finished in a shorter time than the noble Lord, Lord Young.

7.12 pm

Lord Brown of Eaton-under-Heywood (CB): My Lords, I acknowledge that I am no expert in the main areas of law central to this Bill—company law and banking law, for example. I am speaking to indicate my wholehearted support for all the measures designed to strengthen powers to combat corruption and rid this country of the dirty money and—as the noble Baroness, Lady Bowles, just said—the dirty people who have been allowed for far too long to infest it. I will support amendments, however draconian they may seem, which will further pursue these ends.

There are two particular provisions not presently in the Bill that I would dearly like to see included. Both were canvassed in the House of Commons and have been touched on today. The first is the seizure of assets frozen under the Russian sanctions provisions, with a view to applying them to reparations for the ghastly destruction and demolition of so much of Ukraine. Secondly, there is the slapping down of SLAPPs. I will say a word or two on each.

As to the seizing of sanctioned assets, when this matter was originally before the House of Commons it was advanced on the limited basis that it would apply only if and to the extent that sanctioned individuals were to fail in their duty to disclose their UK assets. The amendment proposed that that failure be criminalised to allow seizure. Only yesterday, as has already been mentioned by, I think, the noble Lord, Lord Fox, a wider reaching Private Member's Bill was presented to the House of Commons by Sir Chris Bryant. It had its First Reading with very impressive and widespread support. I am proud that it was drafted by my former judicial assistant in the Supreme Court, Tetyana Nesterchuk, a Ukrainian woman, who is now in the top commercial chambers, Fountain Court.

That Bill has great merit. It would allow the seizure of already frozen Russian state assets around the world. We are told they are worth some $350 billion, which is roughly the current estimated cost of reparations in Ukraine. The justification as a matter of law for the exception to the usual sovereign immunity protection for such state assets would be Russia's endless and egregious violations of fundamental human rights, its failure to comply with orders of the International Court of Justice and so forth. I respectfully suggest that, instead of pursuing that as a Private Member's Bill, as it was put before the House of Commons yesterday, it should be included within the compass of this Bill.

The second provision is SLAPPs. We have already heard a great deal about them. They have recently been thrown into great prominence, above all by a

[Lord Brown of Eaton-under-Heywood]
couple of cases: the efforts on behalf of Prigozhin, the leader of the Wagner group of mercenaries, to muzzle Bellingcat and, more recently, the solicitor's letters quite wrongly headed "without prejudice" written on behalf of Minister Zahawi to attempt to silence Dan Neidle. It could perhaps be argued that the second case would not within the scope of this Bill. However, in respect of trying to silence those investigating economic crime and the like, the Bill would provide a blueprint which would be capable of being applied on a wider basis across the board.

There is a great deal to be said—indeed, a great deal has already been said this evening—about SLAPPs. There was an excellent Thunderer column in the *Times* on Monday by Margaret Hodge, who has been driving this Bill in the Commons, and the noble Lord, Lord Agnew, who is shortly to speak. If you did not read Thunderer on Monday, you should; it will tell you about the abuse of SLAPPs.

I suggest a three-pronged approach to dealing with this problem. First, an amendment along the lines proposed in the House of Commons to provide a defence, to be heard, hopefully, at an early stage, where the defendant reasonably believes that the disclosure or publication that the claimant is seeking to prevent is in the interests of investigating economic crime.

Secondly, I suggest strengthening the processes—the noble Baroness, Lady Stowell, expatiated on this—of the solicitors' authorities, the Solicitors Disciplinary Tribunal and the Solicitors Regulation Authority, to try to deal with this, as they are already, but belatedly and thus far not very effectually. The SRA's powers of fining were recently increased from £2,000 to £25,000 and, as noble Lords have heard, the committee that the noble Baroness, Lady Stowell, chairs recommended a very considerable increase, I think from £25,000 to £25 million. At any rate, those processes should be strengthened.

Thirdly, the Bar, not merely solicitors, should perhaps be a little more astute and fastidious than it is at present in agreeing to act in these cases, before lending itself to the sort of intimidatory letters of which we have heard. My noble friend Lord Cromwell rightly commended the letter from the noble Lord, Lord Pannick, but I would respectfully add this to it: the lawyers acting for these claimants should bear very much in mind the intimidatory nature of the process and the likely acute imbalance between, on the one hand, the wealth of the claimants and the fact that they will be expensively represented, and, on the other hand, the fact that the defendants are likely to be impoverished—or certainly not particularly well heeled—without legal representation and, therefore, understandably anxious about all of this.

Finally, I suggest that the taxi-rank rule, which so many would try to invoke in their favour on these occasions, applies full-force, as it should, in criminal cases where the liberty of the subject is at stake. But it applies a lot less obviously in these sorts of cases, and of course it does not apply to solicitors at all anyway.

My Lords, enough. I hope that the Bill may perhaps be amended to include both of those matters, and, in the meantime, I wish it well.

7.22 pm

Baroness Morgan of Cotes (Con): My Lords, I draw attention to my interests as a director of the Financial Services Compensation Scheme, chair of the Association of British Insurers and a director of Santander UK. I welcome my noble friend Lord Johnson to his position on the Front Bench, and I thank my noble friend Lord Sharpe for our very helpful meeting and conversation yesterday.

Like others in this House, I welcome this important Bill, which, as we have heard, is the second instalment, after the Bill we saw last year. But I agree with the noble and learned Lord, Lord Brown, and others that the Bill will need to be significantly strengthened as it goes through this House, for the reasons set out so far. If noble Lords did not know by now, I was asked, and was delighted, to chair the House of Commons special inquiry into the Fraud Act 2006 and digital fraud last year. I pay tribute to the work of the committee staff—the clerk, the research assistant and those who handled communications—who were truly excellent. The difficulty with having such competent and engaged members of the committee is that all of those who have spoken so far have taken all the best lines from the report and all the key points, so I will not trouble your Lordships for too long.

I will confine my remarks in this debate to fraud in particular, because, as we heard, the scale of fraud, particularly fraud committed online, is truly prolific now. A person in England and Wales aged over 16 is more likely to be a victim of fraud than of any other crime, including violence and burglary. To anybody who thinks, as we have heard, that these are victimless crimes where simply paying out money will put it right, I say: that is simply not the case.

I will raise four specific areas briefly. First, we have already heard the committee's calls and those of many others to introduce a "failure to prevent" offence. The committee was very clear in its support, and the noble Baroness, Lady Bowles, clearly set out what the committee called for. This is as much about changing behaviours, and the behaviours of those at the top of these organisations, as it is about launching many prosecutions—although that would perhaps not be a bad thing either in some cases. I understand that the Government are interested in, and committed to, introducing such an offence. The Law Commission has also stated that this is necessary and I want to recognise the work of Sir Robert Buckland in the other place, who led part of the debate on this.

The committee specifically looked at the whole of the fraud chain—not just the end, when the money is eventually paid out to the fraudster, but right at the start, as the noble Lord, Lord Vaux, said. I would be very disappointed—in fact, I think it would prompt some of us to want to strengthen the Government's hand on this—if such a "failure to prevent" offence did not cover all of those along the fraud chain, particularly, as we have heard, the telecoms companies, which are responsible for, and do not seem to have much interest in, the significant number of phishing texts, smishing and all sorts of other "ishings" that you could possibly think of, which come via our mobile phones. But this applies to the online platforms and the internet service providers as well.

My noble friend mentioned the Online Safety Bill, but this is not sufficient, because we are talking about not just fraudulent advertisements but fraudulent emails and text messages containing these links. I defy any Member of this House, or anyone listening to this debate, not to have received at least one of those emails or text messages, inviting them to click on a link and share their details, in the course of even just the last week or so. Obviously, we will wait for the drafting, but I hope that Ministers are getting a clear sense from this House of what we want to see in that. As my noble friend Lord Young said, this drafting will also need to address the identification doctrine.

Moving on, we have heard that Companies House fees need to be significantly increased. As we explored in the committee, there was a question about whether fraud is underresourced, underprioritised and under-appreciated by the law enforcement authorities. As we have also heard, many good, decent citizens access Companies House to check whether a company looks legitimate before they part with their hard-earned cash, so, if Companies House charged more for the setting up of companies, could that money be recycled back into paying more for our law enforcement?

Thirdly, on the sharing of information, I say to the noble Lord, Lord Davies, that there is a fourth Bill that we should also be interested in: the Data Protection and Digital Information Bill. I understand that, in Clause 175 of this Bill, there is a carve-out in relation to information sharing for data protection. But, until we have seen how the Data Protection and Digital Information Bill progresses—I am not sure when the next stage is—it is important that these two Bills work together to make sure that, yes, information sharing is perhaps subject to data protection rules but also that there is not such a carve-out that what we are approving in this Bill becomes worthless because of what is in the other Bill.

Finally, as we have already heard, the committee report was published in November last year. The response from the Government was due by 12 January, and today is 8 February. I am relatively patient, but patience is wearing thin, because the Government owe us a response—this is an important issue. As we also heard, we are waiting for the long-awaited fraud strategy from the Government, as well as the national economic crime plan. I heard what the noble and learned Lord, Lord Brown, said about the fraud strategy; perhaps he is more patient, but I think it is time we saw it, because we as a committee found that there was just not enough information about fraud or enough knowledge about who the fraudsters are and where the money is going. But we do not see the fraud strategy and cannot start to understand in particular who in government is responsible. We were very clear: a Cabinet sub-committee, with the Minister for Security chairing it and being responsible, is one way to go—that is what we thought, but there may be other options. A lot about fraud needs to be moved on in this country, as we have heard. So I urge Ministers to publish the fraud strategy in the next few weeks, and I suggest that a good publication alongside it would be the response to our committee.

In conclusion, I welcome the Bill, but it will need to be strengthened. As we have heard, the Bill really matters for how this country is seen around the world. So I hope we will be able to work together to significantly strengthen it.

7.29 pm

Lord Thomas of Gresford (LD): My Lords, it is a great pleasure to follow the noble Baroness, Lady Morgan of Cotes, who has demonstrated her expertise in this field as chair of the Fraud Act committee.

Last year's economic crime Act was designed, as this Bill is, to reveal the ill-gotten gains—the "stolen wealth", as my noble friend Lord Fox called it—of those subject to sanctions or otherwise engaged in criminal activities. However, these measures do not deal with the situation which arose in the Yevgeny Prigozhin case, to which the noble and learned Lord, Lord Brown of Eaton-under-Heywood, referred. Prigozhin is the founder of the Wagner Group of mercenaries currently featuring in Ukraine. His London solicitors had obtained a dispensation from the United Kingdom Office of Financial Sanctions Implementation to bypass the sanctions that had been made against him to fund a personal libel action in the United Kingdom against the journalist Eliot Higgins. Mr Higgins worked for Bellingcat, a firm based in the Netherlands, where the law is more protective of journalists than here—but, of course, the courts of this country are open to all, like the Ritz Hotel.

Higgins wrote the truth about Prigozhin's activities, as that leader well knew. When Prigozhin's case was struck out in May of last year, he said that he brought court cases against journalists because

"in any issue there should be room for sport".

Although the claim was struck out, Mr Higgins was fastened with costs estimated at £70,000.

As the noble Lords, Lord Clarke of Nottingham and Lord Cromwell, and others referred to, an industry has grown up within the legal profession, particularly here in London, to assist wealthy people, including Russian oligarchs, to suppress investigative journalism with threats of lawsuits. The noble Lord, Lord Sikka, reminded us all of the former chairman of the Conservative Party who threated libel actions against journalists looking into his tax affairs. That took me back to Mr Profumo, who slapped libel injunctions on newspapers that dared to suggest that he was in a relationship with Christine Keeler.

I introduced a Private Member's Bill against SLAPPs in the last Session. I had full and productive discussions with the Minister of State and officials from the MoJ. I discovered then—possibly in early 2021—that the Ministry of Justice was about to engage in a public consultation process on SLAPPs, which started last March. The consultation closed in May. In July, Mr Dominic Raab proposed a new mechanism for a judge of the civil court to reject baseless civil claims more quickly and to impose a cap on legal costs to

"defend those who bravely shine a light on corruption."

Mr Raab has not as yet had time to introduce that legislation; he no doubt has other things on his mind. I hope that the Ministry of Justice will take the initiative to deal with these abuses of the civil litigation system. Like others, I am impatient for that to happen.

[Lord Thomas of Gresford]

The legal profession has been warned of these abuses. The Solicitors Regulation Authority has issued guidance warning solicitors about "making allegations without merit" on behalf of their clients

"where the sole purpose is to stifle"

public debate. However, it is not only the commencement of libel actions that needs to be caught; the insistent threats of such an action by a claimant have a significant chilling effect on public discourse. As others have pointed out, it is usually a claimant of wealth threatening a journalist of very limited means.

A person who, by himself or through his agent, issues threats of litigation which he knows to be groundless, with a view to stifling evidence of economic crime and the existence of assets derived therefrom, engages—in my view, and I suspect in the views of many in this Chamber—in an activity which lies fully within the ambit of criminality. I have been advised that the problem with this Bill is that dealing with civil litigation does not fall within the Long Title, but I suspect that there is enough support in this House for the Government to change the Long Title to embrace that civil aspect. If we cannot do that, we can bring in a new criminal offence so that issuing threats of litigation has a suitable penalty.

We await the draft Bill from the Ministry of Justice to deal with the civil side of SLAPPs. I have again tabled my Private Member's Bill, in case that draft Bill does not emerge, and would welcome the support of your Lordships if my Bill comes forward. In the meantime, this Bill is an ideal opportunity to criminalise the threatening and baseless conduct which usually precedes such actions. Accordingly, I will introduce an amendment to the Bill which will introduce a criminal element. Most of your Lordships have said that the Bill needs strengthening, and I think that it will be very much improved in this area.

7.36 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to follow the noble Lord, Lord Thomas of Gresford, to agree with everything he said, particularly as a former newspaper editor, and to offer Green support for work to take his ideas forward. He made me think of many nights huddled over a screen with an evening lawyer, anxiously worrying about whether we could get away with a few certain words. There is a huge temptation to go down the easy and safe route and just knock those words out, but that is almost invariably knocking out, and denying the public, a truth.

I begin by reflecting, as a number of other noble Lords have done, on the scheduling issue, which is far from trivial. The Grand Committee Room is empty today—it is where we were to be in Committee on the Financial Services and Markets Bill—because representations to the usual channels succeeded, as they so rarely do, in saying that that Bill should not be conducted in parallel with the Economic Crime and Corporate Transparency Bill, as the same people and issues are involved. The noble Lord, Lord Davies of Brixton, said that there was overlap. There is much more than overlap; we have two Bills pulling 100% in 180-degree opposite directions.

This Bill is heading in the right direction. I am delighted to say, as I so rarely do, that the Green group backs the general tenor of the Bill and wants to work with many other Members of your Lordships' House to strengthen it. I agree with much of what the Minister said in his introduction. As well as discussing the weakness of Companies House, he said that the current system exposes the UK to corruption, that we are open to crime and that criminals are provided with the veneer of legitimacy—all of which was laid out in forensic detail by the noble Lord, Lord Sikka. I entirely agree with the noble Lord, Lord Vaux, who said that

"high levels of economic crime … have been allowed to build up … for far too long."

I have to go back a second and reflect on what a difference two years makes. I perhaps need to apologise in advance to the noble Lord, Lord Agnew of Oulton, because I am going to quote his own words from two years ago back at him. I know that he is speaking after me. I would say in advance of that that what the noble Lord was saying then reflected what many other people in your Lordships' House were also saying. This was in the Second Reading of the Financial Services Bill two years ago. The noble Lord, Lord Agnew of Oulton, said:

"The UK is internationally recognised as having some of the strongest controls worldwide for tackling money laundering and terrorist financing",

and he claimed that we had

"a whole-system response to economic crime."—[*Official Report*, 28/1/2021; cols. 1880-81.]

I do not think that that reflects the tenor of the debate today from all sides of your Lordships' House, including from the Dispatch Box.

We are in an area here where, as with so many, the Green Party has led and others are now following. We have been saying, as the noble Baroness, Lady Stowell of Beeston, said, that London is the "best place" to hide from legitimate scrutiny. That is something that the Green Party has been saying for a very long time—that the centre of global corruption is the City just down the road from here.

I want to lead your Lordships' House further in the direction of making a link with the Financial Services and Markets Bill, as the rescheduling itself acknowledged. There are two particular elements of that: the addition of "competitiveness" to the aims of the Financial Conduct Authority; and, indeed, the way in which the Financial Services and Markets Bill seeks to deliver what has been known as the Chancellor's Edinburgh package of reforms, which, to quote Transparency International, reinforces a "strongly deregulatory approach".

It is worth looking back and highlighting the speech of the noble Lord, Lord Browne of Ladyton, and to add to that some of the Transparency International figures, which refer to 929 cases, with 89 companies involved in corruption and money laundering in the 10 years from 2009. Some £137 billion in economic damage has resulted. For thousands and thousands of UK companies—maybe tens of thousands—their business model is based on facilitating crime and being enablers.

We have too much finance; that is the name of a growing body of literature. We suffer from a finance curse, just as some countries suffer from a resource curse. It is too expensive for us to continue to base so

much of our economy on this—and the damage, of course, is far from happening just here in the UK. The High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda, or FACTI, focuses on how the poorest and most vulnerable pay for so much of this corruption and fraud.

In your Lordships' House, the noble Lord, Lord Goldsmith, and I had an exchange on corruption and its impacts on the Democratic Republic of the Congo. In a subsequent Twitter exchange, the noble Lord felt that perhaps I had been unfair to him in that he said that, yes, he had acknowledged that corruption was a big issue—but the noble Lord spoke about corruption in the Congo. I wanted acknowledgement from the Government that a huge amount of the corruption affecting the Democratic Republic of the Congo originates just down the road from here.

A number of points have been made so well that I shall not go over them again. I shall just note Green support for what the noble Lord, Lord Sikka, said. The idea of transparency for corporate tax returns is an excellent idea, and I look forward to working with the noble Lord on that in future. The noble Lord, Lord Vaux, gave us a very clear outline of how Transparency International has shown that the first economic crime Act is not working and has a huge way to go, albeit that it represents some progress. Many noble Lords, including the noble Lord, Lord Thomas, focused on SLAPPs.

I want to take a moment to focus on the absolutely crucial importance, as I see it, of the "failure to prevent" amendment, and the detail of how important it is going to be. I point out that, in the 2015 Conservative Party manifesto, it said:

> "We are also making it a crime if companies fail to put in place measures to stop economic crime, such as tax evasion, in their organisations and making sure that the penalties are large enough to punish and deter."

That was something promised in 2015, and we are getting on for a decade on from there, and it is clearly desperately needed. Of course, the Law Commission paper of June 2022 focused on the importance of this, as did your Lordships' House's committee in its report on the Fraud Act 2006, *Fighting Fraud: Breaking the Chain*, published in November 2022. The UK Serious Fraud Office and the Crown Prosecution Service have expressed their desire to see this delivered.

I finish by returning to where I started, and the shocking idea, which we have not yet heard from anyone else in your Lordships' House, made by making the link between the Financial Services and Markets Bill and this Bill. A cleaner financial sector will be a smaller financial sector—it has to be, because fraud and corruption are a built-in design feature of so much of our current system. We have to rethink the Financial Services and Markets Bill and rethink the structure of our economy around finance, and we have to think that, if this Bill really delivers on its promises, there will be a lot of empty offices in the City and Mayfair that we will have to find a new use for, and there are many things that we could do to deliver much better for the British people and the world than the current corrupt financial sector elements that now occupy them.

7.46 pm

Lord Agnew of Oulton (Con): I refer noble Lords to my entry in the register of interests, as an adviser to Manolete, a litigation funder. I warmly welcome our noble friend the Minister to his new role. I am delighted that he is arriving at the start of this Bill's journey through the House; he will have time to reflect on all the comments made today, where there is an extraordinary amount of consensus.

In February of last year, the Government promised to bring a second economic crime Bill into legislation, and I am most grateful that this has happened. I would also like to thank my noble friends the Ministers for their courtesy and time in addressing some of my concerns. This is a complex Bill, and it certainly improves on our current very weak system. However, given the time and effort expended by several government departments, there are a number of areas for improvement which, if we could harness the will of the Government, could easily be incorporated.

I will focus briefly on seven of these areas, taking account of many comments already made. First, on making Companies House fit for purpose in the new environment, the Bill will dramatically change the role of Companies House from a passive receiver of information to, one hopes, a dynamic analyser of data and first line of defence against bad actors gaining access to our corporate system. But this is a huge cultural change. I offer this as a little levity for this stage of the evening. I was having a poke around on Companies House and a casual search of the system revealed a previous director called Jesus Christ—country of residence "Heaven", and occupation "Creator". It took a year for Jesus to be removed. This is the cultural problem that is going to be faced. Unless it is very carefully monitored, the changes that we want to see happen could take years to occur.

I was a Minister responsible for arm's-length bodies, and I know how ill equipped government is for these kinds of changes. When I arrived in that position, they could not tell me even how many ALBs there were in government, let alone rate their operational performance. Our previous Minister assured me, when I met him, that he would be vigorously holding to account the management of Companies House. Of course, that commitment lasted less than seven days. I welcome our new Minister, but can I confirm that he will also try to hold Companies House to account? More broadly, this illustrates why we need to ensure that both Parliament and the National Audit Office receive regular updates on the refit and improvements arising from it. There is talk in the current wording of annual updates to Parliament, but it is too loose. In simple terms, what gets measured gets done.

Second is the need to ensure adequate resources for Companies House to execute its role. We have heard a lot about this, but the Government have fought very shy of revealing how much will be available. As someone who has run these kind of fast-moving, high-volume, low-margin businesses, my back-of-the-envelope assessment is that we are going to need to treble or quadruple the fees. That sounds a lot but, as we have heard, the fees are laughable they are so low at the moment. It costs about £10 if you register a company

[Lord Agnew of Oulton]
online; that probably needs to go to about £40. The annual filing fee of £13 probably needs to go to about £50. The Government will need to come clean on this because, if they do not, the whole thing will be a dead letter.

My third point is on creating a duty of failure to prevent. Again, I am not an expert in this. We are going to hear from my noble and learned friend Lord Garnier later, who was a Solicitor-General and is a practising KC. He feels strongly about this and I hope will support Ministers in coming up with drafting that works. Suffice it to say that the whole idea that enablers can operate on a "see no evil, hear no evil" basis is not tenable. I take one example: the role of unscrupulous insolvency practitioners in conniving with what are known as "buried liquidations". These are situations where an unholy trinity of company director, local accountant and so-called "friendly" insolvency practitioner quietly liquidate a company on a voluntary basis with no questions asked as to how the director might have ripped value out of the company for his own benefit prior to liquidation. HMRC is losing millions to this loophole. A tiny amendment to require the same procedure as used in compulsory liquidations—where they basically use a cab rank so that there is a rotation that cannot be distorted—would resolve it or indeed broader failure to prevent, so that this insolvency practitioner could not do that without damaging his professional standing.

Fourthly, I turn to whistleblowers. Again, we have heard a lot about this but, as an ex-businessman, for me it is about the most cost-effective and streamlined way of dealing with economic crime. We have available in our society many brave, principled people who see wrongdoing but are too frightened to alert the authorities because we do not adequately protect them. The excuse for doing nothing is the normal refrain: "It's all very complicated." Indeed it is. At my meeting with my noble friend the Minister last week, I brought this up. There were at least 12 officials in the room or on Zoom. I asked them to explain to me how it all worked but none of them could, so I asked to be sent a link that summarised the system. I only got that just before I came here this afternoon and, I have to say, I was completely baffled by the information that was made available.

However, it certainly protects only one category of person: workers. It does not protect suppliers, customers or anyone else who is in the chain who may see wrongdoing. I will therefore push very hard for the Government to consider an opportunity to sort this out. It will save money—the whole refrain at the moment. It would create another quango, but it would also get rid of a lot of quangos or agencies; there would be one place where the concern could be raised and then all the other nooks and crannies could be removed.

We have heard a lot about SLAPPs. We have heard from the noble and learned Lord, Lord Brown of Eaton-under-Heywood, who, again, knows far about this than me, and we will hear from the noble Lord, Lord Faulks. We already have mechanisms for cost capping in libel cases. The noble Lord, Lord Faulks, is the chairman of IPSO, which has a very clear mechanism for dealing with this. The point is that some lawyers for claimants do not like to use these routes because they cannot charge an arm and a leg supporting their oligarch clients through this much more streamlined process.

However, this is not about creating a libeller's charter. There must be mechanisms to ensure that baseless allegations cannot be made with impunity. The Government are doing the normal thing and trying to kick this into the long grass. We heard earlier about all the efforts that have been made with Private Members' Bills, but this Bill is the perfect opportunity for the Government to show that they care. We are apparently the SLAPP capital of Europe—an undignified title that we should erase.

On cost capping, because of the dramatic imbalance of resources between the parties, enforcement agencies often do not prosecute. It is asymmetric warfare. A mechanism was put in place in the Economic Crime (Transparency and Enforcement) Act last year, in its Section 52, to restrict cost orders for unexplained wealth orders. There is no reason why this could not be extended to other areas of economic crime. Again, I will be pressing the Government to consider this.

Lastly, I turn to loopholes. This Bill immediately creates a new batch of loopholes. One example is that, for limited companies, limited liability partnerships and limited partnerships, it will be possible to claim that there are no persons of significant control and then list the shareholders, members or partners as shell companies in the British Virgin Islands, Belize and the Marshall Islands, respectively—so we are back to square one. There needs to be transparency all the way down the chain.

To sum up, the Government have at their disposal on the speakers' list today—not including myself—a huge body of extraordinary expertise available to dramatically improve the Bill and really clamp down on economic crime. I do not want to force amendments on what are clearly common-sense improvements when the Government could so easily make them their own. I am not asking Ministers to respond to my seven points tonight, but I do ask for a commitment that we can have a dialogue before Committee with credible explanations as to why none of these can be brought forward by the Government. It is my strong conviction that there are clear, workable solutions to every one of them.

7.55 pm

Lord Etherton (CB): My Lords, for the moment I will restrict my comments for the moment to Clause 183, which amends the Legal Services Act 2007 by inserting a new objective:

"promoting the prevention and detection of economic crime."

I should say right at the beginning that, like everybody else in the House today—and, I am sure, everybody who is not here today—I certainly support the policy of preventing and detecting economic crime. In that respect, I welcome the broad policy of the Bill.

However, there are two particular points that I think one must bear in mind. The first is that all the powers that are necessary for regulators to regulate the matters that people have spoken about today—and complained about—are there. The problem is that they are not being utilised properly or enforced properly. The existing regulatory objectives include such matters as improving

access to justice, protecting and promoting the interests of consumers and promoting and maintaining adherence to the "professional principles", as they are called. Those professional principles include that authorised persons should act with independence and—critically—with integrity, that they should act in the best interests of their clients, that advocates should comply with their duty to the court to act with independence in the interests of justice and that the affairs of the clients should be kept confidential.

The fact of the matter is that, if a lawyer is himself or herself involved in any kind of criminal activity—the definition of economic crime covers everything in Schedule 7, from theft right through to embezzlement in accounting—not only are they are themselves guilty of disciplinary matters in relation to their professional conduct but they bear the full weight of the criminal law. If it is thought appropriate—and I can quite see why it is thought appropriate—that, because the existing powers are not being used and enforced properly, there needs to be express reference to promoting the prevention and detection of economic crime, we have to be careful that the wording is sufficiently tight so as not to cut across other matters. The word "promoting" in that reference is almost unbounded. The 200,000 or more lawyers who are practising need to understand what they can and cannot do in practice, against the background of established rules such as the fundamental right of confidentiality between a lawyer and a client—that brings me to my second point.

That confidentiality is normally encapsulated in the concept of legal professional privilege. This privilege is the privilege of the client—that is all of us, were we to consult a solicitor or a barrister—not the lawyer. It is a fundamental common law constitutional right. It applies to communications made confidentially for the purpose of seeking or giving legal advice, whether or not litigation was contemplated or pending. There is also litigation privilege, which applies to communications that come into existence for the purpose of litigation.

The reason for this privilege is that there must be the fullest possible communication between the solicitor and barrister, so as to enable the client to be properly advised and represented. In a case in the Judicial Committee in this House reported in 2003, Lord Hoffman described it as follows:

"LPP is a fundamental human right long established in the common law"—

and the European convention.

"It is a necessary corollary of the right of any person to obtain skilled advice about the law. Such advice cannot be effectively obtained unless the client is able to put all the facts before the adviser without fear that they may afterwards be disclosed and used to his prejudice."

We have to remember that both solicitors and barristers frequently act for and give advice to people who either have committed or may be about to commit financial crimes, fraud, embezzlement, false accounting and all the other matters in Schedule 9, and they may do so for perfectly legitimate reasons, whether in relation to criminal proceedings or to avoid committing an offence—structuring one's affairs in an honest and appropriate way. How can those who act for such clients comply with their professional obligations if they have a broad duty to prevent and detect economic crime? That is a critical issue: the wording is so wide that it is capable of cutting across, for example, this fundamental right, which has been described, as I said, as a long established common law constitutional right of every citizen. If it is the intention behind the legislation that that right, for example, is to be cut down in the interests of promoting the prevention and detection of economic crime, that must find its place on the face of the Bill so that we can see it there and debate it separately.

In relation to SLAPPs, I can see why it is necessary to deal with them but, again, one has to be very careful how it is worded. It should be on the face of the Bill—a Bill; this Bill or some other Bill—so that it can be properly debated, so that there is no denial of access either to legal advice or to proper representation in court. Subject to those qualifications, which we have to bear in mind, I too welcome the Bill.

8.02 pm

Lord Leigh of Hurley (Con): My Lords, likewise I welcome the Bill, which addresses a major issue for this country. I refer your Lordships to the register of interests, where I am listed as an employee of finnCap Group plc, chairman of the aforementioned Manolete Partners plc and of course a chartered accountant, as a number of others are as well.

We have an enormous issue here, as my noble friend Lady Morgan explained. The University of Portsmouth estimated that the cost of economic crime is some £350 billion—indeed, some 40% of all crime is economic crime. Your Lordships' House would not be the right place to unnecessarily knock our financial services industry, but once again the City of London was ranked last year by the Z/Yen index as second in the world, second only to New York and ahead of every other European city, due in no small part to the regulatory regime we have. But there is room for improvement and Companies House is an area where improvement is needed.

There was a documented instance in the *Times* recently, by Ali Hussain, of a road in a Herefordshire market town where 100 companies have been set up by nationals from one country in south-east Asia, not one of whom actually lived in that market town. In that same town, 30 businesses were registered to 30 different people in one flat, and none of those people live there. It looks like some 2,200 new companies per day are being set up, 17,000 a year by Chinese individuals and 500 a year by Russian individuals, without any checks to see whether these people are sanctioned. So-called "burner" companies and of course bounce-back loan applicants, and more than 160 companies self-defining as banks have been started, many with addresses in Eaton Square, Belgravia—which seems unlikely—and as my noble friend Lord Clarke pointed out, this was without the knowledge or consent of the residents.

I know that this Bill has long been sought by many. As the noble Lord, Lord Browne of Ladyton, pointed out, the debate in the other House was exemplary. I was struck by a few things: first, the lavish praise from all sides of the House for the Minister, Kevin Hollinrake, who has long championed this issue; secondly, the constructive amendments which were debated and, it seems to me, the willingness of the Government to listen. I note that another Minister on this Bill, Tom

[Lord Leigh of Hurley]
Tugendhat, pledged that His Majesty's Government will introduce amendments through this House, so, like all of us, I look forward to seeing them as soon as possible, with as much notice as possible before Committee. In particular, Mr Tugendhat pledged to look at the concept of "failure to prevent", and I am indebted to the indefatigable Dame Margaret Hodge for sharing her thoughts with me—unusually, I find myself persuaded by a Labour MP, albeit an exceptional one—and of course to Sir Robert Buckland, so there must be hope that we can all work together in this House on this Bill.

To date, on this Bill and related matters, in the former BEIS we have had, in the noble Lord, Lord Callanan, an experienced and knowledgeable Minister in this and other BEIS areas. I use this opportunity to pay tribute to all he has done in BEIS, particularly on Companies Act matters. His expertise will be missed enormously, but I am really pleased to welcome my noble friend Lord Johnson of Lainston to the Front Bench.

The issue of failure to prevent will be tricky for draftsmen and for us, but I hope that reforming the ID principle and direct liability for corporate officers will make it easier. My noble friend Lord Young of Cookham was kind enough to refer to Select Committees, so I will bring up the fact that I recently chaired the Finance Bill Sub-Committee which looked at R&D tax credits, where fraud is estimated to be some £400 million a year. Interestingly, HMRC is now requiring a senior corporate officer to personally sign off the application for the R&D tax credit, so we can move, and are moving, in the right direction.

The noble and learned Lord, Lord Brown of Eaton-under-Heywood, claimed to have limited legal knowledge on this matter. That puts me at a distinct disadvantage, as my legal knowledge was mostly gained from watching "Rumpole of the Bailey" as a child, and not much more, but I cannot help observing that the Bill does not expand the scope of conduct that constitutes sanctions evasion, so undisclosed frozen assets could potentially be recoverable as the proceeds of crime. There are other potential amendments floating around in addition to those the noble and learned Lord mentioned, and I look forward to seeing them in subsequent debates.

I also expect to see amendments that look to toughen up Companies House, which is the focus of the Bill: specifically, to ensure that beneficial ownership can be challenged and checked more rigorously, possibly on a risk-based approach, checking the status of persons with significant control and, in particular, identifying and verifying shareholder information.

I am reluctant to put more burdens on companies. Noble Lords will have seen the Quoted Companies Alliance report last week, which showed us that the published accounts for a quoted company contain on average 95,000 words; that is more than in George Orwell's *Nineteen Eighty-Four*. We do not want to increase companies' accounts; the work has to stay in Companies House. I am not persuaded by the arguments for a fixed incorporation fee to be in the Bill, at a level of £100 or whatever. My understanding is that at the moment the registrar can fix the fee herself through statutory instruments. That works, so she does not need extra power, and clearly she needs to address the ridiculously low £12 for incorporation. The primary issue for Companies House is not money but lack of powers to insist on high-quality, accurate filings.

Some say that Companies House in Cardiff is not as productive as we would like. According to the independent adjudicators of Companies House, who reported in June 2022, some 44,665 appeals against late filing penalties were still awaiting attention. I know that number is coming down, but that is what it was in June 2022. Just last week, noble Lords will be interested to know, I saw a job advertised—in the *Guardian*, of course—for the chief data officer at Companies House at a salary of £118,000. Fair enough, but the advert for the job offered the applicant the opportunity of a hybrid role and suggested home working. Is that going to solve the problem? Is the issue the location? Maybe we should be encouraging Companies House to outsource, despite the criticisms levelled by the noble Lord, Lord Sikka. More of its work could be outsourced and I am not convinced it has the capacity to accommodate all the changes in this Bill.

Finally, if you will forgive me, I have an important piece of detail. Company accounts, which used to be provided on paper or in a PDF, which is essentially a paper form, are now filed using digital formats which "tag" each item with a label so that it can be recognised by downstream processing systems. Unfortunately, there is no requirement in this Bill for internal consistency, so tagging errors will not be picked up, and that is needed to ensure that none of the data is self-contradictory or that it matches other data such as the previous year's accounts, or tags internally to the document. This is perhaps best explained by way of an example. A director's statement in Companies House may make some very upbeat statements about the condition of the company, but if you look in the actual accounts, it could be on the verge of collapse. However, the register is not able to reject those accounts because they are only internally inconsistent, not externally inconsistent. Perhaps we could have some amendments to change that.

If the accounts are properly tagged, it will be possible for SMART—automated, computer-based analysis—to identify both the financial condition of the company and any inappropriate statements made by the directors. With good quality tagging, this kind of analysis can be done quickly and accurately across the entire register; we are talking about 10 million to 20 million sets of financial statements.

I very much look forward to working with the Minister and colleagues on this very important Bill.

8.12 pm

Lord McDonald of Salford (CB): My Lords, like every noble Lord who has spoken so far, I support this clearly important Bill. I would like to a make one general point and three specific points. I apologise, as the specific points have all been made already but I will, I hope, expand them a little.

My general point goes back to something the noble Lord, Lord Ponsonby of Shulbrede, mentioned, which is the impact of this area of life on our international reputation. To illustrate this, I refer back to the

12 May 2016 Anti-Corruption Summit, organised by Prime Minister David Cameron. Early in 2016 he took a close interest in corruption and decided that the UK had to lead the way, and officials came up with three compelling objectives for the summit. First, we should expose corruption so that there was no place to hide. Secondly, we should punish the perpetrators and support those afflicted by corruption. Thirdly, we should drive out the culture of corruption. All were estimable objectives. At this point, Mr Cameron's Government were hit by the Gospel of St Matthew; in particular, the parable of the mote and the beam, from the Sermon on the Mount. Participants piled in and pointed out that the United Kingdom itself was guilty of many of the things it was liberally accusing others of doing.

Mr Cameron took the point but, unfortunately for him, his political career suffered a significant personal reverse the following month and this area of action was down-prioritised. One Prime Minister finds it very difficult to persuade a successor to take up the things he or she cares about. But it is good that, these years later, we are coming back to this issue because when we consider our international reputation, nothing is as damaging as a charge of hypocrisy that has substance.

The first of my three specific points concerns beneficial ownership. There is clearly an ambition to be more rigorous about this, and I agree very strongly with the point made by the noble Lord, Lord Clarke of Nottingham: that the overseas territories need to be included explicitly. They hate it, they wriggle out of it, they delay, but they need to be included. They would not have the financial sectors they have if they did not have the very strong link with the United Kingdom. They must feel the heat of this, and maybe it will be chance for them to diversify their economies away from a sector which, in the end, provides a benefit for very few citizens of the overseas territories.

The second issue is the proper underpinning of Companies House. There has been lots of discussion about increasing the amount of money a new company has to pay to register. I can see that this does not need to be argued in the Bill, but as the noble Lord, Lord Agnew, said, it is going to be addressed somewhere, so let us be honest. It is amazing that last year, 800,000 companies were registered in the United Kingdom. It does not take the brains of an Archbishop to work out that they cannot all be legitimate, so subjecting that large number to greater scrutiny would, I suggest, be a good thing.

The third issue is freeze and then seize, mentioned by the noble Lord, Lord Browne. This is clearly a difficult area, but other countries are tackling it. I hope the Government will be in touch with, for example, Italy, which is making progress. One idea which has been floated is that when a person or entity is sanctioned, they have to give a full list of their assets. If authorities subsequently establish that the list is incomplete, then all their assets might be subject to seizure. That would focus minds.

This is an important Bill which can and must be improved and strengthened. It is very striking that tonight's debate has shown cross-party agreement. Like others, I pay tribute to the work of Dame Margaret Hodge and Sir Robert Buckland in the House of Commons. I hope that, in Committee, this House can strengthen the Bill.

8.17 pm

Lord Faulks (Non-Afl): My Lords, it is a pleasure to follow the noble Lord, Lord McDonald, not least because of his reference to the chronology of the Government's attempts—and they are, I am afraid, attempts—to deal with the scourge of economic crime.

Let me begin with the positives. This Bill is a remarkable achievement in fundamentally altering the role of Companies House. Historically, it has been remarkably uninformative and provided very little, if any, protection against fraud. Its new powers have the potential to make matters very much more transparent. When I had the privilege of chairing the Joint Committee on the Draft Registration of Overseas Entities Bill, we had a great deal of evidence about what more could be achieved by a different role for Companies House, and I am very glad to see that reflected in the Bill.

The noble Lord, Lord McDonald, referred to the chronology. I welcome the noble Lord, Lord Johnson, to his position; he will perhaps not know the entire history of the matter—it happened before he came to his post. I am afraid the Government's response, following the fine words in 2016, was not impressive—not at all impressive, in fact. I particularly welcome tonight's engagement by so many noble Lords in this important area; it was not always the case.

In the Criminal Finances Act 2017, which represented an earlier attempt to try to deal with these problems, various new instruments were introduced—in particular, unexplained wealth orders, which were borrowed from other jurisdictions. They have not, I am afraid, been a great success. I think—I will be corrected if I am wrong—there has been only one this year. That is disappointing. I know that they are expensive. There was an attempt in the 2022 Act to make them less prohibitive, cost-wise. I think we might be able to go further and perhaps have an order for costs only if the authority has been wholly unreasonable in seeking to carry out one of these unexplained wealth orders.

During the debates on the Criminal Finances Bill, I was particularly concerned about the astonishingly opaque ownership, often by overseas entities, of substantial swathes of valuable property, primarily—but not exclusively—in London and the south-east. I put down amendments to the Bill to establish a register and was given blandishments that a proper register would be on its way shortly. I did so again in the Sanctions and Anti-Money Laundering Bill and was given a similar reassurance, this time even with a timetable—but nothing happened. Then I was given the privilege of chairing a committee on a draft Bill; the noble and learned Lord, Lord Garnier, was on that committee. We reported and urged speed, but still nothing happened. It was only when Russia invaded Ukraine that suddenly the impossible became possible. We now at last have this register of overseas property—although there have been a number of missed deadlines, as we have heard. I am glad to see that there are various improvements contained in this Bill, including introducing some control over trusts. We can explore that in Committee.

[Lord Faulks]

One of the advantages of real property, obtained far too often with dirty money, is that it is less easy to dispose of than more liquid assets. The same, I suppose, could be said of superyachts. I look forward to hearing from the Minister what progress, if any, is being made to realise the proceeds of sales of property bought with dirty money and whether it is possible to establish a link between unexplained wealth orders and the greater information we now should have, at least, about the ownership of property.

Further, now we have imposed sanctions, I would welcome—as the noble and learned Lord, Lord Brown, said—some comments on the suggestion which I think originated from Spotlight on Corruption and RUSI that, in addition to the provisions of POCA, a new duty could be created for designated persons to disclose their assets, accompanied by the creation of a criminal offence for failure to do so. I note the Private Member's Bill brought by Sir Chris Bryant, which may also make a valuable contribution to this area.

For far too long we have allowed this country to be a laundromat for dirty money. Those noble Lords who have watched the excellent BBC documentary series "Putin vs the West" will have shuddered, as I certainly did at one point. After the annexation of Crimea and the initial invasion of Ukraine, other EU countries—we were in the EU then—were concerned that we in this country might lack resolve towards Russia because of our fondness for the presence of Russian oligarchs bringing money into the country. They had a point. Murders took place on our soil. We allowed the country to be a handler of stolen goods and did nothing. I particularly recall the response of your Lordships' House when the Sanctions and Anti-Money Laundering Bill was being debated. This was necessary legislation, post Brexit, so that we could have our own system of sanctions. Noble Lords seemed preoccupied with the human rights of those whom we might sanction and passed legislation which fettered the Government's right to sanction with so many hindrances that sanctions, which are essentially a tool of foreign policy, became a sort of civil remedy hedged around with protections from the Human Rights Act. We seemed to be concerned that oligarchs should not have their A1P1 rights in any way infringed.

When, finally, Russia launched its full-scale invasion of Ukraine a year ago, it was realised that this legislation made it much more difficult to sanction anybody in this country than in other European countries. Legislation enacted in 2022 then had to be rapidly introduced to facilitate sanctions and to introduce the property register. At that time a further Bill was promised. That promise has now been fulfilled, which I welcome. I look forward to the debates about the "failure to prevent" provision. I will not add to what has already been said; I think the noble and learned Lord, Lord Garnier, will say something about that shortly.

There has also been much reference to SLAPPs. I understand that the Government's position is that they are enthusiastic about legislation, but not yet. I have also heard that the House of Commons authorities considered that the relevant amendment was a matter that was outside the scope of the Bill and that there might be difficulties here, given the Long Title. Given the grand title of the Bill, it is a bit surprising that it cannot be included. It may be that the House of Lords authorities are a little more generous—or, indeed, as the noble Lord, Lord Thomas, suggested, there could be an amendment to the Long Title. However, I am glad that the Government are thinking. As a matter of fact, the observations of Dominic Raab seem to be very much along the right lines. I would welcome any indications from the Minister as to what the plans are.

The problem, of course, is the real threat to freedom of speech that this bullying litigation can represent. It is nothing new; one thinks of Robert Maxwell, Sir James Goldsmith and others who have tried to silence criticism by bullying through litigation. The most recent egregious example is Yevgeny Prigozhin. The truth of the matter may not matter very much, but its effect on people, as has been described by the noble Lord, Lord Cromwell, can be very dramatic in every sense—although I think it was perhaps not quite right to talk about full-scale libel trials. They are a very rare beast indeed. But, even before we get to that stage, there is a chilling effect from this sort of litigation.

It is important to record that judges have a part to play in policing abusive litigation, and applications can and should be made to the courts where appropriate. The courts have inherent powers to control their own processes to prevent abuse. I also wonder whether there should not be some tighter directions, whereby these sorts of claims could be decided by alternative dispute resolution at modest or capped prices, such as—I am grateful to the noble Lord, Lord Agnew—we offer at IPSO. Of course, all sorts of other alternative dispute resolutions are available; I declare an interest as the chair of IPSO. Full-scale litigation is not a sensible way of dealing with these matters.

I read with interest the briefing from the Solicitors Regulation Authority on this Bill, and I notice that the SRA has taken a number of steps against solicitors in this space. That is reassuring, and I hope it is a timely reminder to those solicitors who have got rich on the back of corrupt bullies that they have a duty as officers of the court which transcends being a mouthpiece for their clients. That is not to say that unpopular people are not allowed representation. However, the combination of existing money laundering provisions, and the new enhanced provisions provided by the Bill will, I hope, particularly in the climate of justified hostility to Russia, make solicitors very wary before taking on certain cases.

There is one particular thing I would like to ask the noble Lord, Lord Wallace of Saltaire, which may cause him some surprise. He has always spoken very vigorously and effectively on tax havens and the undesirability of them, and on the transparency of registers. I know he is winding up on this particular issue, which is why I am addressing this comment in his direction, as well as to the House as a whole. Does he share my disappointment with what the ECJ recently decided? The Bill is designed to make companies much more transparent so that identities can be verified, but the ECJ found that the

"public's access to information on beneficial ownership constitutes a serious interference with the fundamental rights to respect for private life and to the protection of personal data".

A number of countries have taken solace from this and are now less likely, I think, to be co-operative. This is a matter we ought to explore, because I share what I suspect is his and probably the House's general interest to try to make these matters more transparent.

To revert briefly to litigation, I am intensely proud of our reputation in this country for the rule of law and the integrity of our judges and the vast majority of lawyers who operate within the system. It is something of an irony that one of the reasons for the success of our legal system is its integrity and fairness—something that we should not take for granted. It therefore attracts litigants from less happy lands. But, if our system is abused, our reputation will itself suffer damage and one of the strongest elements of our soft power will be diminished.

Welcome though this legislation is, it needs proper resourcing and follow-up. I support the requirement of a regular update to Parliament about how the fight against economic crime is progressing. I do not underestimate the difficulty in assembling evidence and contending with well-resourced lawyers. However, whoever is in government in the years to come needs to make this battle—or should I say war?—against economic crime a priority.

8.30 pm

Baroness Altmann (Con): My Lords, I welcome the Minister to his place and congratulate him on his introduction. It is a pleasure to follow the noble Lord, Lord Faulks.

I, too, welcome the Bill and believe it will help clamp down on economic crime, money laundering, fraud, terrorist financing and many other ills that our system suffers from. I associate myself with and commend the remarks of my noble friends Lady Morgan and Lord Clarke, and the noble Baroness, Lady Bowles. I also urge the Government to listen carefully to the recommendations of my noble friend Lord Agnew.

I wish to speak to three specific areas which I hope will be strengthened during the passage of the Bill, and I thank the Minister and his department for engaging on them. First, on increasing Companies House fees, Companies House is our first line of defence against economic crime. However, as so many other noble Lords have said, it must be properly resourced to fulfil the new roles being given to it—my noble friend Lord Young also explained that very carefully—otherwise its new powers will be useless. Economic crime is costly and yet the fight against it is vastly underfunded. Some estimates—we have heard many this evening—suggest that £100 billion is lost to money laundering each year and that fraud, the most common economic crime, results in the loss of perhaps an additional £190 billion. That is possibly the equivalent of about 15% of our GDP. I therefore support increasing the fee to set up a company from the ludicrously low £12 to at least £100, as the Treasury Select Committee recommended. Indeed, with the EU average of €300 and with the US at between $570 and $1,400, there seems to be little justification for the current low fee, which is surely an encouragement to bad actors to set up a business here. If someone cannot afford £100, they should not be setting up a company anyway.

Increasing the fees could help provide the new resources that Companies House will clearly need to help identify and prevent economic crime. The benefits were highlighted in the excellent speeches of my noble friends Lord Clarke and Lord Leigh, and the noble Lord, Lord Faulks. Toughening the oversight of existing and new applications is vital, and extra funding will help improve the protection. I also agree with the remarks of the noble Lord, Lord Fox, about toughening the insourcing policy.

Secondly, on whistleblower protection, 42% of internal fraud is detected and exposed through whistleblowers, yet most early warnings are ignored and those who blow the whistle can often end up paying the highest price. From the Panama papers to the Pandora leaks, the FinCEN files or PPE revelations, so many of the scandals we know about have been because of brave whistleblowers acting at great risk to their livelihoods. Yet our current frameworks are failing them. Whistleblowers have no proper financial protection, and we all know they have pretty bleak employment prospects when blowing the whistle results in them losing their job. That cannot be in the public interest. Indeed, I have personal experience of that, when a good friend who I worked with in my investment banking days in the City suffered stigma and ostracism after reporting financial irregularities—colleagues manipulating market prices to favour their own positions at the expense of their clients. She took the brave decision to expose that, despite the risk to her career, perhaps only because she was coming up for retirement and was willing to face the flak. Younger whistleblowers are just not protected. An office for the whistleblower is clearly in the public interest.

Thirdly, on SLAPPs, which we have again heard a significant amount about tonight, I echo the words of the noble Lords, Lord Cromwell and Lord Fox, and many others. I also commend my noble friend Lady Stowell and her suggestion on Clause 81 fines being raised to £250 million for lawyers rather than the current £25,000. Our country's legal system has been abused by corrupt, wealthy individuals to intimidate those trying to expose their corruption and silence public-interest journalism. The lawyers engaged in this are profiteering from abuse that is designed specifically to silence journalists, campaign groups or individuals. The lawyers involved fail to recognise wider ethical societal obligations, and they must know the bad behaviour of these individuals and institutions that they are defending. Helping to undermine the fabric of our democratic institutions and the rule of law should have no place in our legal system.

In true Augustine style, the Government have promised new anti-SLAPP legislation—but not yet. Other countries have already acted, and this Bill offers an opportunity to do so. The Solicitors Regulation Authority needs stronger powers to impose punitive fines on legal firms, and courts should be encouraged to throw out vexatious claims at an early stage. I hope that my noble friend will accept amendments as this Bill proceeds. I will be supporting amendments in all these areas. I also look forward to seeing the Government's own amendments, as promised by my right honourable friend in the other place, Tom Tugendhat.

[Baroness Altmann]

I also commend the excellent work of the right honourable Margaret Hodge and her APPG staff, and my right honourable friend Sir Robert Buckland, for all the cross-party work that they have been doing on important amendments. I very much hope that my noble friend will consider accepting these during the passage of this Bill.

8.37 pm

Lord Trevethin and Oaksey (CB): My Lords, it is a great pleasure to follow the noble Baroness. I am happy to say that she has spared your Lordships some of my remarks, because I agree with everything that she said about whistleblowing and so shall say nothing about that at all. I also agree entirely with what she has said about the niche but important issue of the fees that are charged to individuals who register companies in this country.

I had a note, which I have mislaid, of the number of companies that were registered in the last 12 months. Somebody in the House may know the figure. It is quite astonishing; I think it runs to hundreds of thousands. That represents about 10% or 20% of the number of companies on the register. I refer to that because obviously the employees at Companies House who will be called on to discharge the duties that this Bill rightly places on them face a very challenging job indeed, which is nothing like the job that Companies House has been doing over the last 50 or 100 years. Funding and resources are obviously a very significant issue and it seems right that at least some of the necessary funding should be raised by a proper increase in those fees. That is one practical point that I shall get out of the way.

I declare an interest. For once it is a real interest, because I am a practising barrister, and a high proportion of my cases involve claims for compensation arising ultimately out of some form of economic crime. So, in a sense, I do pretty well out of economic crime. But I am against it, like every other speaker in this debate, even given that—I feel it is right to make that declaration.

I want to say something briefly about a matter that has not really been touched on in this debate so far, which is the wider context. This Bill contains many admirable and valuable measures. They are mostly concerned with issues relating to the fruits of economic crime and the tools that are used to perpetrate economic crime: in particular, companies which are opaquely structured so as to conceal the beneficial ownership thereof. All that is good, but the Bill says nothing much, and it probably could not say anything very valuable, about the detection of economic crime and about the proper prosecution of economic criminals.

That is not directly the subject matter of this Bill, but I will share with the House something of my experience of cases involving economic crimes over the last 10 or 20 years. I have done hundreds of cases arising out of some form of economic crime. The law moves slowly, and the case comes to trial—if it gets to trial—five, six or seven years after the relevant events. Almost invariably, the fraudster or fraudsters are still cruising around the country, apparently more or less immune to the risk of prosecution. I can think of only a very small number of cases of this type in which proper steps have been taken by the authorities to investigate the relevant frauds and to bring the fraudsters to justice.

Briefly, I will give your Lordships details of one case in which a prosecution was brought. It is a very recent case in which I had some collateral involvement. It involved a solicitor who manifestly was guilty of stealing a significant number of millions of pounds from a client. The solicitor came before a High Court judge in committal proceedings, based on breaches of undertaking, and the High Court judge was so disturbed by the evidence before the court that he jailed the solicitor for contempt for 18 months and referred the papers to the relevant prosecuting authorities.

When I was a youthful barrister, 20 or 25 years ago, if that had happened in the High Court, it would have been automatic for the prosecuting authorities to take action—and to take it fast. On this occasion, even though the fraud was patent, the matter was referred to the prosecuting authorities. They did nothing and then, after 12 months or so, they announced that it was not considered to be in the public interest to prosecute. All this is known and something that I can tell the House about because the aggrieved American client of the solicitor then brought a private prosecution, which is increasingly common in this country because the prosecutors do not do their job. The solicitor was finally brought before the court and the judge was so concerned about the facts of the case that he imposed a sentence of 12 years' imprisonment—which is a long stretch for that sort of crime.

My noble friend Lord Macdonald of River Glaven, who is not in the Chamber and has not spoken in this debate, was speaking recently on a podcast with the distinguished criminal KC Clare Montgomery. Some of your Lordships may have seen this reported in the press. Ms Montgomery said—she would know; I know only indirectly, but I am quite sure that she is right—that the police no longer appear to have a real interest in investigating, let alone prosecuting, economic crime. I understand that economic crime amounts to 39% or 40% of all crimes. I am not sure how that percentage is calculated but it shows the size of the problem. The corresponding percentage of police resources, in terms of police officers who focus on or are devoted to the detection of economic crime, is at 0.9%. The House will see the imbalance there.

I mention those matters because they set a rather dark and troubling context for the issues that we are considering on this Bill. When amendments are brought forward to put a little more steel into the Bill, I will support them, unless they trespass on the rule of law. They are clearly needed and may have an indirect beneficial effect on the culture or climate that now obtains because, at the moment, the authorities do not seem to realise fully just how serious this problem is.

It is getting late, so I will quickly move on to one or two practical points, bearing in mind the injunction of the noble Lord, Lord Clarke, that our task when looking at and trying to improve this Bill is to try to make sure that it has a real, practical effect. I will say something briefly about SLAPPs, which have been the subject of a number of telling remarks and analyses, particularly in the speech of the noble Lord, Lord Cromwell. This is a tricky area but, I think like all

noble Lords, I find these pieces of litigation, which are clearly designed to achieve a wholly illegitimate purpose, objectionable. If possible, steps should be taken to enable defendants to have the relevant pieces of litigation struck out.

How is that to be done? As the noble Lord, Lord Faulks, observed, SRA guidance emphasises the relevant obligations on solicitors in this context, in particular the obligation not to act for a client who is pursuing a claim for illegitimate collateral purposes. That is all well and good, but it is very difficult for a regulator to enforce such obligations, partly because the relevant information will be on the solicitor's file and protected by client privilege. There are only limited circumstances in which a regulator can lift up the cloak of privilege to see what is really there. In practice, it is very difficult for regulators to enforce the proper performance of solicitors in this area.

What can be done? It may be possible, as this Bill moves forward, subject to issues of scope, for a provision to define more precisely than the current rules what constitutes abusive litigation, where the abuse consists of pursuing litigation not to restore the claimant's reputation or to recover proper compensation for a real loss but to shut down criticism and inquiry. The provision will require exceptionally careful drafting. It may also be worth the relevant authorities considering—I doubt whether this is a matter for primary legislation—the appointment of a small body of specialist judges, probably in the Commercial Court, to consider applications to strike out for abuse of this nature. They would do so at the outset of the relevant litigation.

My only other practical point, briefly, is to take up a point made by the noble Lord, Lord Agnew, about costs and the disincentive that operates on authorities that might make civil recovery applications related to economic crime. At the moment, Section 52 of the 2022 Act creates a special costs regime for unexplained wealth orders. This means that the applicant, the prosecutor, will be liable for the costs of a successful respondent only if the applicant has acted unreasonably. A similar costs regime operates successfully in a field in which I practise, namely disciplinary and regulatory investigations and prosecutions. In that field, the regulator is normally liable for costs only if it has acted unreasonably. In due course, if not tonight, I would be interested to learn from the Minister what the Government's view is on this. I can see no reason why that sort of costs regime should not be extended more widely, certainly to applications of any type brought under the provisions in Part 5 of the Proceeds of Crime Act.

I recognise the assistance I have had and will continue to have from a useful briefing paper prepared by Spotlight on Corruption. I have one or two further points to make, but I will not make them because I have been on my feet for far too long and others will make them better.

8.49 pm

Lord Gold (Con): My Lords, I congratulate my noble friend the Minister on his position. I wish him much success and joy as our Minister here. Understandably, there is considerable support across the political spectrum for the Government's campaign to tighten up measures tackling economic crime. The Bill is far-reaching: much of what it seeks to do is uncontroversial and should be supported. For example, the proposed reforms increasing the powers of Companies House so that it has a bigger role in ensuring corporate transparency and guarding against economic crime, and generally provides a better service, are to be welcomed.

However, as the Government acknowledge, for this reform to be achieved, there has to be a transformation at Companies House. Its culture, systems, processes and capabilities will all have to change. The Government's aim that Companies House moves from being a

"largely passive recipient of information to a much more active gatekeeper over company creation and custodian of more reliable data"

is a giant step. It must have the right personnel in place and the will to achieve this if it is to succeed.

All this comes at a cost and will take considerable time to achieve, as other noble Lords have said. The Government's impact assessment estimated the total cost of the corporate transparency and Companies House reforms at £289 million. As was said earlier, the cost for the Companies House part of that is £63 million. I would not be surprised if that is an underestimate. While I do not advocate providing a blank cheque, will the Minister confirm that if further money is required to achieve these reforms, the Government will find it?

I have some concerns about how effective this new Companies House will be, even with the new personnel. As we have heard from the noble Lord, Lord Sikka, the way in which Companies House has been operating is really quite extraordinary—horrific, in some ways. We have to move it away from being hopeless but at the same time not make it oppressive. The changes should not be such that businessmen who want to incorporate companies and do good business in this country are put off doing so. We should keep in mind that we have to get the balance right.

It is also very important to achieve proper accountability for Companies House; as my noble friend Lord Agnew stated, this is essential. Companies House, in its new role, will have to be supervised; bringing it here for our scrutiny is one factor, but we cannot do that in a proper way. We can look at it only from time to time, so there has to be a proper system of accountability in place. I hope that the Minister will give us some comfort that that will be done.

I turn to the proposal that there should be added to the Bill a new "failure to prevent" offence, modelled on the Bribery Act Section 7 offence. The Government have indicated that this is being actively considered and it is anticipated that it will come forward at a later stage, I think in Committee. Obviously, this is very important; it is right that we should look at it most carefully. At the same time, I hope that the Government will demonstrate that such a provision is likely to reduce the incidence of fraud. There have been very few Section 7 Bribery Act prosecutions and, while this measure is largely supported, we do not yet really know its impact. I hope that this will be considered most carefully.

I also ask the Government to bear in mind the following when formulating their proposals. First, there is the issue of jurisdiction. The Law Commission took the view that there should not be a presumption that the "failure to prevent" offence would extend to conduct

[LORD GOLD]
carried out by employees or agents overseas, and that any decision to make the offence extraterritorial should be considered in the context of the specific offence. For example, do the Government have in their sights UK parent companies being responsible for problems arising in overseas subsidiaries?

Secondly, what offences would be within scope—that is, what comes within the ambit of "fraud" for these purposes?

Thirdly, assuming the provision follows the wording of Section 7, what will the definition of an "associated person" be? What conduct by an associated person vis-à-vis the company would trigger the offence? What would constitute adequate or reasonable procedures? This could be a field day for lawyers—something that many of my noble friends seem to reject greatly. I agree with them. We have to get the drafting right if this is to be put forward.

In addition to these issues, the Government will have to decide which body will have responsibility for investigation and prosecution. This would naturally fall within the domain of the Serious Fraud Office, but a number of issues must first be addressed. I should now refer to my entry in the register of interests and the advisory work that I undertake, which has given me some visibility of the SFO's work.

Regrettably, over recent years there have been multiple examples of open investigations being mismanaged, and there are open issues relating to disclosure, funding and resourcing, and, perhaps most importantly, accountability. There is a proposal in the Bill that the Serious Fraud Office's investigatory powers should be extended so that a person must answer questions or provide information to the SFO at a pre-investigation stage to enable it to determine whether to commence an investigation. Although in principle I would support such a proposal, the issues I just mentioned must first be tackled before the SFO's powers are extended

I suspect that this falls outside the Minister's remit, but will he support the proposal that, before a new director is appointed later this year, there should be a thorough investigation into how the SFO operates and the reforms needed to improve its performance and efficiency, so that it is fit to take on the burden of the extra work that a "failure to prevent" law would necessitate?

Finally, I turn to the proposal that the Solicitors Regulation Authority's powers be extended. As we have heard, the SRA's fining powers were increased from a maximum of £2,000 to £25,000 only recently, in May 2022. Concern was expressed at that time that the SRA did not have the structures or experience to make this change, unlike the Solicitors Disciplinary Tribunal, which is experienced in a judicial-type process and applying independent scrutiny. I am not aware that this concern has yet been addressed.

In a briefing paper issued in support of the proposed change in the Bill, the SRA states:

> "Our ability to deter solicitors from involvement in economic crime has to date been constrained by our very limited fining powers for traditional firms and those who work in them".

It provides no detail as to how it has been constrained, yet in the same briefing it states that enforcement action was taken against 51 firms or individuals in the year up to March 2022, and 163 firm inspections and 109 desk-based reviews were conducted, so it is not at all clear why this extension of its fining power is necessary. The Law Society has also expressed concerns, and queries how effective this provision will be in combating economic crime in any event.

The proposed unlimited powers could also include many more serious or significant cases that currently go before the Solicitors Disciplinary Tribunal. No case has been advanced as to why that should not remain the case. Unlike my noble friends Lady Stowell and Lady Altmann and the noble and learned Lord, Lord Brown of Eaton-under-Heywood, I am afraid I counsel against this present proposal, coming so soon after the May 2022 reform and before its effect has been properly tested.

9 pm

Lord Stevens of Birmingham (CB): My Lords, so many authoritative and forensic speeches have been made this evening that I will not follow the advice of the noble Lord, Lord Clarke of Nottingham, that repetition is desirable so as to convey to the Government the sense of the House. Instead, I will follow the dictum that if you cannot be original, be short.

I will therefore make just one point of amplification, but with a small asterisk to respond to what the noble Lord, Lord Gold, has just said. My limited understanding of the question he poses in respect of the £25,000 fine is that, relative to the hundreds of millions—in fact, billions—of pounds of dirty money flowing through London and washing through some of the so-called London laundromat, £25,000 is a laughably small maximum fine. My understanding—I stand to be corrected—is that the maximum fine the Solicitors Disciplinary Tribunal has imposed for money laundering is £30,000. Given what we have heard about some of the misdemeanours in the dark fringes of the legal profession, I think we can all agree that a £30,000 fine set against billions of pounds of dirty money is totally inadequate.

The point I really want to use this opportunity to amplify relates to the Crown dependencies and the overseas territories. It will not have escaped the notice of those of us who heard President Zelensky today that as he was driving to Parliament, he will have driven past Whitehall Court, where, according to the *Guardian*, luxury flats looking out over the Ministry of Defence are owned by a former Deputy Prime Minister of the Russian Federation. Transparency International has estimated that £6.7 billion of property in this country, much of it Russian, is backed by dirty money.

Important steps have been taken with the establishment of the new register, but we understand from Transparency International that more than half the UK properties bought with dirty money are held by companies registered in British Overseas Territories and the Crown dependencies. What is more, a third of overseas entities registered with Companies House by the deadline of last Tuesday were based in the British Virgin Islands. As the noble Lord, Lord Clarke of Nottingham, rightly and so forcefully pointed out, BVI companies are not currently required to publicly disclose their beneficial owners. Can the Minister in responding explain why the Government believe that should continue to be the case? If they are not prepared to defend that situation, why

miss this opportunity, which is our second bite of the cherry on economic crime and probably our last bite of the cherry in this Parliament, to do something about it?

It should not have taken the Russian invasion of Ukraine to serve as the wake-up call for the amount of dirty money being laundered through London. We now have an opportunity to do something about it. Why not include the overseas territories within the scope of the action required?

9.04 pm

Lord Garnier (Con): My Lords, I hope I am not going to disappoint the noble Lord, Lord Stevens, because I doubt I shall be either original or adequately brief. I will not be original because I have been saying what I am about to say for the last 15 years, and it is coming back to haunt me.

Beyond that, I congratulate my noble friend—actually he has disappeared now, lucky man—Lord Johnson on his new responsibilities. I also commiserate with my noble friend Lord Sharpe as this is the second day running that he has had to listen to me in this Chamber, and I suspect he will be looking for a longer than usual half-term.

On 11 March last year I spoke briefly in the Second Reading debate on the first economic crime Bill—there is an admission of my lack of originality. As I did then, I refer to my interests in the register and declare that as a barrister in private practice I am from time to time instructed both by the Serious Fraud Office and by companies and individuals in which the Serious Fraud Office has taken an interest. I am also a media law practitioner. Despite that, I will not get into the interesting SLAPPs debate today, much as the remarks of the noble Lords, Lord Trevethin and Oaksey, Lord Faulks and Lord Cromwell, tempt me. I will say that it is a subject that needs a proper and detailed debate. Whether or not it fits within this Bill, it is a debate that Parliament needs to have.

This comes back to the point that my noble friend Lord Gold was talking about: the Serious Fraud Office and its resourcing. If the Serious Fraud Office were adequately resourced in terms of manpower, legal brainpower, and pounds, shillings and pence, we could probably catch the burglars and bandits who currently seem to be terrorising informal and formal journalists before they had a chance to issue their proceedings, and put them in prison. Unfortunately, the Serious Fraud Office, in my view, is woefully underfunded, and as a consequence performs inadequately, for some of the reasons that my noble friend Lord Gold has already mentioned.

I shall provide just one little anecdote since it is nearly bedtime. In 2011 I went to New York as Solicitor-General to discover from the American prosecuting authorities and from private lawyers in New York City how they dealt with economic crime—what essentially was Wall Street crime. I spoke to the then Assistant Attorney-General for the state of New York in the southern district of New York City, so he was essentially the Serious Fraud Office man in Wall Street. When I told him what the Serious Fraud Office's annual revenue budget was, he roared with laughter and said, "I spend more than that on flowers for my office." He was joking, but behind that he had a serious point. If we underfund—if we constantly put our feet on the throat of—our investigatory and prosecuting authority, particularly in this highly complicated area of criminal activity, and then complain that it does not do that properly, we are just asking for trouble.

However, I am delighted to welcome the Bill. It is a good Bill but none the less, as all the people who have spoken before me have said, it could be improved. I will touch on two related subjects that we need to think about. I know the Government are now actively thinking about this area, not only because noble Lords have mentioned it and it has been mentioned as having been discussed fully in the other place but because I was lucky enough to have a meeting with my noble friends Lord Callanan—when he was in post on this Bill—and Lord Sharpe and their officials last week.

I have been thinking about the law on financial crime since the financial crash of 2008-09 when I was shadow Attorney-General and then the Solicitor-General in the coalition Government. It occurred to me that we ought to develop something called the deferred prosecution agreement—DPA—regime. It was enacted through the Crime and Courts Act 2013, and it is a regime that pragmatically and justly deals with corporate financial crime under the supervision of the courts. I will not go into the detail of the system now but, if I may say so, it works.

DPAs are not the end of the story. Financial crime is often thought of as the crime that does no real harm: no one gets killed, no bones are broken and there is no blood on the carpet. Equally, corporate offending is sometimes hard to visualise. But corporate crime and financial crime cause great harm to people, to communities, to the economy and to our national reputation as a safe and honest place to do business. Both are all too common and need to be investigated and dealt with effectively by the public authorities, here and abroad. Financial crime is often, by the very nature of modern financial services, both international in its scope and committed electronically through corporate structures, albeit with a human mind and will behind it.

I hope, with other noble Lords, to expand on this theme in Committee, as happened in the other place, as was mentioned by my noble friend Lord Leigh. But for present purposes I shall say only this, which may be of some assistance—perhaps not much—to my noble friend Lord Gold. Section 7 of the Bribery Act 2010 creates a corporate offence of failing to prevent bribery, a subject already touched on by a number of noble Lords. It has been deployed successfully on several occasions and bites on overseas activities. It provides a model which can and should be replicated in other areas of financial crime.

I say to my noble friend Lord Gold that there have been a number of cases under Section 7 of the 2010 Act, particularly in the area of deferred prosecution agreements, where the failure to prevent model has worked very well and, if I may say so, has brought into the Exchequer huge sums of money from errant companies. There is no difficulty in working out what an associated person is or what are, as a matter of law, adequate procedures, so the model is there.

[Lord Garnier]

The model is also there in the Criminal Finances Act 2017, which introduced the corporate criminal offence of failure to prevent criminal facilitation of tax evasion. I suggest that we should, by this Bill, expand the failure to prevent regime to cover at least some of the 50 or so financial or economic crimes that are available to be dealt with by DPAs, as listed in Schedule 17 to the Crime and Courts Act 2013.

Finally, I invite your Lordships to think that we must reform the law relating to corporate criminal liability. I have been writing and speaking about the need to do this for years. The concept of the directing mind and will as the basis for corporate criminal liability, which the Americans abandoned before the First World War, worked for the small family businesses of the 19th century but is now long outdated. Today, companies can operate in many different countries, with national, regional and global boards, and with hundreds of thousands of employees engaging in multijurisdictional trade in goods and services. Locating the directing mind and will of these vast conglomerates is difficult, if not impossible, and the current law does not reflect the reality of modern business life. It is an affront to common sense and to justice. As in the United States, we need to introduce vicarious liability into our corporate criminal law.

As I indicated at the outset of my remarks, I have a confession to make: almost all of what I have said is taken from the Second Reading speech that I made on the Financial Services Bill on 28 January 2021 and in several other debates, both here and in the other place. I have been making the same arguments for the last 15 years in the other place, in this Chamber, in Grand Committee and outside Parliament. Like my noble friend Lord Faulks, I have been promised much in every debate in which I have spoken and I am still waiting.

I am a little more optimistic, having heard my noble friend Lord Johnson's opening speech and what was said in the other place by the Government—and, indeed, what was said by my noble friends Lord Sharpe and Lord Callanan at the meeting that we had the other day. But I hope that my noble friends in the Government will use this excellent but improvable Bill to good effect and expand the law on failure to prevent, if only because it will allow this cracked record to be thrown away.

9.14 pm

Lord Wallace of Saltaire (LD): My Lords, it is a pleasure to follow that fascinating speech. I think I need to read it again before I fully understand it. I had not heard it on the five previous occasions on which the noble and learned Lord, Lord Garnier, made it. Halfway through this debate, the noble Lord, Lord Agnew, commented that there seemed to be an extraordinary amount of consensus. That carried on through the rest of the debate. The question behind all the speeches is how serious are the Government about making sure that this Bill becomes an Act which successfully tackles economic crime, rather than one making another tiny step—a shuffle perhaps—in the direction of saying that it will, but not actually managing to implement it?

We have heard a range of arguments that the Government should accept amendments on several issues to strengthen the Bill, in so far as they can be fitted within its remit: SLAPPs, whistleblowers, greater transparency, asset seizures for reparations, tighter enforcement of the register of overseas entities and penalties for failure to prevent fraud or for assisting fraud actors and activities.

On the question of fees, we do not need that in the Bill, as the noble Lord, Lord Leigh, remarked. I disagree with him on whether Companies House needs more powers. It needs more powers, and for that it needs more resources. What we want is an assurance from the Government that they will substantially raise the fees. I sat thinking with amazement that the fees for Companies House are the way they are. With my wife, I am working through the process of downsizing our house after 45 years in one place. I gather that this is in line with the Government's preferences and policy. They would like people our age to move out of their large houses into smaller flats so that housing problems are moderated. Yesterday, I sorted out how much it will cost me in stamp duty, conveyancing fees et cetera. In comparison with the fee for registering a company, there is rather a large gap.

We all know—I say this to our Conservative friends—that over the past 12 years a number of regulatory bodies have had their budgets slashed. The Environment Agency's budget has been slashed by 80% and—surprise, surprise—it does not seem to have kept up with discharges of sewage by water companies. The Charity Commission, as the noble Baroness, Lady Stowell, will know, had its budget severely cut, and that badly affected some of the things it had previously done to regulate and advise charities.

Baroness Stowell of Beeston (Con): Forgive me for interrupting. I am grateful to the noble Lord for giving way. I ought to make the point that the Charity Commission's budget was very severely cut, but it has been increased. Its operating budget is now pretty healthy. It might not be healthy compared with a lot of other regulators, such as Ofcom, when you look at what is required of the Charity Commission, but it had a quite dramatic reversal of its fortunes in terms of its operating costs.

Lord Wallace of Saltaire (LD): I take that correction happily. I was the Lords Minister responsible for charities from 2012 to 2015 and remember these arguments very painfully.

I hope that the Conservatives will say to those in their party, like our last Prime Minister, who say that the answer to every question is tax cuts and for that you have to cut spending wherever you can that there are some areas in which sufficient resources from whatever means—whether fees or taxes—provide very substantial public benefits and sometimes economic advantages as well. This is clearly one of them.

The noble Lord, Lord Clarke, added that greater accountability for Companies House is an important factor that we need to get into this Bill if we can. My career was in dealing with international issues. When I look at a Bill, I always start by asking where the international dimension is dealt with. The international

dimension in this Bill is remarkably thin. I said to the noble Lord, Lord Clarke, that I could challenge him on Clause 190 when we get to it. The extent clause is always the one you have to start by looking at.

As the noble Lord, Lord Gold, said, a lot of economic crime is extraterritorial. When I briefly dealt with some police matters at the beginning of the coalition, I recall being taken around Yorkshire to discuss organised crime. The first statement that the chief constable made was, "There is no domestic organised crime". All organised crime is cross-border—it is international—and, for that, one clearly needs international co-operation. The Conservative Peer who said in a debate here two years ago that we did not need Europol because we had Interpol and that that provided everything we needed did not understand the complexity of the co-operation one needs among national authorities. I, and I think many of us, would appreciate a briefing from the team on how the pursuit of economic crime will be managed in co-operation with other countries if the Government are going to be more serious about this. There is a brief reference to the Financial Action Task Force in the Explanatory Memorandum, but the whole ethos of coping with a massive transnational problem is almost absent from the Bill.

This leads me on to the question of the Crown dependencies and the overseas territories, which the noble Lord, Lord Faulks, raised. I have been interested in this for many years. The frustration is that they fall between the domestic and the international. One is usually assured that one does not have to legislate for them—indeed, that it is improper to do so—but we ask them to follow British domestic legislation. Three years later, we are told that most of them have not got round to doing so yet, but they will, soon. I recall going to one Crown dependency many years ago and gathering from the chief Minister's enthusiastic briefing that their chief message to me was, "We are so much better than the other two". That is not a good area. I strongly suggest that this House needs to consider a sessional committee to look at the relationship between the Crown dependencies, the overseas territories and the United Kingdom. It is always being pushed to one side. It is dealt with by a junior Minister in the Ministry of Justice or the FCDO, but some very knotty issues come with it.

The noble Lord, Lord Stevens, remarked that half the registered overseas entities come from the BVI. The largest numbers among the others, adding up to more than three-quarters, came from Jersey, the Isle of Man and Guernsey, and then, I think, Luxembourg. This leads me on to the other point made by the noble Lord, Lord Faulks: Luxembourg is of course also a tax haven and it has its own interests. I must look at that ECJ judgment. I am certainly for transparency against privacy when one draws the balance, and it sounds as though the ECJ has been persuaded on this occasion to support privacy against transparency. It seems to me that corporate privacy should be valued a great deal less than personal privacy, but I will look at the case. International co-operation is clearly an essential part of where we need to have this. The British Government's deep reluctance to assert sovereignty over the overseas territories and Crown dependencies is very odd for a Government who have spent a lot of time saying that they want to take back control.

A number of noble Lords have talked about the role of enablers within our system, and I am a bit partisan on that issue. Liz Truss talked about the liberal establishment that blocked her radical reforms, but if one is to talk about the enablers who have assisted oligarchs and others—the Intelligence and Security Committee's *Russia* report had some extremely strong language on that—one must acknowledge that they were at the heart of our financial, accountancy and legal establishment in the City and that they successfully penetrated the Conservative Party. That is a real problem for us, and we must do something much more strongly about it. When I criticised sleaze within the Government the other week, the noble Lord, Lord Clarke, said to me, "This is a different Government." I say to him: to demonstrate that we now have a different Government, we need now to take some stronger action, with the Bill, on that problem.

The noble Lords, Lord Leigh and Lord Browne of Ladyton, my noble friend Lord Fox and others all praised the quality of debate on the Bill in the Commons, adding that the Ministers there were clearly listening to concerns and criticisms. I hope that the Ministers here will take very much the same attitude and accept that the Bill can be improved and strengthened, as everyone here has asked. I found it dispiriting, as others have, that on several Bills over the last two Sessions, Ministers here have been told to resist amendments as vigorously as they can. On one recent occasion, a Lords Minister told me that they had to go back on a concession made in the Lords because there was resistance to it from her party in the Commons.

This is a debate in which we have had remarkable consensus on all Benches. We are concerned with the quality and reputation of this country, and we think that the Bill can make a significant difference on that in a number of areas. Let us all pursue the further progress of the Bill with that in mind. I look forward to the conversations which I hope that the Ministers will offer us before we reach Committee, and then again between Committee and Report. Let us see what we can do to put on the statute book a strengthened and improved Act on economic crime and transparency.

9.27 pm

Baroness Blake of Leeds (Lab): My Lords, it is always a pleasure to follow the noble Lord, Lord Wallace, one of my fellow Yorkshire advocates; we have done a lot of work together in that part of the country. I add my thanks to the Minister, the noble Lord, Lord Sharpe of Epsom, and his team for meeting us earlier this week. I also welcome the new Minister, the noble Lord, Lord Johnson of Lainston, to his place, and very much look forward to continuing to work with both in a constructive way.

I am very heartened by the debate, as there was so much consensus from all Benches; many have remarked on the universal welcome for the Bill. Both Ministers must be aware of the grit and determination to make sure that something comes from this that is meaningful, challenging and effective. I have a sense that there will be several Committee days where we will look at the detail in so many of the areas we have covered tonight but with which we cannot deal in the few minutes we have left. As well as that consensus, we have also heard

[Baroness Blake of Leeds]
concerns in the incredibly well-informed contributions across the House about the time taken to bring in the legislation and the gaps that remain within it.

There are some interesting questions that I would like some answers to from the comments that have been made. For example, where is the register of overseas properties? The noble Lord, Lord Vaux, made a couple of interesting comments that have not been picked up, and asked a very simple question. What have the Government learned so far from attempts that have been made to bring legislation forward?

I was very struck by the comments of the noble and learned Lord, Lord Garnier, about the victims of fraud. We should, as my noble friend Lord Sikka, said, look at the police response in this case.

Lord Leigh of Hurley (Con): I do not think that the House needs to be detained by references to the noble Lord, Lord Sikka, as he is not in his usual place. This is the second time in a debate that he has not been in his usual place, and therefore we need not spend time analysing and commenting on his remarks.

Baroness Blake of Leeds (Lab): I apologise and accept the noble Lord's point entirely—forgive my lack of experience in these matters.

On the experience of cyber mentioned by my noble friend Lord Davies, and to pick up on the point made by the noble Baroness, Lady Morgan, I have received a text telling me that my parcel has not been delivered. I can tell noble Lords that I do not do ordering online for parcels. My kids do—they have them piling up by the door—but I do not. That is exactly what we are all subject to. One momentary loss of concentration and we go down a terrible pathway that is very difficult to get out of.

I am also interested in alternative ways in which to pursue litigation, raised by the noble Lord, Lord Faulks. We do not do enough in this area; there is too much of a confrontational approach, which perhaps holds us back. We have to be honest that the delay between 2016, when the Government first promised reform, and today, has seen years of economic crime coming through and affecting so many people. As we heard earlier in the debate, we have also seen a significant increase in the scale of the issue in recent years. As the noble Lord, Lord Clarke of Nottingham, said, this is the money laundering capital of the world. What a terrible state of affairs.

My noble friend Lord Ponsonby gave us detailed statistics that I shall not go through again. I think that we all know the scale of the problem that we are facing. What we do know is that economic crime has far-reaching consequences for individuals, businesses, our broader economy and our national security. My noble friend Lord Browne gave such a brilliant and passionate exposure of the impact across such a wide piece. He described it as being on an extraordinary scale—the noble Baroness, Lady Morgan, called it "prolific". We should remember the extent of what we are talking about here.

I am not sure that we have paid due attention to the huge damage that this does to our national finances, and we should look through the prism of that. The numbers quoted by different organisations are extraordinary. The National Crime Agency estimated £100 billion annually, and Spotlight on Corruption estimated £190 billion annually. These are extraordinary numbers that we cannot afford. Of course, what we know is that we have to follow the money. Where does this money actually go and what is it then used for, in the hands of criminals and corrupt Governments, with economic crime funding other serious organised crime such as people trafficking, drug smuggling, arms dealing and fraud? As we have heard from many contributions, it also helps those in power abroad looking to silence whistleblowers, muzzling democratic opposition and, as we know, waging war against other nations.

Britain's reputation as an excellent place to do business and a supporter of the rule of law and democracy worldwide risks being eroded further if we continue to allow criminals and oligarchs to use London as a safe haven for their ill-gotten gains and to use the law to silence whistleblowers. And what a day to talk about this, when we have had the enormous privilege of President Zelensky coming to address both Houses.

As we have heard, there is much to welcome in the Bill, but much more work is needed to achieve the necessary improvements. I am pleased, as others have expressed, that the Government have responded to concerns from the other place relating to corporate criminal liability, recognising the significance of failure to prevent, to disclose in order to prevent, detect or investigate economic crime. We will be examining the wording from the Government on this issue closely. They must be strong enough to effectively tackle fraud at the scale at which British people and businesses are exposed to it, as we have heard expressed so eloquently this evening.

We have heard a lot of contributions on the provisions on the reform of Companies House. I do not want to dwell on that here; we will obviously come back to it. I will just say that I believe that the changes that are being proposed are root-and-branch changes and should be welcomed. But, as so many have expressed, it remains questionable whether the scale of the problems has been fully taken into account and whether enough resource and, importantly, capacity are on hand to deal with the massive task before us.

The Bill also misses the opportunity to strengthen labour market enforcement, including infringements of national minimum wage law. As we have heard, the loopholes in the overseas register need to be looked at again, as does the strategy for recouping assets seized during economic crime enforcement and, again, ensuring that they reach the victims. Businesses will be looking to the proposed legislation to provide long-overdue consistency and clarity and—above all—transparency in proceedings. Achieving adequate accountability and the ability to close loopholes will remain priorities in the next stages of the Bill.

As I have said, this Bill is welcome, but it is certainly not finished. The speeches across the House today pay testament to that and demonstrate the House's desire to get this legislation right. There is an expectation of movement from the Government. I look forward to working with both Ministers to make sure that we get the legislation to the place it needs to be.

9.38 pm

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, I start by thanking all noble Lords for the constructive engagement throughout today's debate. I welcome the support for the Bill from across the House. The comments made across the House demonstrate not only the strength of feeling on the importance of tackling economic crime, but a broad consensus that the measures in this Bill are an important step forward. I agree with my noble friend Lord Agnew that we have heard considerable expertise in this debate. Given the size and complexity of the Bill already, I am pleased that noble Lords agree that this is a substantial package of measures that will make a real difference. I will aim to address as many points as possible during the time available to me and I look forward to further debate as the Bill moves into Committee. Obviously, if I miss anything, I will write.

I thank the noble Lords, Lord Fox, Lord Vaux of Harrowden and Lord Faulks, for raising the important topic of the register of overseas entities, to which a number of other noble Lords also referred. I am also grateful for the support of the whole House for the expedited passage of the Economic Crime (Transparency and Enforcement) Act last year. As has been noted, the register launched in August 2022 and the deadline for registrations closed on 31 January.

As of today, 23,118 overseas entities are registered with Companies House. An additional 2,876 applications are currently being processed, so it is likely that we will have some 26,000 registrations very soon. We estimated the population of entities in scope to be around 31,000, but some 10% of those may have been dissolved or struck off. As such, the Government's view is that we have achieved a very good rate of initial compliance. Companies House has worked strenuously to communicate the requirements to those affected, including working with registries overseas and issuing some 80,000 letters. About 30 staff are currently working on the register and they will be actively pursuing those who fail to register by the deadline. All non-compliant companies will have restrictions placed on their land with immediate effect.

In addition, last week the Government announced that £20 million of funds allocated to economic crime will be invested to create new anti-money laundering teams across Companies House and the Insolvency Service. I can reassure the noble Lord, Lord Sikka, who I note is not in his place but it is important to mention this, that the register does require information on trusts to be provided to Companies House. Though this information is not publicly available, it is already proving to be a rich source of data for tax law enforcement agencies. While there are legitimate circumstances in which a company might genuinely have no beneficial owners, in those situations it must supply details of its managing officers.

The register of overseas entities is a key new source of information. It is early days, but the signs are that it is working. The noble Lord, Lord Stevens of Birmingham, mentioned Transparency International's research. I have to say that, without the register, I am not sure it could have actually conducted that research.

Lord Wallace of Saltaire (LD): Just on the register of overseas entities, the noble Lord, Lord Agnew, talked about following all the way down the chain to discover whether there is another company based in another offshore financial centre which says it is the beneficial owner and then chasing them back to, I think he said, the Marshall Islands, if necessary. That is not at all easy. Have the Government engaged with that? Can he perhaps brief us before Committee as to how difficult that is and how hard the Government are going to try?

Lord Sharpe of Epsom (Con): My Lords, I just referred to the extensive investment that the Government are making in investigative capacity within this space, so I think the answer is yes, we will obviously be pursuing that and I will be more than happy to engage going forward—but I cannot give him specific answers at this moment.

I thank the noble Lord, Lord Ponsonby of Shulbrede, for raising the importance of the effective implementation of Companies House reform. I cannot commit to a precise timetable today, but I can confirm that investment in new capabilities—I have already alluded to some—systems and people is already under way. That is funded by an additional £63 million allocated across the spending review period.

The noble Lord, Lord Fox, and my noble friend Lord Gold asked about reporting to Parliament on the implementation of the reforms. On Report in the other place, the Government brought forward an amendment that will require the Government to produce an annual report for Parliament until 2030 on the implementation and operation of Parts 1 to 3 of the Bill. This will ensure that Parliament is provided with reassurance on the further work that will be required after Royal Assent, such as the laying of secondary legislation or the developing of IT during the implementation period. Companies House is an executive agency of my noble friend the Minister's department, and there are various governance mechanisms to hold the agency to account on these important reforms.

The noble Lord, Lord Fox, asked about Companies House identity verification. The Bill will introduce robust identity verification checks for people who manage, own and control companies and other registered entities. Again, I am going to refer to some remarks from the noble Lord, Lord Sikka.

Noble Lords: He is not here.

Lord Sharpe of Epsom (Con): But it is important, so I am going to do it. A significant proportion of the first 106 clauses are given over to verification and related matters. Companies House will be using leading technology and will meet current ID verification industry standards on how to prove and verify someone's identity. More information was set out in the Government's White Paper last year and we will be happy to say more in Committee.

Lord Fox (LD): The Minister does not have to answer the noble Lord, Lord Sikka, on this one, because I raised the issue of outsourcing and insourcing verification.

Lord Sharpe of Epsom (Con): My Lords, on the subject of authorised corporate service providers and in relation to comments made by the noble Lord, Lord Fox, I can confirm that the Government are committed to ensuring that the checks carried out by authorised corporate service providers—I shall call them ACSPs from now on—are robust. ACSPs will be required to carry out checks to at least the same standard as the registrar, who will be able to query any suspicious information on the register, including that which is submitted by an ACSP. The registrar will establish a robust scrutiny process with anti-money laundering supervisors for onboarding ACSPs. They will need to prove that they are registered with an anti-money laundering supervisor before they will be permitted to undertake ACSP activity. Furthermore, if necessary, the registrar can suspend or de-authorise an ACSP, excluding it from forming companies or filing for them.

My noble friend Lord Clarke of Nottingham asked about Companies House's role in investigating fraudulent addresses. The Bill's new definition of what constitutes an appropriate address for the purposes of a company's registered office address is a significant improvement. It requires, in effect, that the company must have authority to use that address on pain of criminal sanction.

I thank my noble friend Lord Leigh of Hurley for raising the point of accounts tagging. The Bill will lay the foundations for the registrar to require company accounts to be filed with it in a digital format known as iXBRL, which will allow much better analysis by users of the companies register.

I agree with noble Lords, including my noble friends Lord Agnew of Oulton, Lord Clarke of Nottingham, Lord Young of Cookham, Lady Morgan of Cotes and Lord Gold and the noble Baroness, Lady Bowles of Berkhamsted, that it is critical that the registrar of companies is sufficiently funded to carry out her new duties under this Bill. The Bill will give the Government more flexibility to increase the fees that Companies House charges by broadening the range of functions that can be funded through these fees, to investigation and enforcement activity in particular.

I assure noble Lords, including the noble Lords, Lord Ponsonby of Shulbrede, Lord Fox, Lord McDonald of Salford, Lord Stevens of Birmingham and Lord Wallace of Saltaire, and my noble friend Lord Clarke of Nottingham, that the Government are committed to working with overseas territories and crown dependencies towards transparency of control and ownership of companies. All inhabited overseas territories have already committed to introduce publicly accessible registers of company beneficial ownership, and the Government have stated that they expect these to be in place by the end of this year.

I agree with the noble Lord, Lord Fox, my noble friend Lord Agnew of Oulton and the noble Baroness, Lady Blake, that an effective whistleblowing framework is an important part of the UK's ability to tackle corruption and all forms of economic crime and illicit finance. The Government remain committed to reviewing the whistleblowing framework. My honourable friend the Minister for Enterprise, Markets and Small Business set out in the other place that this issue was within his ministerial portfolio and he was personally determined to take this review forward as quickly as possible. I understand that we can expect developments soon.

I assure the noble Lords, Lord Fox and Lord Faulks, and my noble friend Lord Agnew of Oulton that the Government take economic crime extremely seriously and are taking the necessary steps to ensure that enforcement agencies can tackle illicit financial activities while upholding the fundamental principles that govern our entire civil justice system. In civil legal proceedings, the loser generally pays the legal costs of the winning party, and this "loser pays" principle is a fundamental pillar on which the whole basis of civil litigation operates. While important, civil recovery proceedings brought by enforcement agencies are not so exceptional as to warrant undermining that principle.

On corporate criminal liability, I thank my noble friends Lord Young of Cookham, Lady Morgan of Cotes and Lord Clarke of Nottingham, my noble and learned friend Lord Garnier and the noble Baroness, Lady Bowles of Berkhamsted, and many other noble Lords for raising this issue. My right honourable friend the Minister of State for Security stated in the other place that the Government are committed to addressing the need for a new "failure to prevent" offence through this Bill and we intend to bring forward amendments to this House in Committee. Of course, I will share those as soon as I can.

It is vital to get this right so that these reforms can be utilised by law enforcement, do not duplicate what already exists and avoid placing unnecessary burdens on legitimate businesses. We are working in collaboration with prosecutors and other stakeholders to prepare these measures and, as I have said, we will set out further detail in due course in order to enable full and proper scrutiny.

I agree with my noble friend Lord Young of Cookham and the noble Baroness, Lady Bowles of Berkhamsted, about the reforms required to the identification doctrine. However, reform cannot be limited only to economic crime offences. The fullest and most appropriate reform is, I am afraid, out of scope—I am particularly sorry to disappoint my noble and learned friend Lord Garnier on this. I can assure the House that the Government are exploring other avenues for introducing appropriate and effective legislation on the identification doctrine.

My noble friend Lord Gold brought up the subject of confidence in the SFO. The Serious Fraud Office investigates and prosecutes the most complex cases of fraud, bribery and corruption, and against this challenging remit it has delivered some outstanding incomes in this financial year. My noble and learned friend Lord Garnier also referenced this. I reassure my noble friend Lord Gold that the SFO has used Section 7 of the Bribery Act for nine of the 12 deferred prosecution agreements. On prosecutions, two of the seven counts of bribery for which Glencore Energy UK was convicted in November were Section 7 offences. Last year, the SFO prosecuted Petrofac for Section 7 offences, which resulted in a £22 million confiscation order and a £47 million fine.

The noble Lord, Lord Fox, was right to raise the recovery of crypto assets hosted overseas. The Government are aware that many crypto asset exchanges and custodian

wallet providers have a digital-only presence or are domiciled outside of the UK. The Bill contains novel measures to capture as many entities as possible with a UK footprint which service UK customers, but I have no doubt that we will come back to this subject.

I think pretty much every speaker brought up the subject of SLAPPs, so I ask noble Lords to forgive me for not naming everybody who mentioned this, although I will pick out a few: the noble and learned Lord, Lord Brown of Eaton-under-Heywood, my noble friends Lady Stowell of Beeston and Lord Young of Cookham, the noble Lords, Lord Thomas of Gresford, Lord Cromwell and Lord Trevethin and Oaksey, and many others. The Government are committed to tackling SLAPPs, but as the first country to pursue national legislation on such a complex issue, it is right that we take the necessary time to consider this carefully and make sure we get it right. We will introduce primary legislation to tackle SLAPPs—this is where I am going to upset all noble Lords—as soon as parliamentary time allows.

SLAPPs are not simply an issue of economic crime, as the noble Lord, Lord Faulks, noted. They are about freedom of speech and the rule of law. As such, SLAPPs, in attacking public interest reporting, should be looked at more as an offence against matters that are fundamental to a democratic society, rather than as something particular to a specific type of crime. We are in the process of ensuring that we have anti-SLAPPs legislation which properly and comprehensively addresses the problem. Targeted reforms will include a statutory definition of SLAPPs cases and—in answer to the noble Lord, Lord Cromwell—an early dismissal mechanism. We will introduce a cost protection scheme for defendants via secondary legislation.

The noble Lords, Lord Ponsonby of Shulbrede and Lord Wallace of Saltaire, raised the issue of so-called professional enablers. The Government have made several improvements over recent years, but we know that there is more to do, and the threat is constantly evolving. That is why we have committed to formal consultation on options for reform to ensure the effective supervision across the regulated sector. Furthermore, the clauses in Part 5 of the Bill will strengthen legal sector regulators in tackling economic crime, and the reforms to Companies House will both ensure company agents are properly supervised and help strengthen that supervision.

I thank the noble Lords, Lord Browne of Ladyton, Lord Ponsonby of Shulbrede and Lord Vaux of Harrowden, and the noble Baroness, Lady Blake of Leeds, for raising the importance of tackling fraud, and the report of the Fraud Act 2006 and Digital Fraud Committee chaired by my noble friend Lady Morgan of Cotes. I agree with my noble and learned friend Lord Garnier—as backed up by the noble Baroness, Lady Blake of Leeds—that we must focus on the victims. We very much welcome the recommendations that the committee made. We are still considering our response but hope to publish this shortly. Your Lordships will see from the recent commitment to introduce the "failure to prevent" provision in the Lords that we agree with points the committee made.

The subject of the fraud strategy also came up. The noble Lords, Lord Vaux of Harrowden and Lord Browne of Ladyton, highlighted that tackling fraud requires a unified and co-ordinated response from government, law enforcement and the private sector to better protect the public and businesses from fraud, reduce the impact of fraud on victims and increase the disruption and prosecution of fraudsters. That is why we will shortly publish a new strategy to address the threat of fraud. The fraud strategy will set out our approach and should address the NAO's concerns.

As for the specific point on data, the Government and law enforcement gather fraud data from multiple sources—

Lord Vaux of Harrowden (CB): The question that was asked on the response to the fraud inquiry and the national fraud strategy was whether we would get one before Committee.

Lord Sharpe of Epsom (Con): I am afraid that I genuinely do not know the answer to that, but I will come back to the noble Lord. I would certainly hope so.

The Government and law enforcement gather fraud data from multiple sources but we recognise that there is more to be done to understand the threat, which we intend to address through the strategy. I can confirm that the new strategy will include updated statistics on the social and economic costs of fraud.

The noble Lord, Lord Ponsonby of Shulbrede, the noble and learned Lord, Lord Brown of Eaton-under-Heywood, and the noble Lord, Lord McDonald of Salford, asked about the Government's plans on asset seizure. I assure them that nothing is off the table. His Majesty's Government continue actively to explore options to enable permanent deprivation of assets associated with designated persons which are currently frozen, including jointly with international partners. That includes actively considering potential routes to mirror the EU's directive on mandatory disclosure in UK legislation. In the meantime, government authorities have the powers to utilise various enforcement tools to freeze assets and in criminal cases confiscate relevant assets, including those associated with Russian designated persons.

Lord Fox (LD): A number of noble Lords mentioned the Private Member's Bill that was introduced yesterday, I think. We asked for some sense of the Government's view on that and whether it could be helpful in the whole seizure debate.

Lord Sharpe of Epsom (Con): I will come back to the noble Lord on that in writing.

To respond to the point raised by the noble and learned Lord, Lord Etherton, the inclusion of an explicit regulatory objective will put it beyond doubt that it is the front-line regulators' duty to promote adherence to the economic crime rules set out in the relevant guidance and legislation, and that they may carry out such regulatory action as appropriate to carry out this objective. That should avoid unnecessary challenge in relation to regulators' compliance activity, which can make monitoring and enforcement costly. These types of activities could include, for example, the imposition of financial penalties, requesting

[Lord Sharpe of Epsom]
information—the type of information will obviously differ on a case-by-case basis—awareness-raising and all other supervisory monitoring work that regulators may carry out in promoting the regulatory objectives.

I thank my noble friend Lady Stowell of Beeston for raising the issue of regulation of the legal and accountancy sector. The money laundering regulations 2017 ensure that key professionals identify their customers and understand the purpose behind transactions, including the source of funds. While regulated businesses have legal requirements under the MLRs to implement robust anti-money laundering policies, controls and procedures and to identify and verify the identity of their customer, any money laundering is a criminal offence under the prevention of organised crime Act, and businesses outside the regulated sector may still choose to implement AML controls. Measures in this Bill will aid legal services regulators in upholding the economic crime rules, including for money laundering, and remove the cap on SRA fines for breaches of these rules.

As already acknowledged by my noble friend and colleague Lord Johnson, the Bill forms a key part of the wider government approach to tackling economic crime, sitting alongside the national security Bill, the Online Safety Bill, the Data Protection and Digital Information Bill, and the forthcoming economic crime plan 2 and fraud strategy. The Online Safety Bill is ambitious and forward-looking legislation that will tackle online harms, including fraud and fraudulent advertising. It will bring fraudulent user-generated content and fraudulent online advertising within scope of the online safety regulatory framework in order to increase people's protection from the devastating impact of scams posted across the biggest websites; that will include social media apps and dating sites. Also included are romance scams, which can cause devastating psychological harm and are estimated to cost £60 million a year.

Lord Davies of Brixton (Lab): My Lords, this has been an interesting debate. Can we have just a couple of words about co-ordination of government policy across these different Bills?

Lord Sharpe of Epsom (Con): I can reassure the noble Lord that there is co-ordination across government departments; we are in conversation with each other about these various Bills.

My noble friend Lady Morgan of Cotes raised the information-sharing clauses and how they work in tandem with the provisions in the data protection Bill. Historically, businesses have faced two challenges in sharing data for the purposes of combating economic crime: the duty of confidentiality that they owe to their customers, which is also known as the Tournier rule, and data protection requirements. The ECCT Bill addresses the first of these, the data protection Bill the second. As the noble Lord, Lord Davies of Brixton, asked, we are in continuous conversation with other relevant government departments to bring a co-ordinated response across all these Bills.

I have endeavoured to address all the contributions made by noble Lords today. I look forward to further debate and discussion—

Baroness Bennett of Manor Castle (GP): My Lords, can the Minister briefly address my central point, that the Financial Services and Markets Bill, with its deregulatory direction, goes in the opposite direction to the Government's stated aim in this Bill?

Lord Sharpe of Epsom (Con): Yes, I can. I do not think that deregulating legitimate financial operations and going after economic crime deserve to be talked about in the same sentence. They are very different things.

I have endeavoured to address all the contributions made by noble Lords today. I look forward to further debate and discussion in Committee as the Bill continues its passage. I very much welcome the grit and determination of the noble Baroness, Lady Blake, and am very happy to continue engagement as we go forward.

Baroness Stowell of Beeston (Con): My Lords, may I just take this opportunity briefly to ask the noble Lord, Lord Ponsonby, to relay to his noble friend Lord Sikka the House's displeasure at his discourtesy, particularly if, as my noble friend Lord Leigh said, this is not the first time that he has not stayed until the end of a debate, and since his was the longest of the Back-Bench speeches in this debate? He took advantage of a full 15 minutes.

Lord Ponsonby of Shulbrede (Lab): I assure the noble Baroness that I will refer the matter to our Chief Whip.

Lord Sharpe of Epsom (Con): My Lords, I beg to move.

Bill read a second time.

Commitment and Order of Consideration Motion

Moved by ***Lord Johnson of Lainston***

That the bill be committed to a Committee of the Whole House, and that it be an instruction to the Committee of the Whole House that they consider the bill in the following order: Clauses 1 to 50, Schedule 1, Clauses 51 and 52, Schedule 2, Clauses 53 to 92, Schedule 3, Clauses 93 to 108, Schedule 4, Clauses 109 to 147, Schedule 5, Clauses 148 to 167, Schedule 6, Clause 168, Schedule 7, Clause 169, Schedule 8, Clauses 170 to 180, Schedule 9, Clauses 181 to 192, Title.

Motion agreed.

Royal Assent

10.02 pm

The following Acts were given Royal Assent:

Stamp Duty Land Tax (Temporary Relief) Act,

Northern Ireland Budget Act.

Seafarers' Wages Bill [HL]

Returned from the Commons

The Bill was returned from the Commons with amendments.

Higher Education (Freedom of Speech) Bill

Returned from the Commons

The Bill was returned from the Commons with a reason.

Restoration and Renewal Programme Board

Message from the Commons

A message was brought from the Commons that it:

(1) notes the report from the House of Commons Commission and the House of Lords Commission on the membership of the Restoration and Renewal Programme Board, HC 1071, dated 24 January 2023;

(2) notes the names of the Members of the House of Lords proposed to be appointed by that House;

(3) appoints the Leader of the House and the Shadow Leader of the House, or their delegates, as members of the Restoration and Renewal Programme Board, together with Nigel Evans, Wera Hobhouse, and the Clerk of the House of Commons;

(4) appoints Paul Duffree, Steve Hails and Sir Jonathan Stephens as external members of the Board; and

(5) appoints Nigel Evans as Chair of the Board.

House adjourned at 10.03 pm.