

Vol. 842
No. 75



Thursday
9 January 2025

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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

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

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House of Lords

Thursday 9 January 2025

11 am

Prayers—read by the Lord Bishop of Winchester.

Benefits: Eligibility Question

11.07 am

Tabled by **Baroness Stedman-Scott**

To ask His Majesty's Government what criteria they use to assess the eligibility of people claiming benefits, such as Employment and Support Allowance and Universal Credit, due to ill health; and how frequently these claims are reviewed.

Viscount Younger of Leckie (Con): My Lords, on behalf of my noble friend Lady Stedman-Scott, and with her permission, I beg leave to ask the Question standing in her name on the Order Paper.

Lord in Waiting/Government Whip (Lord Cryer) (Lab): My Lords, before I answer the noble Viscount's Question, I briefly pay tribute to Alan Haselhurst—Baron Haselhurst—who retired from this place during the Christmas Recess. When I was first elected to the other place in 1997, Alan was the Senior Deputy Speaker and always dealt with the many new MPs with a great deal of patience. I do not remember him ever losing his temper, despite my best efforts, and he was a great Deputy Speaker. He will be much missed, certainly by me. I am in danger of waxing lyrical, so I had better get to the Question.

I am grateful to the noble Lord for his Question. The work capability assessment—the WCA—determines eligibility for ESA and the additional health-related amount of universal credit. It assesses an individual against a set of legal definitions to determine their ability to work. The department prioritises WCAs for new claims; reassessments occur when there is a need to redetermine capability for work, which itself is a separate process. The frequency of when claims are reassessed is determined by an understandably limited capacity.

Viscount Younger of Leckie (Con): I echo the Minister's words about Lord Haselhurst; I completely agree with him.

The Secretary of State for Work and Pensions has acknowledged that addressing long-term sickness is key to the PM's priority mission to boost economic growth. She has promised to address spiralling economic inactivity. We all understand that support must be provided to those who are generally unable to work. However, according to the ONS, 21.9% of all 16 to 64 year-olds are economically inactive. I am sure the House agrees that these numbers are completely unsustainable for the taxpayer and the individuals concerned, and to achieve growth. What is the Government's current sanctions policy? Will they introduce new sanctions on those who are capable of work but refuse to?

Lord Cryer (Lab): I cannot disagree with much of what the noble Viscount said, but I cannot give a particularly full answer to every question he asked because, as I think he is aware, a Green Paper is due in the spring. This will include a consultation on various changes to benefits, including UC and ESA. At the moment, the system remains much the same. However, there have been certain changes. The *Get Britain Working* White Paper was released a while ago and it includes about £245 million directed at a group he talked about—18 to 24 year-olds. That includes personal support and a youth guarantee, which promises 18 to 24 year-olds in the pilot areas an apprenticeship, a route to work or full-time education.

Baroness Ritchie of Downpatrick (Lab): My Lords, the move to universal credit is impacting income-based ESA claimants. Will my noble friend the Minister and his ministerial colleagues in DWP, noting that these claimants would always be the most vulnerable, provide your Lordships' House with assurances that all efforts will be made to put in place adequate safeguards to protect them?

Lord Cryer (Lab): I appreciate everything that the noble Baroness said. I was a Member of the other place when universal credit was introduced, which is some years ago now, and the process was very complicated. I am not making a party-political point—although I could—but the process was extremely complicated, every time a new cohort was moved on to UC. However, the particular issue she raised is about claimants on ESA only or ESA with housing benefit, who started receiving migration notices from September last year. This gave them a reasonable amount of notice that they would be moving to UC, the aim of which was to give individual assistance to those experiencing difficulties in the move to UC by the end of December 2025. The window is fairly wide; it gives a lot of opportunities to iron out any difficulties. In addition, the department provides what is now called the enhanced support journey—ESJ—for claimants moving to UC from ESA. That supports the more vulnerable claimants to make the transition to universal credit.

Lord Londesborough (CB): My Lords, the Government's White Paper, *Get Britain Working*, which I welcome, has the ambitious aim of moving almost 2 million people from benefits into employment. However, there are huge issues around the data regarding the 2.8 million people of working age currently on incapacity or disability benefits. Can the Minister confirm that, of the fit notes issued by doctors, 70% do not record an individual's diagnosis, meaning that we do not know the primary health conditions for the vast majority of these claimants?

Lord Cryer (Lab): I am grateful for the question, but I do not recognise the figure of 70%. The noble Viscount is accurate in saying that the ambition is to move 2 million people into work. The traditional view, which still holds credibility, is that being in work is not just the best way out of poverty but that people in work are generally much healthier than people who are not. The problem is that, under the previous Government, we saw a situation develop where roughly

[LORD CRYER]

60% of households in poverty have at least one person in work. That had never been the case before in British history. That itself provides all sorts of complexities and problems, which we are trying to deal with, partly through the White Paper, which he mentioned, but also through the Green Paper, which introduces the consultation in the spring.

Baroness Janke (LD): My Lords, seven in 10 refused claims for personal independence payments are overturned after mandatory reconsideration, even before appeal. Data has shown that the DWP spent £22.8 million on mandatory reconsiderations and £24.5 million on appeals in the 2022-23 financial year. Do the Government agree that the assessment process is massively failing disabled people and putting them under unnecessary stress? Is it not time that the Government made the assessment shambles fit for purpose, starting with the form itself, so that claimants receive their entitlement without the stress of initial refusals and lengthy and intimidating appeals?

Lord Cryer (Lab): The noble Baroness raises a perfectly reasonable question. However, I point out that the mandatory reconsideration process was changed—this was under the previous Government, to give them credit. For one thing, it was brought in-house, whereas it used to be contracted out, and made more straightforward. More recently, as was contained in the White Paper which I talked about earlier, assessors have been given more time. The noble Baroness will be aware that, some time ago, there was a system of target-driven assessments. That is what led to the fairly inhumane treatment of people who were disabled. The system is not perfect—and through bitter personal experience I agree that it is not perfect. It has been improved, but we are looking to improve it further through the consultation in the spring.

The Earl of Effingham (Con): My Lords, I want to follow on from the Question from the noble Viscount, Lord Younger. The Work and Pensions Secretary has said:

“If people repeatedly refuse to take up the training or work responsibilities, there will be sanctions on their benefits”.

Please can the Minister provide the House with a rough date for when he thinks we can expect to see these sanctions introduced?

Lord Cryer (Lab): I appreciate the noble Earl's question. The new regime of sanctions will not start to see the light of day until spring next year, with the Green Paper and the consultation, but sanctions are already in place.

I should correct one thing. I mentioned earlier the youth guarantee, in response to the noble Lord. I said that it applied to 18 to 24 year-olds, but it applies to 18 to 21 year-olds. I apologise for that error.

The Lord Bishop of Leicester: My Lords, the Government have made clear their ambition to get more people with health conditions and disabilities into work. What plans are in place to ensure employers consistently implement the reasonable adjustments required of them in the Equality Act and do not discriminate against disabled people?

Lord Cryer (Lab): I appreciate the question, but the right reverend Prelate would have to be more specific. Employers come under the Equality Act, and therefore, like anybody in the country, have to abide by the existing legal framework. If there are any specific areas where there is evidence that employers are not complying with the legal framework, he would have to raise those specifically.

National Insurance: Employer Contributions Question

11.17 am

Asked by *Baroness Humphreys*

To ask His Majesty's Government what assessment they have made of the impact of the changes to employer National Insurance contributions, including the reduction in the per-employee threshold, on town and parish councils in Wales.

Baroness Humphreys (LD): My Lords, I beg leave to ask the Question standing in my name on the Order Paper and, in so doing, refer your Lordships to my registered interests.

The Parliamentary Under-Secretary of State, Ministry of Housing, Communities and Local Government (Baroness Taylor of Stevenage) (Lab): My Lords, I thank the noble Baroness for her Question. The devolved Governments will receive funding through the Barnett formula in the usual way in 2025-26. The Welsh Government have confirmed that they will use this funding to help local government in meeting increases in national insurance contribution costs. The Government have also announced £515 million of support for local government in England to manage the impact of changes to employer NICs. The Government have no direct role in funding parish and town councils.

Baroness Humphreys (LD): I thank the Minister for that Answer. I welcome the Government's announcement of the £515 million NICs compensation package as part of the provisional local government finance settlement, but I am disappointed that they have confirmed that compensation to local government bodies will not extend to town, community and parish councils. Could she explain why it is fair that some elected bodies are given financial support and others are not?

Baroness Taylor of Stevenage (Lab): As I explained, the Government have no responsibility for funding town and parish councils. The Welsh Government's budget is growing in real terms in 2025-26. In fact, the settlement is the largest in real terms for any Welsh Government since devolution. Currently, the Welsh Government also receive an additional 5% transitional factor as part of the Barnett formula, while they are funded above their independently assessed relative need compared to England to 115%. If they wish to provide further support to town and parish councils, they are able to do so.

Lord Popat (Con): My Lords, no other country in the world taxes companies to employ people. We do that through our national insurance contributions, which are now going up from 13.8% to 15%. That will hit all our SMEs hard, which are the backbone of our economy. What will the Government do to support our SMEs to compensate for this additional cost—this evil tax—that we are talking about?

Baroness Taylor of Stevenage (Lab): I have heard a great deal from that side of the House about NICs. If we had not had to fill a £22 billion black hole, we would not have had to do it in the first place. None of us on this side of the House would have made that choice unless we had to. We recognise the need to protect small businesses and charities, which is why we have more than doubled the employment allowance to £10,500 and expanded it to all eligible employers. The OBR expects 250,000 employers to gain from the changes to the employment allowance and 840,000 to see no change at all. That is more than half of all businesses, including charities.

Baroness Scott of Bybrook (Con): Is the Minister aware that the OBR has said recently that it assumes that most of the Government's increases in national insurance costs will be passed directly on to workers and consumers? Do this Government still claim to serve the working people of this country, or will they now come clean and admit that they are raising taxes on ordinary working people?

Baroness Taylor of Stevenage (Lab): The denial of responsibility from that side of the House is quite astonishing. Public services were broken by neglect from the party opposite for 14 years. I am surprised that they do not see the irony in complaining about the measures we are having to take to sort out that mess, including our commitment to an additional £680 million for social care, further funding for local government and a real-terms boost for local government funding. I would rather hear some other ideas from that side of the House than complaints about what we are doing.

Lord Watts (Lab): Following the Minister's response, does she agree that the last Government left a massive deficit in the Budget and that, while they do not like the national insurance increases, they have no suggestions whatever on how to bridge the massive gap that they left us?

Baroness Taylor of Stevenage (Lab): I agree with my noble friend. When we start to get some alternatives from the other side of the House, I might be more prepared to listen to their arguments about not putting NICs up.

Baroness Scott of Needham Market (LD): My Lords, I declare an interest as president of the National Association of Local Councils. The Government's new burdens doctrine has been in place since 2011 and is specifically designed to compensate authorities for this sort of situation. I have reread the guidance today and it specifically mentions town and parish councils, so can the noble Baroness explain why the Government

are not following their own guidance in this case? Will she perhaps meet me and representatives of the sector to discuss it?

Baroness Taylor of Stevenage (Lab): I am always very happy to meet colleagues from NALC and have done so several times in the past, as the noble Baroness knows. The issue here is that parish and town councils have not traditionally been funded in the same way. It is for upper tier councils to decide. We have provided additional funding for upper tier councils. The local government funding settlement saw a 3.7% real-terms increase in funding. If upper tier councils choose to provide that funding, they are able to do so, but local councils also have the ability to precept, as she will know.

The Earl of Clancarty (CB): My Lords, in the arts, already struggling theatres and museums are among those affected by these changes. What consideration has been given to mitigate this effect in the arts sector as a whole?

Baroness Taylor of Stevenage (Lab): The noble Earl raises a key point. We have looked very carefully at charities and the voluntary sector. Many arts organisations have charitable status and there has been significant support in the tax incentives for charities. In fact, charities receive a better tax incentive in this country than in most other European countries. I know that it is not ideal and, as I say, it is not a decision we wanted to take. Unfortunately, the financial situation left to us by the last Government meant that we had to take it.

Lord Forsyth of Drumlean (Con): My Lords, in Monday's debate on national insurance, a number of noble Lords raised the issue of special needs transport conducted by local authorities which is contracted out. In his response, the Minister said that £515 million—the figure the noble Baroness has just cited—had been set aside for local government. But that is for local government employees and will not provide support for the additional costs being incurred to provide special needs transport. This is an important area, so will the Minister perhaps look at this again?

Baroness Taylor of Stevenage (Lab): I agree with the noble Lord that special needs transport has been a significant burden on local government in recent years, and with little help from the last Government. However, in the Budget, the Government announced £2 billion of new grant funding for local government in 2025-26. That includes the £515 million to which he referred to help with national insurance contributions. That £2 billion covers special educational needs home-to-school transport. I am not saying that will totally solve the problem. We have a spending review in the spring where I hope we will be able to look at that even further.

Lord Scriven (LD): My Lords, the new burdens approach says that councils should be fully funded. The Minister keeps referring to the £515 million uplift, yet the Nuffield Trust has pointed out that the NICs increases will cost local authorities £900 million. Where is the extra £400 million coming from, and why has it not been handed over by the Government as part of the new burdens approach?

Baroness Taylor of Stevenage (Lab): I have seen the figures from the Nuffield Trust. The Government have provided additional funding for local government, as the noble Lord is aware. I have cited the figure before but will do so again: there is £3.7 billion of additional funding for local government. As I have said several times in this debate, we wanted to do more. Unfortunately, we have to be fiscally responsible, and this Government will continue to be so.

Lord Bird (CB): I must just point out a difference between business and charities, and the help for both. I am an employer of a little social enterprise group. We pay tax. We do not get the breaks or all sorts of other things that charities get. It is hitting us, so we will have to review whether we can employ so many people because of this new employment tax. Can the Minister encourage and include social enterprises—social businesses—in her mix to support them?

Baroness Taylor of Stevenage (Lab): The noble Lord makes a very good point about social enterprise. I am a great champion of social enterprises. They do magnificent work in our country. I set out the basis on which the Government are providing support to SMEs under this regime. Those organisations will benefit from the way we have completely exempted many businesses from having to pay NICs and many others will remain the same as they were before. I hope that will help social enterprises but I am happy to discuss that further with him if he wishes to.

Water Bills

Question

11.28 am

Asked by **Lord Roborough**

To ask His Majesty's Government what steps they are taking to ensure that water bills are affordable for consumers.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Baroness Hayman of Ullock) (Lab): My Lords, nobody wants to see bills rise, so the Government are committed to tackling water poverty and holding the water sector accountable for its commitment to end water poverty by 2030. That is why we are pushing companies to have sufficient support available for customers who are struggling to pay their bills while at the same time challenging Ofwat to ensure that all company investments are affordable and that customers do not pay twice for upgrades.

Lord Roborough (Con): My Lords, higher government borrowing costs are being imposed by markets questioning the Government's Budget assumptions, as I discussed in this Chamber on 19 December. Higher financing costs are likely to be passed on to UK domestic companies, including in the water industry. Does the Minister agree that this makes SAOs more likely? Having rejected our amendments to protect consumers from increased charges in that event in the Water (Special Measures) Bill, is the Minister willing to commit that extra charges will not be levied on consumers in SAOs?

Baroness Hayman of Ullock (Lab): We are working very closely with water companies in order to ensure that consumers do not have extra charges placed upon them and that anything the water company wants to do through future investment, through the price review that has just come through, does not land in customers' laps in a way that it should not. It is really important that the water commission, which we discussed recently in the Water (Special Measures) Bill, looks carefully at how water companies operate financially to ensure that consumers do not suffer unnecessarily.

Baroness Winterton of Doncaster (Lab): My Lords, does the Minister agree that water companies should be encouraged to work closely with local organisations, such as citizens advice bureaux, to ensure that debt relief advice is available? If water companies are encouraging people to go on to direct debit, perhaps when they have water meters, they should not make big charges and then when they have taken a lot of money refuse to alter the direct debit to reflect what people are actually using, which can often get people into debt. Will she encourage water companies to look at these measures?

Baroness Hayman of Ullock (Lab): My noble friend makes some extremely important points. Citizens Advice does an important service in supporting vulnerable people. Water companies should work with all charities, such as Citizens Advice, in order to support vulnerable consumers. It is important that we simplify the processes so that customers who need extra assistance can get it. Citizens Advice is an important part of that and helps customers get advice on benefits and managing debt, particularly customers who have not been in financial difficulty before. My noble friend makes some very good points.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, the expected rise in water bills to ensure future investment in infrastructure, so deliberately disregarded in the past by water companies, will fall heavily upon small businesses that use water and farmers, for whom water is essential for rearing livestock and growing crops. Is the Minister talking to her Treasury colleagues about how to help this vital element of our economy with this burden, which will affect small businesses' and farmers' profitability?

Baroness Hayman of Ullock (Lab): I assure the noble Baroness that Defra is regularly in contact with the Treasury about all issues such as this, particularly about how to support people going forward. Many of the challenges farmers in particular face—my colleague is at the Oxford Farming Conference today talking to farmers—are to do with long-term security and the ability to bring in long-term investment. Water affordability is an important part of that.

Baroness McIntosh of Pickering (Con): My Lords, does the Minister have the most recent figures for the level of bad debt in the water sector, particularly among vulnerable households? If she does not have the figures, could she release them by letter to the Library? Will she inform the House of how she intends to address the level of bad debt at this time?

Baroness Hayman of Ullock (Lab): I do not have the figures to hand for the level of bad debt, but I am, of course, very happy to provide them to the noble Baroness and share them in writing.

Lord Bird (CB): My Lords, is it possible to extend the argument around water to the quality of water itself and health? We have people suffering from dehydration. That is one of the major problems doctors face when people in poverty go in. Therefore, we really need to lean on the water companies. Can the Government lean on the water companies to improve the quality of water so that we do not get E. coli, as we did recently? People need water to be healthy.

Baroness Hayman of Ullock (Lab): The noble Lord is right that people need water to be healthy. We have the Drinking Water Inspectorate, which has a very high rating. The issues we had last year around E. coli were very unusual, but it is critical that we do not have situations like that arising again. That is why it is important to work with water companies to make sure that situations like that are going to be planned for, so that if they occur, they can be dealt with swiftly. Ideally, we need to continue to work with the Drinking Water Inspectorate to ensure that such situations do not arise in future.

Lord Whitty (Lab): My Lords, I commend to the Minister the suggestions from the Consumer Council for Water, a commendable organisation that deserves more support. It has made six suggestions on reducing water bills for vulnerable people, including those in single occupancy premises and those with medical conditions, largely using the WaterSure mechanism. Can she pay particular attention to those suggestions and hopefully put them into effect?

Baroness Hayman of Ullock (Lab): Clearly, it is important that we protect the most vulnerable. We expect water companies to put robust support in place to address water poverty. My noble friend mentioned WaterSure, but there are options such as payment breaks, social tariffs and debt management support. It is important that water companies work with vulnerable customers to ensure that they know all the options available to them. The Consumer Council for Water does important work, so I think it is important that the suggestions it made are looked at seriously.

Baroness Pinnock (LD): My Lords, following on from the answers that the Minister has just given—and I have relevant interests to declare in the register—all water companies have a variety of schemes to support customers who are in water poverty. The issue for me is that not all of them are as generous as they ought to be. Is the Minister prepared to speak to water companies to ensure that a greater proportion of their profits is focused on supporting households in water poverty so that, across the country, every customer in water poverty has access to a well-funded scheme?

Baroness Hayman of Ullock (Lab): It is important that every water company does everything it can to support vulnerable customers. Like all businesses, some are better than others. We are working with water companies to try to ensure that they all come up to the

same high standards that we expect. We know that some companies have committed to supplement support with contributions from shareholders' profits between 2025 and 2030. Ideally, it would be good if all companies were prepared to do that.

Lord Watts (Lab): My Lords, given the failure of the regulator to control these water companies, is it not about time that we had a new regulator that would look after the public?

Baroness Hayman of Ullock (Lab): This takes me right back to the Water (Special Measures) Bill, where this was discussed in some depth. The simple answer to my noble friend is that this is something that the water commission, which is making good progress under Sir Jon Cunliffe, will look at and will be central to the outcome for the future of the water industry, because there is great dissatisfaction with the way in which the water regulator has managed things in the past. Certainly, that is something that will be central to the water commission's investigations.

Lord Kamall (Con): My Lords, one way of possibly reducing water bills is through the installation of domestic water harvesting systems. I know they are not feasible for all consumers, but what is the Government's view on encouraging and perhaps assisting more people and possibly SMEs to install domestic water harvesting systems in order to reduce their water bills? It is also better for the environment.

Baroness Hayman of Ullock (Lab): I think one thing water companies could be better at is providing advice to consumers about how to cut their water usage. We are not particularly good at that in this country; other countries are much better at it, and I think it is something that we need to encourage water companies to do.

Air Defence Capabilities *Question*

11.38 am

Asked by Baroness Goldie

To ask His Majesty's Government what progress has been made in the technological advancement and modernisation of the United Kingdom's air defence capabilities.

The Minister of State, Ministry of Defence (Lord Coaker) (Lab): My Lords, the UK continuously reviews our integrated air and missile defence requirements to ensure that we are adequately defended against the evolving threats that we face. We are investing in new technologies, including the DragonFire directed energy weapon, to defeat threats such as drones, and enhancing our capabilities through the T45's ability to defend against anti-ship ballistic missiles. Further development in IAMD capability is being considered in conjunction with the strategic defence review to ensure a coherent approach across defence and wider government.

Baroness Goldie (Con): I thank the Minister for his response. Recent very public concerns about our air defence capabilities have been amplified by our European

[BARONESS GOLDIE]

and NATO partners. The urgency of the situation is highlighted by the experience of Ukraine. Government entreaties to await the SDR report simply do not cut it. Reassurance is needed now, but I accept that the picture is complicated so will the Minister write to me with a stocktake of the current situation and details of the modernisation proposals, whatever they are, and then we can place that letter in the Library?

Lord Coaker (Lab): I thank the noble Baroness for raising the incredibly important subject of air defence. She is quite right to point out the impact on Ukraine; 12,000 missiles have been fired at Ukraine by Russia, showing the importance of air defence now. It has been raised in report after report. I will of course write to her and put a copy in the Library, as a current stocktake of where we are, but we are already taking action. We are seeing the development of ORCUS and anti-drone technology to protect airfields; the enhancement of Sea Viper, which is the T45 missile that allows us to defend against ballistic missiles; and developments such as the DIAMOND initiative, which is bringing European countries together to get a ground-based air missile defence system. A number of initiatives are already being taken, but I agree with the noble Baroness. I will write to her so that we have a stocktake of that and so that the information is available to all Members of this House.

Lord Browne of Ladyton (Lab): My Lords, members of the International Relations and Defence Committee—those in the last Parliament and those members of the committee as reformed in this Parliament—will be aware that on 8 May 2024, two months before the general election, as part of its inquiry designed to learn lessons from the conflict in Ukraine, the committee published evidence from Northrop Grumman, arguably the key MoD defence contractor on missile and air defence capability, which was persuasive to the committee and to others who will read it. It suggested that the UK's air and missile defence capability was "limited, to the point of being negligible"

because of persistent underinvestment. The inquiry had to report without the benefit of ministerial wisdom about how this legacy black hole was going to be filled because the Secretary of State, Grant Shapps, refused clearance for Ministers and officials to testify. Will the Minister join me in encouraging Members of your Lordships' House to read the response of this Government to that report, because it deals with this issue in significant detail?

Lord Coaker (Lab): I thank my noble friend for his question. Of course I will encourage Members to read the Government's response to that report. I say to him, all Members of this House and others that the report was an important wake-up call to us about the importance of air defence in the future. Let us remember where we were. This country assumed that we needed to defend ourselves against the Soviet Union and bombers. We are now in a totally different situation where we face a 360-degree threat. The launch of missiles could come from a variety of launch systems, and we need to protect ourselves against not only missiles but drones, as we have seen with what may or

may not have happened with respect to various bases. It is an important wake-up call not only for us but for Europe that air defence will become one of the critical systems that we will need to make available to ourselves and our country. Our population need to understand that homeland defence is also now of crucial importance to us all.

Lord Craig of Radley (CB): My Lords, I too have warned before of the potential threat to the United Kingdom mainland from the air and of a second Battle of Britain. What new air defence capabilities will be added to the front line in the next 12 months?

Lord Coaker (Lab): That is another important question from the noble and gallant Lord. We are upgrading the radar on the Typhoon fighters as part of the air defence, we are seeing the F35B capabilities and we are looking at what further investment is needed in air defence. Looking at ground defence in terms of air defence, I mentioned the T45 upgrade to Sea Viper, which deals with ballistic missiles, but there is also the Sky Sabre capability; we currently have seven and are in the business of purchasing more of those.

Lord Purvis of Tweed (LD): My Lords, with regard to technology, I acknowledge the Government's STORM framework on counterforce, active defence and passive defence. Most Members will have opinions on the volatile and unpredictable views of Elon Musk and SpaceX, and on Peter Thiel and Palantir. The Minister must know that any of our future defence capabilities will be dependent in some form on satellite technology, so can he reassure me that, whatever technological advances we develop in the future, we will not be dependent on a single satellite provider or on any individual provider?

Lord Coaker (Lab): The noble Lord makes an important point about our relationship with the United States and its importance. Of course we need to ensure that we protect the systems available to us that protect our own country, but I start from the point of view that one of the most important relationships we have—if not the most important—is with the United States of America. That defends not only our freedom but the freedom of Europe and the values that we all stand for across the world. As such, we ought to welcome that special relationship.

Lord Lancaster of Kimbolton (Con): My Lords, I commend the Minister, who has quickly established himself as a champion for defence within the department. I know that he is determined to deliver 2.5%, but it comes down to money. Does he accept the generally held view that 2.5% is insufficient to deliver a balanced defence budget? While it would be unreasonable to ask him what percentage would deliver a balanced defence budget, can he perhaps reassure your Lordships' House that the aspiration for 2.5% is very much not a ceiling but just a floor?

Lord Coaker (Lab): I thank the noble Lord for that very helpful question. We are committed to the 2.5% and he knows the policy, which I have laid out on many occasions. The important point that I am trying to make with respect to the noble Baroness's Question is

that air defence will have to play an important part in our defence in the future, whatever level of budget we arrive at.

Lord Anderson of Swansea (Lab): Does my noble friend agree that recent exposure of our vulnerability to missile defence attack should lead to some reflection on whether we should tilt to the Indo-Pacific or give greater emphasis to homeland security? Perhaps we should take advice from the Israelis, with their Iron Dome, about how best to do it.

Lord Coaker (Lab): We need an air defence system that is appropriate to our own country and our alliances, which is why we are seeking to build those alliances through a number of different projects. I very much take the view that there is an indivisibility of conflict. What happens in the Indo-Pacific affects us in Europe; what happens in Europe affects the Indo-Pacific. I have been to South America and heard the concerns there about what is happening in Europe. Wherever you go in the world, those who stand with us in the defence of freedom understand that there is an indivisibility of conflict, and that is what we need to stand for. It is really important for this country, and we should be one of the leaders of that.

Lord Alton of Liverpool (CB): My Lords, I welcome the very strong approach the Minister adopts. Did he notice on 26 December that the People's Republic of China announced two new aircraft, one a three-engine stealth bomber and the other described as a mother ship for drones? What account are we taking of the development of that fleet in terms of our own security? Also, PRC-originated academics were working on hypersonic programmes in British universities, in collaborative programmes. Are we convinced that that is no longer the case?

Lord Coaker (Lab): The noble Lord knows the policy we have with respect to China in terms of co-operation, competing and challenging. He will also know that I believe very strongly that, as well as competing and co-operating, we need to challenge, whether that it is at home or abroad. Of course, we have looked at the implications for our own defence and that of our allies with respect to the development in China, but the noble Lord will also know that, across the world, the hard power of our country and that of our international allies, including the United States, will be reflected next year when the carrier strike group goes not only through the Mediterranean but into the Indo-Pacific. Part of that will be about asserting the rule of law.

Public Finances: Borrowing Costs

Commons Urgent Question

11.50 am

The Financial Secretary to the Treasury (Lord Livermore) (Lab): My Lords, with the leave of the House, I will repeat as a Statement an Answer to an Urgent Question given in the other place by my right honourable friend the Chief Secretary to the Treasury. The Statement is as follows:

“Financial markets are always evolving, so it is a long-standing convention that the Government do not comment on specific financial market movements, and I will not break with that convention today. Financial market movements, including changes in government bond or gilt yields, which represent the Government's borrowing costs, are determined by a wide range of international and domestic factors. It is normal for the price and yields of gilts to vary when there are wider movements in global financial markets, including in response to economic data.

In recent months, moves in financial markets have been largely driven by data and global geopolitical events, which is to be expected as markets adjust to new information. UK gilt markets continue to function in an orderly way. Underlying demand for the UK's debt remains strong, with a generally well diversified investor base. The Debt Management Office's gilt sales operations continue to see strong demand, with the latest auction held yesterday receiving three times as many bids as the amount on offer.

The Chancellor has commissioned the Office for Budget Responsibility to provide an updated economic and fiscal forecast for 26 March, which will incorporate the latest data. Only the OBR's forecast can accurately predict the effect on the public finances of any changes in financial markets or the economy and I will not pre-empt its forecast. There should be no doubt of the Government's commitment to economic stability and sound public finances. That is why meeting the fiscal rules is non-negotiable.

I end by saying I am pleased that the right honourable Gentleman is holding this Government to account on our stewardship of the economy. It is important that he does so, because he will remember when his party crashed the economy with unfunded tax cuts, unrealistic public spending plans and a clear disregard for the consequences on family finances. Families across the country are still paying the price of its disastrous performance on the economy, with higher mortgages and bills. If there was one clear reason why the Conservative Party suffered such a historic defeat at the last general election, it was its performance on the economy—and presumably why the shadow Chancellor himself admitted in December that the lack of trust in the Conservative Party's management of the economy has left a ‘deep and painful scar’ in the pockets of every person across Britain. Let me tell him what has changed.

This Labour Government have in their first six months exposed the £22 billion black hole in the public finances left by the previous Government. They have dealt with that problem with the Chancellor's Autumn Budget, protecting working people, wiping the slate clean from the mess the Conservative Party left the country in and investing in our NHS and schools. We have given the independent Office for Budget Responsibility enhanced powers of oversight, so that we never get into the situation again where a £22 billion black hole in the public finances can be covered up, and set tough fiscal rules that are non-negotiable, with a Budget settlement for public services that we must all live within. We have also kick-started growth in this country—the number one mission of

[LORD LIVERMORE]

this Government—by unlocking investment and bringing forward reforms in planning and in the Mansion House speech.

Might I just say to the right honourable Gentleman that this is in stark contrast to the negligent, shameful horror of a circus performance that the Conservative Party unleashed on this country when they were in government only a few months ago? Until he can come to this House with an apology for the British people, I will not take any lectures from the Conservative Party about how to run the economy”.

11.54 am

Baroness Neville-Rolfe (Con): My Lords, the Government made their first objective high economic growth and, so far, they have not had that much success. Another prime objective, reiterated by the Minister, was economic stability; again, they have not yet got very far with that. Survey after survey has shown that business confidence has simply collapsed and we can see this in the market. In the last 48 hours, borrowing costs have reached a 27-year high and, of course, every pound that we spend on debt interest is money that we cannot spend on public services. In the Budget, the Chancellor hiked up taxes, increased borrowing by an average of £32 billion a year and conveniently adjusted her fiscal rules. Given that she appears to be about to break those rules, does the Minister stand by the Chancellor’s statement that she is not coming back with more taxes? Yes or no? We are keen to have a clear answer.

Lord Livermore (Lab): I am grateful to the noble Baroness for her question. She is absolutely right that growth was one of the biggest failures of the previous Government. We are determined to turn that around. She is also correct to say that there should be no doubt of the Government’s commitment to economic stability and sound public finances. That is why meeting the fiscal rules is absolutely non-negotiable. I am not going to pre-empt future fiscal events or spending reviews now, but the Chancellor has been absolutely clear that she would not repeat the likes of the October Budget and is focused on growing the economy so that people in every corner of the UK see an improvement in living standards. We have set very tough fiscal rules, tougher than those of the previous Government, which we meet two years early. We have set the envelope for the second phase of the spending review, which we will stick to. That will involve tough choices on spending, but they are choices we are prepared to make, and our reform agenda will be central to improving services going forward.

Baroness Kramer (LD): My Lords, the Minister used the phrase “meeting the fiscal rules is non-negotiable”. A few minutes ago in the other place, my colleague the honourable Member for Wokingham asked for a similar reassurance that promised investment in the NHS and care is also non-negotiable. The reply, I hope inadvertently, was somewhat soft and went no stronger than commitment. Can the Minister use the term “non-negotiable”, because we need reassurance that there will be no scaling back of the committed investment in the NHS and care?

Lord Livermore (Lab): I am grateful to the noble Baroness. As she says, there should be absolutely no doubt of the Government’s commitment to economic stability and sound public finances. She is right to say that meeting the fiscal rules is, for this Government, non-negotiable. We have set very tough fiscal rules which we meet two years early. We have set the envelope for the second phase of the spending review, which we will stick to, but I say again that will involve very tough choices on spending and they are choices that we are prepared to make.

Baroness Blackstone (Lab): My Lords, does my noble friend the Minister agree that the global uncertainty we are now witnessing reinforces the need for economic growth, through both the policies that the Government are now pursuing and other means?

Lord Livermore (Lab): I absolutely agree with my noble friend. Growth was one of the biggest failures of the previous Government and we are determined to turn that around. The OECD recently upgraded our growth forecast, which means that the UK’s economy is now growing faster than those of Germany, France, Italy and Japan over the next three years. Following the Budget, the OBR increased its forecast for GDP for 2024 and 2025 and, for the first time, it has looked at the growth impact across a decade. It is particularly clear that capital investment, which the party opposite opposes, will lead to a significant increase in growth over the longer term.

Lord Howell of Guildford (Con): My Lords, the Minister will be aware—at least, I hope he is—that global Governments’ debt at present is running at about \$95 trillion. That is expected to rise to \$130 trillion in three years’ time. He is right that there are some countries where the debt is higher than ours at present, but does he accept that it is about not only the size of the borrowing but the bond markets’ and world opinion about the commitment of a Government to enterprise and growth and to dynamic economic policies, particularly affecting small and medium-sized business, which of course is 99% of all business? Will he therefore have a word with the Chancellor to ensure that she recognises that in her next Budget, as she did not seem to in her last Budget, because it would greatly improve our standing and may save us a few tens of billions in interest on our present enormous debt?

Lord Livermore (Lab): I am happy to say to the noble Lord that the Government are absolutely committed to working in partnership with business to grow the economy and to doing what is required to do so. As he knows, the Government are committed to economic and fiscal stability. We have put in place those robust fiscal rules, and there is a significant fiscal consolidation during the course of this Parliament, taking borrowing as a share of GDP from 4.5% to 2.1%. If achieved, this would be the biggest current budget surplus in over 20 years.

Lord Fox (LD): My Lords, the growth of which the Minister speaks will need investment and, given the state of the public finances, a significant proportion of that investment has to come from the private sector. In my experience, that sort of investment requires not

just a realistic analysis of the present but a persuasive picture of the future. The Minister has rehearsed the analysis of the present, but does he agree that the Government have to step up and better articulate their vision of the future in order to attract the investment that this country so desperately needs?

Lord Livermore (Lab): I agree with a lot of what the noble Lord says. He and I are both strong supporters of an industrial strategy. The Government's new modern industrial strategy is a core component of what the noble Lord is asking for. We are introducing a new industrial strategy that will give the private sector the guidance it requires about the sectors that we would like to see investment coming into. We are doing planning reform, which is one of the biggest reforms that we can possibly do to unlock new levels of private sector investment in the economy. We are doing pension reform, which the Chancellor set out in her Mansion House speech. We are doing skills reform—another key component of unlocking investment in our economy. All those things will significantly boost growth in our economy, but none of them is yet included in the OBR's forecast.

Baroness Foster of Aghadrumsee (Non-Aff): My Lords, how concerned are the Minister and His Majesty's Treasury that £9.6 billion of cash was withdrawn last year from the London Stock Exchange—the highest amount on record?

Lord Livermore (Lab): Clearly, ensuring that UK businesses have access to finance is crucial to this Government's economic policy.

Lord Londesborough (CB): My Lords, further to the point from the noble Lord, Lord Fox, about investor sentiment, the pound has suffered its biggest three-day slide in two years, and this morning's yield on 30-year government bonds has risen to 5.385%. That is the highest level seen since 1998. Does the Minister accept that the pound's weakness and the bond sell-off signal that investors are sceptical about the Government's growth ambitions and particularly the impact of the October Budget?

Lord Livermore (Lab): I repeat to the noble Lord what I said in my opening remarks. Financial markets are always evolving, so it is a long-standing convention that the Government do not comment on specific financial market movements. I will not break that convention today. Financial market movements, including changes in government bond or gilt yields, which represent the Government's borrowing costs, are determined by a wide range of international and domestic factors.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, the Minister quite rightly said that the Opposition, when in government, had been irresponsible in their economic policies, but does he not agree that their unfair and unjustified criticism of this Government is equally irresponsible and unhelpful?

Lord Livermore (Lab): I am happy to agree with my noble friend that any criticism of this Government is unhelpful.

Noble Lords: Oh!

Lord Livermore (Lab): I am grateful to my noble friend for reminding me to remind the House of when Liz Truss crashed the economy with unfunded tax cuts and unrealistic spending plans, undermining the institutions that are crucial to economic stability—the Treasury, the OBR and the Bank of England—and when she pushed up mortgage rates by £300 a month, for which working people of this country are still paying the price. It is extraordinary that we have had no apology from the party opposite for that.

Long-duration Energy Storage (Science and Technology Committee Report)

Motion to Take Note

12.05 pm

Moved by **Baroness Brown of Cambridge**

That this House takes note of the Report from the Science and Technology Committee *Long-duration energy storage: get on with it* (1st Report, Session 2023–24, HL Paper 68).

Baroness Brown of Cambridge (CB): My Lords, I am delighted to introduce for debate this Science and Technology Committee report on long-duration energy storage. It is my pleasure to welcome the noble Baroness, Lady Gustafsson, of Chesterton, who brings her valuable business and technology experience. I look forward to her maiden speech in response to this debate, and to working with her on issues across science, technology and investment.

I stress that my personal knowledge of this field is closely linked to my external interests in the area as a non-executive director of Ørsted, the offshore wind developer, and the FTSE-listed company and Imperial College spin-out Ceres Power, which licenses intellectual property for solid oxide fuel cells and electrolyzers.

I thank all the highly engaged Science and Technology Committee members, past and present, who made leading this report challenging, thought-provoking and fun. As ever, huge credit and thanks are due to the committee staff who assisted in preparing this report: Thomas Hornigold, Matthew Manning, Sid Gurung and Cerise Burnett-Stuart, as well as our special adviser, Professor Keith Bell of the University of Strathclyde.

The inquiry ran from September 2023 to March 2024, with follow-up sessions in April and May last year. We heard from about 30 witnesses, including energy system experts, private companies, the Climate Change Committee and the Department for Energy Security and Net Zero. Some 46 pieces of written evidence were published. Our report was entitled *Long-Duration Energy Storage: Get On With It*. Since the report was published, we have had a general election and a change of Government, but as the new Government's target for a largely decarbonised electricity system has been brought forward from 2035 to 2030, the imperative to get on with it is now all the more pertinent.

The climate crisis is worsening. On Monday this week, the serious scientific journal *Nature* described, uncharacteristically, global average temperatures in

[BARONESS BROWN OF CAMBRIDGE]

2023 as “off the charts”—and 2024, at over 1.6 degrees above pre-industrial levels, has unexpectedly been even hotter. *Nature* reports that climate scientists are now considering whether this could indicate that climate change is accelerating. Add to that an increasingly unstable world and energy security is more critical than ever for the UK economy and the well-being of the population. But we do not have much time: 2030 is just five years away.

We have a Department for Energy Security and Net Zero, and long-duration energy storage must be at the heart of its thinking. It is a tool that enables us both to have energy security and to reach net zero. The Government acknowledge that the vast majority of electricity in the UK will need to come from renewables by 2030, and electricity supply and demand will grow significantly as we electrify heating, industry and transport.

But the supply from renewables is weather dependent. In particular, the Royal Society’s report on long-duration energy storage warned about the “Dunkelflaute”: the dark doldrums of winter, when the wind does not blow and the sun does not shine, leading to low renewable generation, sometimes for periods of days to weeks, across the UK and northern Europe. When this happens, some form of large-scale and long-duration energy storage will be needed to keep the lights on. Long-duration storage has another big advantage: rather than curtailing—that is, switching off—wind generation when there is excess supply, as we currently do, we could store that energy and use it later.

If we want our long-duration energy storage to be ready in time, we must act now. If we are to use green hydrogen as our long-duration energy store, which can be generated from renewable electricity via electrolysis, then witnesses told us that storage facilities could take seven to 10 years to build, and storage of any kind needs upfront capital investment. Recent events have made the consequences of energy supply shocks only too clear. Relying on imported fossil fuels damages not only our environment but the UK economy. The recent energy crisis caused by the Ukraine war and restriction of Russian gas supplies to Europe cost £78.2 billion between 2022 and 2024 in government support for energy bills alone. Moreover, the inflation that drove the cost of living crisis was in part driven by the high energy prices, and that damage has been felt by every single household in the UK.

This underlines the value of investment to prevent future crises, but it also demonstrated that, with current economic incentives, the existing energy market will not provide the long-duration storage that we need. We had to partially reverse the closure of the Rough gas storage facility, which had shut down because the private sector argued it was uneconomic to maintain. Energy storage capacity, like vaccines or PPE, is one of those things that Governments wish they had invested in earlier, when they find themselves paying eye-watering sums on global markets in the midst of a crisis.

Not surprisingly, the committee’s report made recommendations around strategic energy storage: a strategic reserve of energy; planning and decision-making for the energy system; targets and policies to support long-duration energy storage; hydrogen as a green

energy store; and wider policies to help to minimise the need for long-duration energy storage. I shall discuss some of those key recommendations and some of the Government’s policy responses.

The committee urges the Government to commit to a strategic reserve of energy storage, to be filled when supply is plentiful and maintained to be used in a crisis. The Government have committed in their manifesto to a so-called “strategic reserve” of gas-fired power generation, and have explained that clean power by 2030 actually means 95% clean power from renewables or nuclear, with 5% gas-fired generation kicking in mainly when renewable supply is low. But this is about meeting the frequent requirements for some extra power, and while that is of course crucial it is not about the extremes that we know will happen but cannot predict—the Dunkelflaute or the global crisis.

To be clear, a strategic reserve of gas-fired generation is not the same as what we mean by an actual strategic reserve of energy. The latter could take the form of a volume of gas or hydrogen stored, as we recommended, or indeed other forms of energy storage, such as pumped hydro. The clean power action plan says that we currently need 35 gigawatts of gas generation for long-duration flexibility, but do the Government have estimates for how much gas they will need in a strategic reserve to provide the electricity that we would require in a Dunkelflaute in 2030? How much would we need beyond 2030, with more renewables and when electricity demand is even higher? If gas is to be the backstop for the 2030 target, will there be an actual strategic reserve of gas—a reserve that is government-owned and kept for those extremes? If that is not the case, how will the support mechanism ensure that the store is full when we need it, so we avoid a repeat of the energy crisis that we have just had, with us paying high wholesale prices for gas in a crisis or weather extreme?

The committee said that the Government should get started on no-regrets actions. There is enough analysis of the level of storage that would be needed in a whole range of scenarios that setting an explicit minimum target and getting started on building the strategic reserve is really a no-regrets action. Many key infrastructure decisions are urgently needed. Beyond 2030, to progress towards net zero, any remaining gas-fired plants will need to be fitted with carbon capture and storage, or CCS. New gas plants are supposed to be built to be CCS-ready, but where is the actual plan to capture and store their carbon emissions? How can they be CCS-ready when we do not yet have the networks for transporting and storing CO₂ and we do not even know where those networks will be? How can companies take investment decisions to build CCS-ready plants if they do not know how or when the CO₂ will be transported for storage? Key decisions are urgently needed about infrastructure—not just the transmission infrastructure for electricity but the transmission infrastructure for CO₂ and for hydrogen.

We must act to avoid an increasing challenge of curtailment. The Government’s response to the committee’s report focuses on the role of gas generation to ensure that the lights do not go out. However, without large-scale, long-duration energy storage in a form other than gas, we will not be able to store all the

excess energy that UK renewables can generate. So how much curtailment is acceptable and how will we avoid an increase in the frequency with which renewable generators are being paid not to generate electricity?

Is there a transition plan to wean ourselves off gas post 2030? With the assumption that we intend to deliver energy and economic resilience by replacing our reliance on imported gas with other forms of energy storage, how will long-duration energy storage compete with gas subsidised through the capacity market? The Government can argue that long-duration energy storage, for example in the form of hydrogen, cannot scale up to meet security of supply in 2030. Given what we have heard about timelines they may well be right, but if we want to finally break our dependence on fossil fuels and their volatile global prices, as well as to make use of every green joule that we can generate domestically, we need a long-term plan to wean ourselves off gas and scale up domestic large-scale, long-duration energy storage. Can the Minister tell us whether the Government have such a plan?

These are just a few of the many questions from the committee's report and some elements of the Government's response. They are not questions for a distant future: 2030 is five years away. That brings me to my next point, about urgency and acceleration. I do not want to give people the impression that long-duration energy storage has been totally ignored. The Government are introducing schemes to support long-duration energy storage through a cap and floor scheme, which we hope will help to finance pumped-hydro storage projects. They are also introducing hydrogen to power and hydrogen transportation and storage business models, although we understand that no subsidies will be delivered until at least the end of this year, as these models are still being developed. Some electrolytic hydrogen projects have been supported in the latest allocation round, and the National Wealth Fund can use some of its funding to support the development of hydrogen projects. We welcome these developments, but bold action is needed to catalyse private investment now. Can the Minister explain how the Government intend to accelerate these plans?

There are further challenges, including skills, public engagement and acceptability, and a range of other issues, which I know some of my committee colleagues will pick up in subsequent speeches.

The Government have set a very challenging, and laudable, target of clean power by 2030, but no one needs reminding that targets are easy to set and much harder to achieve. There are promising signs in the clean power action plan that the Government understand the range of challenges that they must grapple with and are putting policies in place to address them. But policies are not yet spades and steel and concrete, and there are still too many holes in the plan—and not enough holes in the ground—especially around a strategic reserve of energy, starting the no-regrets actions, accelerating the timescales for building long-duration energy storage, and planning to wean ourselves off gas as an emergency backstop, as well as about what happens beyond 2030 and urgency in general. I say again that 2030 is now only five years away, and that is a very short time in terms of developing energy

infrastructure. We can, and must, achieve both energy security and net zero, and this requires taking long-term energy storage seriously.

We cannot afford a situation where, every few years, dark doldrum weather conditions send us scrambling to a volatile global gas marketplace, just as the gas price peaks, so that we can keep the lights on. Failure to plan and invest now to avoid this leads us precisely there. Indeed, yesterday, the GB power market came to within 580 megawatts of demand control or a blackout on what was the tightest day for generation since 2011. Incidents such as this and the recent energy crisis, and the lasting societal impact of bailouts and inflation, are a stark warning. If the Government are serious about achieving energy security and net zero—and I believe that these are vital goals—then they must set out a clear plan for how we are going to avoid this situation. That means serious investment and action to cut timelines for energy storage now. I beg to move.

12.21 pm

Baroness Neville-Jones (Con): My Lords, it is a pleasure to welcome the Minister to the House and I very much look forward to her speech in reply. I thank our team of committee staff for their support, especially Thomas Hornigold and Matthew Manning, not only for the way in which they helped us but for their remarkable intellectual contributions to our work, as well as that of our specialist adviser, Professor Keith Bell. I also thank our chairman for her leadership in the discussions on this subject.

The title of our report rather suggested a narrow topic; in fact, it is a very big one. In the six minutes I have, I want to talk about just one aspect in more detail: the planning for long-duration energy storage and hydrogen as an important long-duration storage technology. It is noticeable that, although both the previous Administration and the Government agree that reserve generation power is going to be necessary to complement the variability of wind and solar power, neither has taken their public statements on LDES policy much beyond 2035—indeed, in the case of the Government, beyond 2030. My problem is that, in a very important area, there seems to be a big hole in potential policy.

As our chairman made clear, the committee did not say that hydrogen should be the sole LDES technology, but we did think that, of the technologies currently available—and there are a number already in use, such as pumped hydropower—it was the technology that was best placed to play a central role in providing the power that we need in the quantities that we are likely to need it. We were explicit about the need for early commitments to a strategic reserve, given the time that it takes, as mentioned by our chairman. Seven years is, I think, not excessive, in which you have to conduct tests, develop appropriate storage conditions and create the associated infrastructure, which is not itself a trivial issue. These are all factors that apply to most potential LDES technologies.

I have to say that I interpret the Government's decision to build gas plants to provide reserve power as an implicit admission that, notwithstanding international undertakings, clean sources of reserve

[BARONESS NEVILLE-JONES]

power will not be available in sufficient quantities by 2030. I very much hope that this decision on gas, despite its considerable expense, is only transitional and that there is a serious intention to have a clean energy source solution for reserve power as soon as possible. Can the Minister confirm this when she responds?

The truth is that early decisions by the Government about reserve power are nothing short of crucial, since without the confidence inspired by a framework of relevant and coherent public policy, it is an illusion to think that the private sector will invest the necessary resources. We really must avoid a repeat of the recent experience of paying exorbitant prices for scarce energy because of a failure to provide indigenous sources, of which we are perfectly capable if only we organise ourselves.

There is a temptation to argue that it is not possible to take big decisions on reserve generation until we know more about the capabilities of different possible technologies and have a better idea of the quantum likely to be needed. These issues are real, but, far from being solved by delay, risk levels are only compounded, and in any case they do not give us the answer to the energy quantity question.

A lot depends on what we assume demand will look like. The energy modellers use different assumptions about the forecasts for future energy supply and demand, which in turn depend, in part at least, on assumptions about weather. The Climate Change Committee bases itself on a typical year of weather, accompanied by stress tests of more extreme weather patterns, whereas the Royal Society, in its study, analysed weather patterns over a longer period, which included years in which there was anomalously low power generation resulting from prolonged periods of low wind speeds—the so-called *Dunkelflaute*, of which we have heard. Not surprisingly, the Royal Society came up with a bigger estimate for the amount of LDES required than did the Climate Change Committee.

No one said that this was easy. However, I wonder whether anybody has much confidence these days in what constitutes typical weather. What we do know is that weather damage is getting bigger and more expensive by the year. The World Economic Forum recently estimated that, by 2050, the global cost of climate change damage will be between \$1.7 trillion and \$3.1 trillion a year. With such huge costs at stake, it must be right to act now to ensure that, in turbulent times, at least our power infrastructure is as robust as we can make it and capable of meeting a wide range of weather contingencies. Economic growth and economic security literally hang on it—hence the committee's entreaty to the Government on long-term energy storage to please get on with it.

What are the advantages of hydrogen for large-scale, longer-term storage? It is available in unlimited quantities through electrolysis and is storable for long periods—that is to say, for months or even years. The UK's geology makes this a pretty cheap proposition. The power losses involved in conversion to electricity mean that, unless cheap sources of spare energy can be found, such as energy release from a nuclear power station, hydrogen is most economically drawn on as a power

source when, for whatever reason, there is a shortfall in the power production of renewables and other sources of energy. I ask the Minister to give us what guidance she can on the nature and timing of government plans for long-duration energy storage at scale.

12.28 pm

Lord Drayson (Lab): My Lords, I am delighted to follow the noble Baroness. I join her in thanking the committee staff for their excellent work on this report and their considerable intellectual contribution to it.

I want to emphasise the urgent need for decisive action by the new Labour Government on infrastructure investment. The UK is at an economic crossroads, and the choices we make in the coming months will determine not just the pace of our recovery but our long-term economic prosperity. I am delighted to welcome my noble friend Lady Gustafsson to our Front Bench and am greatly looking forward to her maiden speech. We are fortunate to have such an accomplished technology entrepreneur as our Investment Minister. I was struck that she wrote, in an excellent LinkedIn post last Sunday, that she was suffering from

“the CEO condition which means you want everything done your way”.

It is exactly that CEO mindset that is so needed in the UK Government right now. Nowhere was that clearer than in the evidence that the Science and Technology Committee heard during our inquiry.

It has been widely accepted that, for too long, the UK has lagged behind its global peers in infrastructure development. Indecision and a reluctance to embrace risk and make investment have left us with missed opportunities and anaemic growth. The UK is becoming poorer and falling behind as a result. It is time for that to change and it will need decisive action to achieve it—not consultation and review, but action.

Nowhere is this clearer than in energy infrastructure. A thriving economy requires reliable, sustainable and affordable energy. The new Government are accelerating our transition to a decarbonised grid by 2030 using renewable solar and wind energy. That means it is essential that we also have long-duration energy storage capacity. However, progress on building such a storage facility has been hindered by hesitation and delay. Witness after witness told us how the previous Government avoided decisions and failed to heed clear advice from industry on the need for action—hence the blunt title of our report to get on with it.

Unfortunately, our politics, our Civil Service and our industry regulators have become increasingly risk averse over the past 15 years. Significant investment involving technological innovation is risky. Failure is a real possibility and success requires political courage, a bias for action and skill in managing that risk. In short, we need Ministers with a CEO mindset who understand that the greatest risk lies in not making a decision and who focus efforts on managing risk as implementation proceeds.

If the UK fails to act on long-duration energy storage now, we will not meet our net-zero targets, and we will subject our society and economy to blackouts and higher energy costs. By committing to decisive action now, Labour Ministers can signal that Britain is

serious about restoring the nation's fortunes. They can inspire confidence that the UK is now a place where transformative projects get built and where vision is backed by action.

I have one question for the Minister: when will this Government decide to build the strategic reserve of long-duration energy storage that they already accept will be needed to deliver energy security and net zero?

12.32 pm

Lord Lilley (Con): My Lords, I must begin by declaring that I do not have any relevant interests to declare. Noble Lords might think this is somewhat superfluous, but I do so because the BBC's "Today" programme, on the rare occasions it reports my remarks on climate policy, prefaces them with a health warning that "Lord Lilley has interests in the oil and gas industry"—as it did after my recent debate on the costs of climate policy. I presume it does so to discredit my views. There is one small problem. Sadly, I have no interests in any energy company. I have had no financial interest in any energy company for over a decade. I have never had any interests in any energy company which would benefit from the policies I advocate in your Lordships' House.

In the light of my experience, I was concerned that the noble Baroness, Lady Brown, who opened this debate, was asking for trouble in not recusing herself from chairing the committee during this report. I make it absolutely clear that I am not impugning the integrity of the noble Baroness. Her views on net zero are well known. I am certain she does not hold those views because of her financial interests. On the contrary, she holds those interests because they align with and inform her beliefs.

In my case, the BBC had to invent interests that I do not have. In the noble Baroness's case, the newspapers have already pointed out the interests she properly declared. Ceres Power Holdings, which aims to become the world's biggest source of green hydrogen, pays her £74,000 per year. Ørsted, which stands to benefit if its surplus wind is used to generate hydrogen, pays her £40,000 per year. I have no problem with that. The House benefits from noble Lords who have active interests in business and industry—not least the very distinguished record of the noble Baroness, Lady Brown of Cambridge.

However, I wonder how the House would treat a critic of climate policy who declared that they received over £100,000 from fossil fuel companies when they chaired a report advocating policies which would benefit fossil fuel companies. All I ask is that those on both sides of the debate accept the good faith of their critics and, in particular, do not traduce the motives of those such as me who want to apply a cost-benefit analysis to these issues as being paid shills or climate deniers.

Let us get on to the report itself. It can be described as an almost priceless report in the sense that there are almost no prices attached to any of its recommendations. My only objective in this and the other debates on net-zero policy is to establish the costs and benefits of the options being presented to us. If the option proposed is cheaper than relying on fossil fuels, that is great; the

sooner the better. If it is more expensive, let us compare that extra cost with the social cost of the carbon emitted before we decide to go ahead. I get very suspicious when we are told that we must, as the title of the report puts it, "get on with it", when we do not know what "it" will cost. Dieter Helm, in his report for the previous Government on their climate policy, said that premature investment in immature technologies has wasted up to £100 billion of British taxpayers' money. Let us not repeat that folly.

I said that the report was almost priceless. But hidden in box 3 on page 17, it quotes the Royal Society report, which claims that, if we rely on renewables and hydrogen storage, the price of electricity in 2050 will be £60 per megawatt hour, which it says is "comparable to the average" price over the decade from 2010 to 2019. Normally we are told that it is going to be cheaper, but this time it is only comparable—so presumably it will be a bit more expensive. That is rather hard to explain because the most recent auction price for offshore wind was £82 per megawatt hour, indexed against future inflation. That does not include the cost of tackling intermittency and, for example, the cost of hydrogen storage.

The same box says that hydrogen storage will add an extra cost of £100 billion. Strengthening and enlarging the grid will cost another £100 billion. This almost equals the £210 billion the Royal Society says will be required to invest directly in wind and solar generation. Given that the main cost of wind is capital investment, how can almost doubling the capital costs required for a system that is driven purely by intermittent energy and therefore has to have so much expensive back-up result in a fall in the price?

I understand that the Royal Society and the committee are relying on barely credible reductions in costs in all aspects of the process. Sadly, the committee did not consider the benefit of relying for a bit longer on natural gas as a back-up while these cost reductions materialise. The cost of energy is crucial. We cannot overstate the impact high costs have on economic performance. We should not rush ahead and get on with something—the cost of which we do not know—when for a bit longer, and with comparatively minor extra emissions of natural gas, we can avoid those problems.

12.38 pm

Viscount Stansgate (Lab): My Lords, it is a pleasure to take part in today's debate. I join all speakers—or perhaps all—who have congratulated my friend, the noble Baroness, Lady Brown of Cambridge, on securing it and on chairing the committee with great skill and good humour. I also thank the staff for their tremendous help in producing today's report. I am glad that the House has had an opportunity to debate it relatively soon after its publication. That may seem strange to some new Members—January 2025 is not particularly close to March 2024—but, considering our subtitle "get on with it", I hope the new Government will react to this report and debate in that spirit. I say "new Government" because most of this inquiry was conducted under the old Government. Like all other Members, I look forward to the maiden speech of my noble friend Lady Gustafsson, who will join that

[VISCOUNT STANSGATE]

relatively rare and select group of Members who make their maiden speeches as Ministers and not as Back Benchers.

I have been reflecting on the coincidence that we are having our debate on the same day as the state funeral of President Jimmy Carter. You may think there is no connection but, looking back, one of his achievements was to set up the Department of Energy in the United States in reaction to the oil crisis of the 1970s when OPEC became a well-known word throughout the world. We had set up our own Department of Energy a little earlier; it was 50 years ago this year that the first of the North Sea oil came through.

So, 50 years later, we find the energy landscape transformed and the public are now well adapted to the fact that energy policy shapes their lives. They instinctively realise that the phrase “net zero” is a further transformation which will dominate lives, even if they are not familiar with some of the details of this change. Today’s report should be seen in that context, given that many of the details may not be easily grasped by the public.

As you would expect, we took a lot of very detailed evidence for the report from a wide range of experts. Even on some of the most important areas, such as the need for a strategic energy reserve, there were widely varying views on how large that reserve should be. We know that the Government’s targets are ambitious and the wish to be largely decarbonised by 2030 brings forward the date, so it is all the more important that a committee such as ours takes on an issue such as this and gives it the prominence it deserves. Let us face it, LDES as an acronym does not exactly trip off the tongue, but it represents an important and vital ingredient of our future energy policy. The net-zero policy to which we are committed will mean that we use electricity far more than we do now, and it will be derived from renewable sources. We will specifically use wind and solar, both of which we have a great capacity for.

The residents of a place called Odiham in Hampshire, as noble Lords will recall, last autumn went for an entire week without any recorded sunshine or wind. There is a special word to describe this—I think the chair has already beaten me to get it into *Hansard*—but we have got to deal with a world in which the sun does not shine and the wind does not blow, otherwise we run the risk of power cuts. The chair alluded to how close we came relatively recently to what many in the world would call “load-shedding”, which is something a first-world country such as ours should not countenance.

In the short time available, I have a few questions for the Minister. First, what is the Government’s current assessment of the scale of the need for LDES and how will it fit into the new energy system? Secondly, what progress is being made in setting up the National Energy System Operator and what effect will future reforms to the planning system have on implementing decisions once ministerial approval is given?

Thirdly, what plans do the Government have for a strategic energy reserve? Will that reserve be gas or might it be an alternative such as hydrogen? Fourthly, if it will involve green hydrogen as a long-duration energy store, how will this fit into the Government’s

wider hydrogen policy? What plans do they have for a domestic electrolyser industry, not to mention greater public consultation on its potential use?

Fifthly, what progress is being made towards a strategic spatial energy plan? Sixthly, what plans do the Government have for speeding up the ability of renewable energy sources to connect to the national grid? When we look back on this in years to come, it will be a scandal that it took so long. Seventhly, when the grid connection queue has finally been shortened, what steps do they plan to take to enable electricity to be transferred across the country—even across beautiful parts of this country—by the building of new pylon networks? Can this be achieved without timely reform of planning laws?

Eighthly, is there anything the Government can tell the House about plans to minimise the need for long-duration energy storage, including the use of interconnectors—always bearing in mind that, in today’s dangerous world, as undersea cables are severed, so could undersea connectors? Ninthly, what government support is being given to R&D into other LDES technologies, such as compressed air and battery chemistries? Tenthly, can the Government explain how LDES can and will fit into their longer-term net-zero objectives? Will gas-fired plants be used for LDES? If so, will they be fitted with CCUS?

In conclusion, when a major committee such as the Science and Technology Committee tells the Government that they should get on with it, I want the Minister to know that it is meant in the kindest, friendliest way—but it is meant.

12.45 pm

Baroness Bennett of Manor Castle (GP): My Lords, since I am speaking after the noble Lord, Lord Lilley, and having listened to his contribution, I feel I must defend the BBC’s intention to contextualise his words. I note an article on the LSE’s website, dated October last year, headed “Misinformation in the UK’s House of Lords”, which focuses on statements made in the House by the noble Lord on the climate emergency, and speaks about

“the promotion of misinformation about climate change”.

The BBC is surely taking on board such analysis.

Lord Lilley (Con): Is the noble Baroness saying that it is right for the BBC to say an untruth because she does not agree with what I say?

Baroness Bennett of Manor Castle (GP): I am saying that the BBC is trying to—

Lord Lilley (Con): Will she condemn the BBC for saying that I have interests in an oil and gas company when I do not, and have not for more than 10 years?

Baroness Bennett of Manor Castle (GP): I have no awareness of the details of the noble Lord’s financial position, but I understand the BBC’s intention to try to make sure that it contextualises the information that is being presented to listeners.

I welcome the Minister to the House and to her position, and thank the noble Baroness, Lady Brown, and the committee for an excellent report and the entirely expected comprehensive and detailed introduction to it. It is a reminder that your Lordships' House needs more people with a science and technology background, particularly those who are able to look at technological claims critically and, where necessary, sceptically.

I begin with paragraph 12 of the report, which talks about the global energy crisis as being an object lesson in our vulnerability to fossil fuel prices. Those who question the net-zero and 2030 electricity decarbonisation targets really need to focus on that paragraph. We need homegrown or regionally linked solutions, as well as sustainable ones. I pick up the points made by the noble Baroness, Lady Neville-Jones, about the evident state of our climate emergency now, and offer my sympathy to the 130,000 people forced to evacuate Los Angeles. I urge those who doubt the need for climate action to look at those images and question why they still have doubts.

The report covers the fact that the Climate Change Committee forecast that electricity demand will increase by 50% by 2035 and double by 2050 in its balanced pathway scenario. I want to go back further than the committee report does: can we afford that increase in electricity demand, economically or environmentally? Can we make other choices about the way our society works? We think of it in terms of bulk demand for electricity, but we can also think about it in terms of balancing the grid from moment to moment. How can we reduce demand and make sure that that is part of our story, as well as saying that we have got to have the storage?

Paragraph 129 of the report says that long and medium-duration storage is critical,

“but it will not always be the cheapest option”.

The committee stresses that energy efficiency, which I want to focus on, is often a cheaper option. The cleanest, greenest energy you can possibly have is the energy that you do not need to use. I fear that sometimes, when we reach out for technological solutions and think about growth as a mantra or religion, we fail to think about the fact that the cheapest, cleanest, best possible energy is the energy that we do not need to use.

In that context, your Lordships frequently hear expressions of excitement from the Government about the possibilities of so-called AI or large language learning models. One study suggests that a generative AI system uses around 33 times more energy than a machine running task-specific software—33 times more energy to get the same outcome. In 2022, the world's data centres gobbled up 460 terawatt hours of electricity and the International Energy Agency expects this to double in just four years. Data centres could be using 1,000 terawatt hours annually by 2026.

It is interesting that Dublin, for example, has just put a moratorium on the construction of new data centres. Nearly one-fifth of Ireland's electricity is currently used by data centres, and that figure is expected to grow significantly. Ireland is starting to ask the question: can and—importantly—do we want to do this?

Finally, perhaps we could do with a little bit of light relief. I suspect that a new word for your Lordships' House, at least used in this context, is so-called AI slop, which is junk, nonsense material being created at enormous scale by AI-generating machines. There has apparently been a huge explosion of images of Jesus made out of shrimps. Do we want to create energy storage so that AI systems can do that?

12.51 pm

Lord Rees of Ludlow (CB): My Lords, I start by thanking the noble Baroness, Lady Brown, for adeptly chairing the sessions that led to this report. More than that, since she retires from our committee this month, she deserves congratulations on being so effective and benign throughout the last four years.

Today's debate raises serious issues which cannot be addressed without substantial resources and long-term planning. The backdrop is, of course, that the simplest and cheapest way that the UK can move towards net zero is to exploit energy from the sun and from wind. We need to get more energy from these clean sources than the total amount we generate now, because we need to replace the energy now coming from fossil fuels that is used for transport and heating. Therefore, by 2050 we will be far more dependent on electricity than we are today. So dependent are our cities on electricity already that there would be utter social breakdown within two or three days if there was a complete power cut.

In going carbon free as our contribution to avoiding the global mega risk of extreme climate change, we have exposed ourselves to a new risk: namely, that electricity supply could fail during sunless cold spells in the winter. Coping with this new risk is the theme of this report. It is clear that major annual investment is crucial if the UK is to achieve its net-zero ambition by 2050 and removing the associated risk of that would require the substantial extra expenditure discussed in the report. There will be a strong temptation to spend less and slow down the whole decarbonisation programme, partly on the grounds that the UK's current contribution to global CO₂ emissions is less than 2%, so the global benefit will be minimal if other countries fail to achieve net zero by 2050 or have not even set themselves such a strict target. To many citizens, this will seem just the kind of project that can be progressively cut and deferred in favour of more urgent and local problems.

My main point is that there are other quite different cogent reasons—indeed, compelling ones—as to why the UK should build up an energy store to be drawn on when the system that normally powers the electric grid falls short of our needs. I refer to the consequences of, for instance, cyberattacks on nuclear power stations, sabotage of cables, or failures—either accidental or malign—created in the crucial machinery that controls the grid and is coupling to energy generated by wind or sun.

Even if we never contemplated the kind of aggression which Ukraine is now experiencing, we surely cannot rule out cyberattacks on power stations, sabotage or similar interventions which close down large parts of the grid. There is bound to be a delay in restoring

[LORD REES OF LUDLOW]

power after such events so, to bridge such a delay, there needs to be an emergency store of energy which will prevent possible utter social breakdown.

The optimum infrastructure needed to cope with these emergencies would not be quite the same as what is needed to cope with calm, sunless winters, but there is plainly an overlap. Most people would feel far more motivated to support long-term energy storage if it also contributed to the just as important task of rendering us more resilient to technological breakdowns or malign attacks. The probability of those attacks is hard to estimate, as is the probability of other failures, but it will surely increase with time in our unstable world. Most people worry more about these than the projected effect of climate change, which motivates the net-zero target.

I suggest that the risks stemming from the shift towards solar and wind energy, which are the themes of this report, should be added to the already threatening risks from advanced technologies, especially as there may be an overlap in the benefits of particular measures to counteract both of them. There is more chance of getting these measures if they have two reasons for being done, rather than just one.

12.56 pm

Lord Borwick (Con): My Lords, this is a very good report by the House of Lords Science and Technology Committee, and I thank all our great staff, but I regret that I cannot be as complimentary about the Government's response. The rules of the House of Lords prohibit a committee from expressing urgency by visual design or typographically. Perhaps the committee thought that "get on with it" was sufficient, but I do not consider that the sense of urgency that we found on the matter was reflected in the response.

The position is simple: windmills have a 97% or 98% availability rate. These figures are only from the internet, and I would be happy to be corrected by more knowledgeable noble Lords. The problem is that failures occur mainly when the wind dies down. Then, it happens to all windmills in a given area at once. Can the Minister confirm that this very nearly happened yesterday, which would have made a dramatic opener for this debate?

The Germans have a word for the winter phenomenon of a *Dunkelflaute*—mentioned by our chair, the noble Baroness, Lady Brown—which seems to have entered the English language. It is a period of time—several days—of flat calm and low clouds, in which neither windmills nor solar panels can produce much power. There is very little that anyone can do about it. One has to hand it to our German cousins for producing such a fine onomatopoeic word.

As a country, we have decided that we will deliver a zero-emission electricity grid at some stage. The committee has tried to point out the complexity of doing so and of providing a back-up system without billions of pounds of expenditure; it is impossible to do it at reasonable cost.

One solution is that we should have a fleet of nuclear power stations. The trouble is that we know that, but we are not happy with the risk of the small

modular reactor. We should be happy, because we know what the risk is now: it is different from and smaller than the risk unknowable from a hydrogen-based solution. Another solution is to start fracking. The 0.5 level on the Richter scale, which must not be exceeded, is less than the vibration caused by 10 Lords a-leaping, and we survive that at Christmas every year.

In the 1970s, this country and its population were used to power cuts. Our electricity was dominated by coal and the country was dependent on unionised coal miners doing their hard work in low places. They were suffering conditions with no end of industrial disease, in addition to mesothelioma, for which we are paying even now. We were used to and prepared for power cuts. I was told that, in 1973, during the end of the three-day week, the Department of Industry—working for Tony Benn as Secretary of State, the late father of my friend, the noble Viscount, Lord Stansgate—had to negotiate a solution to the problems caused by the bankruptcy of BSA and the motorcycle industry. The meetings took a long time, but the department could not show any lights that proved that they were working on an off day. So they set up trestle-tables in the gents' loo at the department, confident that there would be no female lawyers or executives in any of the teams negotiating, and that they would not be discovered as there were no outside windows. The point is that the department was ready to solve the problem; we have lost that ability today.

We are a changed society and many more times more dependent on electricity now than 50 years ago. I am not sure what today's teenagers will say when they cannot recharge their iPhones, nor indeed how they will say it. I suppose that they will be forced into conversation with their parents, who will moan that they cannot recharge their electric cars either. We do not have candles stored in every house, nor matches to light them. The point is that we are many times more vulnerable to the effects of power cuts than we were 50 years ago, and, at the same time, many times more likely to get one thanks to a *Dunkelflaute* affecting our windmills. They will stop, and no amount of political hot air will restart them. Unfairly, the Government will be blamed for the weather; their actual crime will be not having a decent back-up system in place to save us from this utterly predictable disaster. A few days' interruption 50 years ago was possible to cope with then.

Our report pointing out this urgency was able to generate a government response identifying the process to develop an answer. No doubt, it is an impeccable process. We do not need a process; we need a solution. Otherwise, we will do what Governments often do: seize on an expensive solution that looks like action and blame their predecessors for the problem. The electorate will not believe the politicians, and, as usual, the electorate will be right. The problem comes from our decision to have a zero-emission grid, but given current technology, there is no simple solution. The only thing we can say is: "Get on with it".

1.02 pm

Baroness Young of Old Scone (Lab): My Lords, I declare an interest as the chair of the Labour Climate and Environment Forum. I joined the Science and

Technology Committee just as it was finalising its long-term storage report, so I am afraid that I cannot claim any credit whatever. However, I am pleased that I can speak today in support of this important report and of our admirable chairman, who was quite unfairly attacked by the noble Lord, Lord Lilley—but let us not keep that debate going.

I also add my welcome to the Minister my noble friend Lady Gustafsson; I look forward to her maiden speech in response to this debate. With her investment role, she will understand that driving investment is probably the only issue in this topic that absolutely has to be grasped.

As many noble Lords already pointed out yesterday, the power grid operated in exactly the way that a long-term energy storage system should be designed to avoid: the temperature dropped, the demand for heat and power went up, the wind and sun were absent—the famous *Dunkelflaute*—and the reserve gas-fired power stations had to be cranked up at great expense, because everybody else in Europe was calling for gas at the same time. We cannot go on like that.

When Conservative Ministers came to the Select Committee a year ago and we probed how they saw such a situation being dealt with in the long term, we were quite hard on one of them, if I remember correctly. He eventually lost his cool completely and snapped, “That is why we need to have a reserve of gas-fired power stations, even if they are unabated. Something’s needed to keep the lights on”. I was a bit disappointed in that as a response.

I am glad to say that we have moved on considerably from then. The *Clean Power 2030 Action Plan*, which was published in December, is a major step in the right direction. It is only a first step, in a route map that needs to be clearly laid out, to the decarbonising of power to avoid the spectre of dependency on expensive, insecure and polluting unabated gas. It is interesting that polling of the public that we did last year for LCEF showed that, at the height of the energy price crisis, the public ranked energy security equal with reducing the cost of energy as important in their mind.

The 2030 action plan outlines intentions to capture and store excess renewable energy generated when the sun shines or the wind blows and we have more electricity than we need. As noble Lords have pointed out, we currently pay renewable energy generators not to produce this surplus energy, which, even given the polite title of “curtailment”, is bonkers in anybody’s books. The plan, of course, focuses only on the revised target date for zero-carbon energy of 2030—the clue is in the title—but, for longer-term back-up and storage, it points in the direction of travel beyond 2030. It outlines what measures need to be put in place and some initial timetables, although not enough. This is all vital if we are to inspire confidence in investors and leverage private money to tackle the task.

Can my noble friend the Minister today provide us and the investment market with additional assurance about the Government’s intentions beyond 2030? I have some specific questions. First, are the Government clear that long-duration energy storage, which provides highly flexible power, is the missing piece of the energy

jigsaw and that it will reduce our reliance on unabated gas generation, allow variable renewables to be used more efficiently, reduce costs, enhance our energy security and contribute to the reduction in carbon emissions?

Secondly, do the Government support the central role of hydrogen storage, along with other technologies such as pumped hydro storage, battery technologies and compressed air? Do they support the central idea that a reduction in the reliance on gas, as outlined by the Royal Society, will reduce costs?

Thirdly, are the Government committed to providing an investable policy environment, including a cap and floor regime, for long-duration energy storage technologies and policy support through dispatchable power agreements and other mechanisms beyond 2030, to enable the construction of hydrogen storage projects and supporting pipelines?

Fourthly, does my noble friend the Minister judge that we are providing enough support for projects aimed at testing the viability of carbon capture and storage, to achieve both the decarbonisation of gas-fired power stations and the creation of a sustainable hydrogen supply chain?

All these issues have a strong spatial element, and noble Lords will recognise that I cannot speak without mentioning the Government’s land use framework, which we hope is about to emerge. There are some very interesting steps, such as is happening in Hull, to co-locate various cutting-edge testing projects, such as CCUS and hydrogen projects, to see the value of co-location and to explore the spatial aspects of these technologies. Can my noble friend the Minister tell us when we might see the strategic spatial energy plan and what it will contain? Can she say how it will nest in the Government’s overarching land use framework, which will deal with all the key demands for land? We heard from the Defra Minister on Tuesday that it will be launched for consultation this month—but I heard that last Christmas, too.

Our excellent chair and many other noble Lords have already addressed the need for speed, and I will finish, very briefly, with my view that all these strands need to be progressed with commitment and vigour, to give confidence to the investment market as well as to hit targets. Large-scale hydrogen will take seven to 10 years to build. Although the word of the debate may be “*Dunkelflaute*”, I prefer the title of the report: *Get On With It*. I am not as well brought up as our admirable Select Committee’s chairman, so I would urge, even more starkly, the use of the admirable phrase “JFDI”. For those who do not know what that means, it is simply, “Just do it”, with a little embellishment that I will not repeat for fear of offending the *Hansard* writers.

1.09 pm

Baroness Neuberger (CB): My Lords, first, I echo other speakers in paying tribute to my noble friend Lady Brown of Cambridge, who will be rotating off the Science and Technology Committee shortly and has been a superb chair. Secondly, I too thank our wonderful staff, Matthew Manning, Thomas Hornigold, Cerise Burnett-Stuart and Sid Gurung, as well as our

[BARONESS NEUBERGER]

special adviser, Professor Keith Bell. I have particular reason to thank them because I knew remarkably little about this subject when we started. I am immensely grateful for their patience and willingness to educate somebody who knew nothing about this at considerable speed.

I want to cover a broad-brush subject. What do the Government intend to do to address questions of public acceptability of some of these new technologies and the public's safety concerns about some of them? Take, for instance, the issue of large-scale storage of hydrogen, which we will probably have to go to at some point. The Government are now proposing gas as a back-up, as far as 2030 at least, but if hydrogen storage is ever to be part of the mix, presumably real planning will have to take place and storage facilities will need to be found. If gas is the short-term back-up, presumably the option of using decommissioned gas storage, raised with the committee by Centrica, is unlikely.

The previous Government responded to the prospect of repurposing Centrica's gas storage for hydrogen by saying that they felt the technology was not ready at this point, so they would favour salt caverns for now. That being the case, the Government need to move fast to identify salt caverns and convince local residents that the storage is safe. If there are local objections to hydrogen storage, that could slow down or even prevent the development and have a huge knock-on effect on the whole hydrogen industry and energy infrastructure plans. Public acceptance might then ebb away, which would have a knock-on effect yet again on getting infrastructure plans through the planning system. This is like a pack of cards, and it all falls down if we do not get on with it.

It is not just hydrogen. Government will still need to ensure that other new technologies are brought into play. Without a careful and lengthy public information campaign, will those technologies be acceptable to the public? We have been seeing a gradual reduction in the acceptability of electric cars, as judged by sales, even though the technology is relatively simple and it is publicly acceptable—indeed, desirable—to want to reduce our dependence on fossil fuels. If that is what is happening with electric cars, does it not suggest that the Government may have a problem convincing the public about long-term hydrogen storage or long-term batteries? Surely the work on convincing the public should begin right now.

The previous Government responded to our recommendation of a public education campaign by saying:

“We welcome the recommendations regarding commissioning further research into the safety and public acceptability of hydrogen storage and will consider this as our overall evidence base on hydrogen storage develops. We will also ensure that relevant information is made publicly available as the evidence base develops. We will consider how and when it is best to conduct further research into public perception of hydrogen. For example, it may be best to consider this once we have more certainty on where initial hydrogen storage infrastructure will be located”.

That does not suggest that anybody is in much of a hurry for that, even though it assumes that there will be some hydrogen storage. Unless we get on with it, any hydrogen-to-power developments, which would

require infrastructure to store hydrogen and transport hydrogen to the power plant, will not be ready when we run out of energy. We have heard about yesterday. Some of us probably noticed that all the lights went out around this Chamber only a few minutes before this debate began, which I presume was a sign of some kind.

All this has to be joined up, alongside a proper public information campaign. At the moment, messages from government are somewhat confused. The present Government's *Hydrogen Strategy Update to the Market* statement was published in December. It made no mention of a strategic reserve of hydrogen, although it did say that the Government will support hydrogen to power. Yet long-term concerns suggest that if you are going to do that, some hydrogen storage will be necessary, and that is not widely understood.

Our report was entitled *Long-duration Energy Storage: Get On With It*. I hope that the Minister, whose maiden speech we are all looking forward to, can reassure us that the Government have a sense of urgency about this whole subject, and in particular about informing and educating the public. The public will not forgive us if that does not happen.

1.15 pm

Lord Wei (Con): My Lords, I extend my gratitude to the noble Baroness, Lady Brown, for initiating this crucial debate. I too am very much looking forward to the maiden speech by the Minister, the noble Baroness, Lady Gustafsson, and welcome her to the House. I declare my interest as an advisor to Future Planet Capital, a venture capital firm that invests in impactful technologies pertinent to this discussion, and my personal commitment to the energy transition. It has been an honour to serve on this committee and to work with its very able team, whom I also thank.

I welcome the report's focus on the urgent need to scale up long-duration energy storage to meet the twin challenges of achieving a sustainable future and securing our energy supply in the face of renewable intermittency and increasing geopolitical black swans. However, I will focus on the role that innovation can play if sufficiently supported to scale up solutions by cultivating genuine market demand, at the right low prices and faster, for long-term energy storage.

First, we must do more to enable large energy users—industry, data centres and other high-demand sectors—to create a market for innovation in both storage and modular power generation. These organisations, with their predictable energy needs and financial capacity, are better placed to pilot advanced technologies. Whether through industrial partnerships or new regulatory frameworks, fostering collaboration between energy-intensive industries and technology developers, we could develop and deploy localised, modular solutions such as small-scale hydrogen storage, modular reactors, more universal bidirectional EV charging—essentially using our vehicles as an energy store—or other emerging technologies, over short and long periods. Many of these were touched on in the report. This approach could reduce reliance on large-scale, grid-intensive centralised solutions and catalyse a market-driven pathway to resilience, moderating short-term demand and building longer-term storage solutions.

Secondly, while hydrogen storage in salt caverns has received significant attention following the report's launch, as well as gas more recently, it is vital that we broaden our portfolio of solutions to give ourselves radically more affordable and more resilient options. Emerging modular storage methods, including safer hydrogen hydrates technology and advanced battery chemistries, still hold promise for providing flexible, cost-effective alternatives. Encouraging diverse scaled-up storage innovation will mitigate the risk of overreliance on a single, expensive and centralised approach, particularly given Treasury constraints. We need a big push to get all parties to help accelerate the most promising breakthrough technologies for storing and generating baseload supportive energy and storage, avoiding lock-in to older, higher-cost solutions. I have seen technology coming down the line that could increase industrial energy capacity by at least 50%. It would be a shame to overlook or close the door to such solutions in favour of ones that are more costly, even if more proven and established in the short term.

Thirdly, the report rightly highlights the urgency of fast-tracking planning, deploying capital and creating necessary price signals. Should we not go much further and consider putting in place a task force, akin to the Vaccine Taskforce, also empowered with a venture capital chair's mindset, to cut through red tape, make rapid decisions and make smart, risk-managed bets with key stakeholders regularly, especially in relation to procurement? This would deliver the energy storage needed to prevent blackouts and secure cheaper energy faster, using modular baseload and emerging technologies.

In closing, I have some questions for the Minister. What actions are being taken to incentivise large energy users in driving market-based innovation in and scaling-up of storage and modular power generation? How are the Government supporting diversification of storage technologies, particularly for localised and industrial applications? What steps are being taken to develop the task force-style approach to cut through and get us to where we need to be at the right price and in ways that will bring the populace along with us? The time for bold, co-ordinated action is now. By leveraging the innovative capacity of our industries and innovators and focusing on diverse, scalable solutions, we can still secure a resilient and sustainable energy future for our country.

1.19 pm

Lord Whitty (Lab): My Lords, I join others in thanking the noble Baroness, Lady Brown, both for the report and for the clarity with which she has introduced this debate. I also thank the committee and its staff. Every time the last Government introduced an energy Bill or an energy Statement, I asked what they were doing about storage. I did not get any clearer reply than the committee evidently got from Ministers then. I do not think things have improved subsequently, but I welcome the Minister, the noble Baroness, Lady Gustafsson, and I hope that in her reply she will indicate which departments are responsible for which in this area—I am glad to see the noble Lord, Lord Hunt, here. I mention this partly because I listened to the introduction from the noble Lord,

Lord Borwick. I worked for the father of the noble Viscount, Lord Stansgate, as a Minister even earlier, when we had separate ministries of technology and of fuel and power, and they failed to get on. Subsequent Prime Ministers have altered the demarcation several times since, and I would like to know what the new Government's structure is, not only between those two departments but right across Whitehall.

It is important that we focus on storage. I have asked the previous Government and I ask this Government whether they agree that we will not approach the recommended path to net zero unless we have a very significant storage contribution reasonably quickly and, hopefully, as cost effectively as we can manage. I hope that this Government will rapidly move to a clear strategy for storage—of all technologies.

In the meantime, I want to concentrate on one dimension of this, which is the availability of hydrogen for both production purposes and storage, and the way in which we produce hydrogen at scale which does not itself create carbon emissions and slow down the approach to net zero. The last Government issued a number of White Papers on hydrogen; this Government have issued one, but it does not answer that question. At present, nowhere in the world to my knowledge is very substantial, at-scale production of green hydrogen being made available to industry. We have grey and blue hydrogen and we have moves to make hydrogen production somewhat cleaner and more cost efficient, but we do not have green hydrogen at scale. Yet most of the sectors which we are intending to transform by 2030, or, in some cases, by 2035, require some input of hydrogen.

The last Government and this Government have implied, but never stated definitively, that they have abandoned any idea that hydrogen will be the main replacement for natural gas in our home and office heating systems, except in very exceptional circumstances, but there are still places where the assumption is that hydrogen will be used: in heavy industry, possibly in heavy transport and possibly even in marine and aviation. There will be lots of demand for hydrogen. Hydrogen for storage will be but one of them. Yet we are not clear how we produce that hydrogen in a way which is not itself a contributing factor to emissions of carbon if we use methane and other means.

I hope that this Government will commit themselves to making clear within the next 12 months or so where the hydrogen is going to come from, how rapidly we are able to deploy it and what technologies will be used in addition to hydrogen to provide the necessary electricity storage, which the committee has drawn attention to. Unless we answer that question, we will fail not only on long-duration electricity storage but on providing decarbonisation of some of our most significant industrial and service sectors. I hope therefore that, in whatever government department it is, attention is drawn over the next few months to hydrogen production, because even with major policies as advocated by the noble Baroness, Lady Bennett, on demand reduction and energy efficiency, we will not meet that transition pathway without it.

1.24 pm

Lord Krebs (CB): My Lords, I had the privilege of serving on the Select Committee during much of the period of preparation of this report, and I join others in thanking our excellent chair, my noble friend Lady Brown of Cambridge, as well as thanking her for her outstanding introduction to this debate. I also thank the staff of the Select Committee, who, along with the specialist adviser, provided us with such excellent support. I join others in welcoming the Minister for her first outing at the Dispatch Box and I look forward to hearing her maiden speech. I should declare a relevant interest: that I am chair of the independent advisory board of Drax power, which generates electricity through burning biomass, and I advise it on sustainability of biomass.

I think nearly everybody agrees that we will need long-duration energy storage to cope with the intermittency in renewables, as we have already heard. Therefore, the questions really are how much we need, what technologies we will use to generate long-duration energy storage and how it will be funded. Let me talk about the first of these. To estimate how much long-term storage will be needed, we need to know how frequently and for what duration these periods of cloudy, still weather will occur. Different experts who presented evidence to the committee took different approaches to attempting to answer this question. The Climate Change Committee for example, along with the National Infrastructure Commission, as the noble Baroness, Lady Neville-Jones, has already said, used an analysis of year-to-year variation as well seasonal variation based on a combination of data and climate models. On the other hand, the Royal Society modelled a long sequence—it happened to be 37 years—arguing that wind and sun can vary on not just year-to-year timescales but decadal timescales.

If the Royal Society is correct, the amount of long-duration energy storage required will have to take into account those long-duration fluctuations, and this may in part explain why its analysis suggests the need for a much larger strategic reserve than indicated by some of the other analyses. The Royal Society concludes that the total amount of storage needed by 2050 may be as much as 100 terawatt hours. This would be equivalent to 5,000 Dinorwig pumped hydroelectric dams, or 50 clusters of 10 caverns for hydrogen. My question to the Minister is this. Do the Government agree with the Royal Society's conclusion that plans for long-duration energy storage should reflect decadal-scale variations in renewable generation and not just interannual or seasonal variation?

I now turn to funding long-duration energy storage. The Government have said that they will introduce a cap and floor to give investors the security of a guaranteed minimum return while protecting consumers from excessive price rises, and this is in line with our recommendation. However, as has already been said by others, we also conclude that a commercially viable cap and floor funding arrangement would incentivise businesses to sell their stores rather than to keep them for events that might occur only once every 30 years. Can the Minister therefore tell us whether the Government plan to pay for a strategic reserve of energy storage not driven by short-term commercial incentives?

While the Government have not yet stated explicitly how much LDES they think they will require by 2050, the 13 December action plan, which has already been referred to, refers to 4 to 6 gigawatts of long-duration energy storage by 2030, out of the 40 to 50 gigawatts of dispatchable power needed. The rest will come, as has already been said, from gas, biomass and nuclear. I add in parenthesis that the evidence we heard regarding the amount of storage needed was expressed by some witnesses in terms of power—gigawatts—and by others in terms of energy, terawatt hours.

The Government's action plan for clean power by 2030 is comprehensive, but I end by asking the Minister whether she could expand on the section on long-duration energy storage by giving us a little more detail about the longer-term future. First, what is the Government's estimate of the need for LDES, both by 2035 and by 2050, and is there a road map beyond 2030 for achieving this—apart from the use of unabated gas, as suggested on page 117 of the action plan?

Secondly, what is the envisaged mix of different technologies in LDES? Page 116 of the action plan refers to nascent technologies such as liquid air and flow batteries. Is there also a role for hydrogen?

Thirdly, if, as our report recommends, hydrogen storage is going to be a significant part of LDES, have the Government decided whereabouts in the country these storage caverns are going to be located? Moreover, as my noble friend Lady Neuberger has already mentioned, have the Government considered how to engage with local communities to consider the acceptability of having large amounts of hydrogen stored under their homes?

1.30 pm

Lord Moynihan of Chelsea (Con): My Lords, I declare my interests as listed in the register. In the spirit of the example of the noble Baroness, Lady Brown, I additionally disclose that, in common with most pension funds, for example, I own oil company shares in my diversified portfolio. However, by far my largest investments in energy are in two companies that, were net zero to be accelerated, should benefit me significantly. The first is in a company that cleans up and decommissions North Sea oil wells when they are to be closed down; the second is an investment in the new nuclear technology, molten-salt fission. Both my investments there are, each of them, an order of magnitude larger than my investments in oil companies, so my economic interests should therefore predispose me to argue in favour of net zero and its emanations. However, as I do not, I can claim that my motives are unsullied, which I would argue is always the best position to be in when contributing to debates such as this.

The report says that we should get on with long-duration energy storage, using green hydrogen as the technology. At first sight, the idea of a “wind plus green hydrogen” solution to creating net-zero electricity is attractive. As the noble Baroness, Lady Brown, said, the output of wind farms is unneeded a good percentage of the time; it is much too expensive to pay them to lie fallow at such times, so let us keep it going, produce green hydrogen from the otherwise unneeded output, and then round-trip that hydrogen back to electricity when needed. The cost of doing this is acknowledged

to be expensive but asserted to still be worth the cost. However, that claimed cost is absurdly low. The true cost is so much higher that it comprehensively undermines the entire idea. How did that cost misunderstanding come about? It is because this report relies on the Royal Society's report, which in turn uses figures from DESNZ from a couple of years ago—and those DESNZ costings have already turned out to be wildly undercooked.

For example, the Moray West offshore wind farm has spent as much money installing its foundations as DESNZ suggested it would cost to complete the entire project. DESNZ's other assumptions appear equally overoptimistic. Moreover, recent contracts for difference prices suggest that the cost of building wind generation is now rising. Over and over, the DESNZ cost predictions turn out to have been too optimistic. Compounding this problem, the green hydrogen round-trip efficiency is very low, with two-thirds of the energy wasted along the way. At the end of the day, the Royal Society says that the cost of a full green hydrogen system for electricity by 2050 would be in the order of £40 billion a year, but that assumes huge reductions in costs and huge improvements in efficiencies. Using current 2025 technology, the sum cost is nearly four times as much, at £150 billion a year.

Spending taxpayers' money on long-duration green hydrogen energy storage is yet another example of a speculative, idealistic, "industrial strategy" approach—as espoused by the noble Lord, Lord Livermore, in a previous debate—to the economy. It does not work. The beginning of this steep slippery slope is to be a £500 million investment, likely to be money down the drain for us, although certainly of benefit to the recipients of that money. In decrying this, I am not making a partisan attack: under Prime Minister Boris Johnson, an equally foolish £500 million investment was made in OneWeb, for example, and it is worth pretty much nothing now. It is always the "we know best" attitude that is the problem; as said in the remark some attribute to the noble Lord, Lord Mandelson: "We thought we were picking winners, but it turns out that the losers were picking us".

In short, the nation and the Government are being led up the garden path, at a cost in order of magnitude above the already eye-watering prediction of £50 billion—and that is even if the idea works, which it may well not. It is time to rethink. The risks, as well as the costs, are currently too large for "wind plus green hydrogen" to be a sensible choice. That in turn means that we do not have a solution to the unbelievably expensive problem of paying for wind power that is not needed and will not be used. Green hydrogen is not the only major problem with the overall net-zero speculation, but it is a big one.

1.36 pm

Baroness Lane-Fox of Soho (CB): My Lords, I declare my interests as noted in the register, most particularly as president of the British Chambers of Commerce and as a director of Peers for the Planet.

Last year, the British Chambers of Commerce published its green innovation challenge report, and there is much overlap with this excellent report, so expertly introduced by the noble Baroness, Lady Brown.

We share concerns about the UK's energy transition. We also emphasise the need for robust, long-term strategies and institutional frameworks to address gaps in policy and delivery. Some of the specific policies we called for include a new public body to oversee climate policies, strengthened resources for the Climate Change Committee, and faster grid upgrades to support net-zero goals. Both reports advocate for better cross-sector collaboration and government/business partnerships to overcome the challenges in infrastructure, financing and policy consistency.

There are a couple of themes I would like to build on. The first is speed: "get on with it" is the perfect mantra. Both reports emphasise the need for immediate action. The Lords' report warns that delays in LDES deployment could derail 2035 decarbonisation targets. Our BCC work similarly calls for swift implementation of policies to address grid bottlenecks and accelerate renewable deployment. As a live example, Sizewell C currently has 1,000 people on the ground working, and significant plans for local supply chain investment and skills development, yet it is still waiting for a decision, which has taken years, so that it can become a functioning and sustainable energy source. A process has been promised in the CSR, but this is too slow and is indicative of a national issue. I could not agree more with the speech of the noble Lord, Lord Drayson, on the importance of more infrastructure investment and planning, and I defer to his great expertise on this issue.

As I have travelled about, talking to businesses of all sizes, a common theme has been the incredible urgency of local infrastructure decisions. The BCC is calling for grid upgrades to support renewable integration and storage deployment. For example, we are asking for the speeding up of investment into the electrification of the London-Sheffield line, which is estimated to create over 4,000 jobs and £61 million in local economic value. An example from a different area is the decision to build the Rampion 2 offshore wind farm. This project is projected to add 60 gigawatts to our supply, as well as thousands of jobs, but the decision is delayed in DESNZ. There are too many examples of unacceptably long timeframes.

Secondly, supporting innovation is non-negotiable. Both reports highlight the importance of partnerships between government and industry to overcome barriers to innovation. I hope the Government build on some of their early announcements and unlock more opportunities for growth in climate-based innovation and entrepreneurship, of which there are so many. There is much that is positive, such as the introduction of 10-year R&D budgets, which can help address short-term funding cycles that hinder innovation. This stability is expected to foster meaningful collaborations between research institutions and industries, particularly in clean energy and climate technologies.

However, I was dispirited to read in some recent research that, while the UK benchmarks pretty well with other European countries on venture capital investment into climate tech, the total amount in 2023 and 2024 fell from its high in 2022 and is set to fall further this year. If you look at the total itself, I believe it is shockingly low, at just £4.5 billion. It needs to be

[BARONESS LANE-FOX OF SOHO]

10 times this if we want to enable the innovation we need as a society and the growth we want as an economy.

The announcement of regulatory modernisation is welcome, and the planned regulatory innovation office is a step forward in enabling regulators to adapt to emerging technologies, including those in the area of clean tech and the AI overlap. This could accelerate approvals for climate innovations, but the details are still scarce, and more clarity needs to come quickly.

However, I have never been more confident and excited than now: one of the UK's leading entrepreneurs is on the Government's Front-Bench team. I welcome my friend, the noble Baroness, Lady Gustafsson, to the Front Bench. Known for her commitment to the UK and its innovation, as well as her experience of scaling a global company, there is no doubt that her knowledge will be invaluable. I could not be more thrilled to call her a colleague and wish her good luck through the inevitable butterflies of her maiden speech.

As has been noted, we debate today against the backdrop of the horrifying fires in LA, and we are witnessing the climate catastrophe in real time, so I add my voice to the calls for the Government to adopt the committee's friendly mantra of "get on with it". The direction of travel is welcome, but the pace of decision-making and execution is not.

1.41 pm

Viscount Hanworth (Lab): My Lords, at this late stage of the debate, I am bound to be repeating much of what has already been said. I beg your Lordships' indulgence for this. My speech may therefore be regarded as a summary as much as a commentary.

Today, we depend largely on renewable sources of energy for generating our electricity. Wind power is the largest component in the mixture of renewable power, and its highest share was achieved on 19 November 2023—between, I believe, 4.30 am and 5 am—when it reached 69%. Such widely proclaimed facts tend to divert our attention from the unreliability and intermittency of renewable sources of power. They are in short supply in periods when the wind does not blow and the sun does not shine.

In such circumstances, our present recourse is to rely on gas-fired power stations to fill the gap in the supply of electricity. These stations are a legacy of a previous era of electricity supply, when North Sea gas was plentiful and cheap. The gas-fired power stations rapidly replaced the coal-fired power stations. However, gas is not cheap and, moreover, burning it releases carbon dioxide, which is the principal agent of global warming. If we are to continue to rely on these power stations, the carbon dioxide that they release must be captured and sequestered underground.

In the absence of gas-powered electricity generation, additional sources of power must be found. Also, a means of storing energy must be found that is available for generating electricity at times when the renewable energy is in short supply. Two leading questions arise. The first concerns the urgency with which these recourses should be pursued, and the second concerns the proportions in which the storage and the additional power should be provided.

The report of the Science and Technology Committee that is the subject of today's debate emphasises the urgency with which long-term energy storage must be provided, and makes it abundantly clear that the necessary actions to avert an energy crisis are not being taken in good time. To substantiate this aspersion, one needs only to read the recent documents published by NESO—the National Energy System Operator—which is the agency responsible for advising the Government. A simple way of assessing its outlook is to search for "storage" throughout its documents. One will discover that it is to be found mainly within the phrases "carbon capture and storage" and "storage heaters". There are few instances of the phrase "long-term energy storage", nor is there any assessment of the available capacity for such storage.

A truth that is revealed by the report of the Science and Technology Committee is that there is only a limited capacity in the UK for storing gas. The current capacity is devoted to storing natural gas. We are told that the UK stores 10 terawatt hours of natural gas, compared with 217 terawatt hours in Germany, 122 in France and 162 in Italy. This startling disparity is explained by our tendency in the past to treat natural gas from the North Sea as if it were on tap. It is no longer readily available to us in this manner.

We must envisage a greatly enlarged future demand for gas storage in underground locations. It will have three aspects. In the short term, there will be a continued and, indeed, increased demand for the storage of natural gas. An enlarged store should partly protect the UK from the volatility of gas prices. There would also be a requirement for the underground storage of captured carbon dioxide, which would permanently pre-empt some of the storage capacity. There should also be a requirement for storing the hydrogen that would be required to alleviate the intermittent scarcity of renewable energy.

The committee report tells of a lack of concern on the part of officials in the face of these circumstances. They are unable accurately to assess what the future requirements for gas storage might be. In the absence of certainty, they are disinclined to take action. The report suggests that action must be taken immediately despite this uncertainty.

The report also suggests that long-duration storage facilities can take seven to 10 years to build and require considerable upfront investment. The problem in providing this gas storage is due in part to the difficulty in devising appropriate incentives to encourage the private sector to undertake the task. A so-called strategic reserve of gas, to be called upon in the rare event of a prolonged dearth of renewable energy, does not offer an attractive investment prospect for private enterprise. This has been demonstrated by the partial closure by Centrica of the Rough offshore gas storage facility on the grounds that it was uneconomic to maintain it. I would suggest that the appropriate word here should be "unprofitable" rather than "uneconomic".

Neoclassical economic doctrines have come to dominate the thinking of politicians and civil servants, which has made it difficult for them to accept that there is no viable market solution to this conundrum. They hesitate to accept that such a strategic reserve should be in public ownership.

The next matter concerns the sources of our energy. A report from the Royal Society proposes that we should rely almost exclusively on renewable sources of energy—on the wind and the sun. It is proposed that surpluses of electricity from these sources should be used to generate hydrogen by the electrolysis of water. Then, in times of a dearth of renewable energy, the hydrogen should power turbines and reciprocating engines, driving electricity generators. The proposal would involve a major investment in energy infrastructure. Facilities for generating hydrogen and using it to generate electricity are also required. Additionally, a network for piped hydrogen would be required. The electricity network would need to be updated to transfer the power from the remote places where it is generated to places where it might be used. Alternative recommendations involve various amounts of electricity generated by nuclear power.

Lord in Waiting/Government Whip (Lord Leong) (Lab): My Lords—

Viscount Hanworth (Lab): I shall be fairly brief. One recommendation, which I strongly support, proposes that small advanced modular reactors should be deployed to provide heat and power for both domestic and industrial users. The inherent safety of fourth-generation nuclear technologies will allow the reactors to be located near the industrial users, thereby reducing demands.

Lord Leong (Lab): I really urge the noble Viscount—

Viscount Hanworth (Lab): Please let me encapsulate this final point. The time is advisory, not mandatory. I have a major point to make.

The small size of the reactors would be an advantage in this connection in comparison to the so-called small modular reactors which typically have a power output of 300 megawatts, which is more than an industrial user might require. Batteries of advanced modular reactors could be used to create large electricity-generating power stations. A sad fact to which I must testify is that Britain is losing its projects for developing such reactors—they are closing though lack of funds or finding sponsors in other countries.

1.49 pm

The Earl of Erroll (CB): My Lords, I congratulate the Science and Technology Committee on this report. It really hits the nail on the head in the need to think about things. One thing that always amuses me is that people keep talking about doing these things “at pace”. Surely they mean “speedily”. A pace can be slow as well as fast, so it is an ambiguous word to use.

Anyway, enough of that. We all talk about transmission and central storage, not always but quite a bit, whereas living in the country I am only too aware of the importance of having electrical back-up. We have a diesel generator, which cuts in sometimes two, three or four times a year. We are not very far from London, only 60 miles, just off the A1, but nothing like that is reliable. We need reliability because, for us, internet communication is essential for filing stuff to the Government on time. If you are late, you get fined, so it is not an option.

The other thing about local storage is that it reduces the load on central systems. It does not necessarily have to be electric. I was just looking at heat batteries because I am putting something in in Scotland and thought they might be good because they use phase change materials to store the heat and you get it back when you want it. We should look at that sort of stuff.

How we use whatever energy source we are going to use is key. I want to focus on the problems of heavy-duty transport, particularly vans and lorries going out from depots, with everyone buying from central depots on the internet. They have problems with this, because fuel cells are not commercially viable or affordable. Electricity is an obvious thing, but in moving machinery batteries are not an option for much of the market—they have been tested and shown not to work. Two large companies are delaying putting them into effect although they were under pressure to do so; they are not buying them at the moment.

Another problem is that you cannot get power through the grid to distribution depots. One site was quoted tens of millions of pounds to get a sufficient supply. The planning system is blocking delivery of electric charging points, which are needed for a lot of stuff in northern and remote parts of the motorway and for A-roads. The planning system is blocking them because they want substations or need more heavy-duty copper cables. That is a big problem, so I entirely agree with the noble Baroness, Lady Lane-Fox, and support everything she was saying about prevarication in the planning system blocking a lot of stuff that will be needed in future.

Transport fleets have a problem in reducing their overall carbon emissions and modern adapted diesel engines are ideal for heavy transport. The problem is that the DfT is blocking the approval of hydrogen internal combustion engines, or H2ICEs. The technology was adopted by the EU in April 2024 but it is blocked over here and therefore cannot get research funding, grants or support from the Government. It also will not be approved by the DfT when trying to evaluate sites or companies in getting towards net-zero targets. The fact that this British modern technology in research is not eligible for support here means, I have been told, that a leading UK company is actively considering moving to the EU and the US because it will get subsidies and government support over there, and that saddens me.

Another part of the solution would be to generate the hydrogen near the depots. You would have wind farms and solar, say, next door to the depot, hydrolyse the hydrogen directly, and then it can be used there locally. Again, that takes the pressure off trying to centralise all these systems. Another area I heard about that is apparently not getting any government support is carbon-negative ways of generating hydrogen locally. They should be supporting innovative stuff such as that. As mentioned by several noble Lords, small modular reactors would also take local pressure off the grid. That would be very sensible. Many of these ideas are quick and affordable and it saddens me when I hear that the British Government have apparently given £188 million to Tesla over the last eight years. We could have been supporting innovation in the UK instead—that would be far more productive.

[THE EARL OF ERROLL]

Another point that I was thinking of making, but I did not know whether I would have the time and I do not know whether my science is faulty, is that hydrogen has a much lower energy density than the hydrocarbon in natural gas. Therefore, you cannot just shove hydrogen down the gas system into houses for heating and all the things that system is used for at the moment because you will not get the same heat out at the other end from the same volume of gas. I do not know quite what is happening on that; I think there is a lot of research, and people talk about adapting boilers and all sorts of other wonderfully expensive ways of trying to get round the problem. Sometimes everyone thinks that there is a magic word that will solve all the problems, but very often that is not true. However, we need to get on with it. That is the most vital thing in this report.

1.54 pm

Baroness Northover (LD): My Lords, I too pay tribute to the noble Baroness, Lady Brown, for her leadership of the Select Committee on Science and Technology, of which I am a member, her expert chairing of this inquiry and her compelling introduction to the debate. She brings great expertise to the committee and has an ability to horizon scan in a way that has been vital to the committee. She will be missed as our chair as her term comes to what feels like a premature end. I also thank the staff members who supported this inquiry, in particular Thomas Hornigold, our policy analyst, whose clarity and brilliance were an enormous help to us and certainly to me.

I too look forward to the Minister's maiden speech. As Minister of State for Investment, she has a key responsibility in this area. Is she already looking at it? I am extremely glad that the noble Lord, Lord Hunt, is alongside her on the Front Bench. Both have a track record of delivering.

The noble Lord, Lord Drayson, is right to emphasise that this is not an area for hesitation or delay. As he put it, consultation and review are not what is required here; it is action. Indeed, the greatest risk is, as he said, indecision. Does the Minister agree? The noble Lord, Lord Wei, pointed to the Vaccine Taskforce as a model for how this might be taken forward. What does she think about that model?

As others have mentioned, we need only to look at what is happening in Los Angeles or at the floods in Manchester over Christmas to remind ourselves of the greater extremes in weather that we are experiencing and the urgent necessity to address climate change. The noble Lord, Lord Lilley, who I am glad to see is just returning to his place, has flagged cost-benefit, but I wonder what the financial cost of rebuilding Los Angeles will be, let alone the human cost.

It is very welcome that the Government have brought forward plans to reach net zero. This requires huge scaling up of renewables and major changes to the grid and to planning regulations. As the economy moves away from fossil fuels and to greater consumption of electricity generated renewably, there are, of course, major challenges. As other noble Lords have said, a major challenge is, if you anticipate huge demands for

electricity, what you do when the wind is not blowing and the sun is not shining, potentially in the European winter—the Dunkelflaute to which people have referred.

Therefore, there is a need to store energy for those times. As the noble Lord, Lord Krebs, said, that is a no-brainer, and that is agreed. It is a matter not of short-term battery storage but, as the title of the report says, of long-duration energy storage. As the noble Baroness, Lady Brown, said, this issue has become even more urgent because of the change of Government and the welcome determination to decarbonise the economy earlier than the previous Government aimed to do.

The Royal Society made a thorough investigation of long-duration energy storage and reported, but seemingly with little traction. It also fed into our deliberations. Like the Royal Society, the conclusions we reached were that the best option is hydrogen storage and that the UK is well suited for this with salt caverns that could be used for this purpose. Given that potential UK capacity, energy could be exported at time of need to the continent. Therefore, does the Minister recognise this as an important economic opportunity? This also means that, when there is overproduction from renewables, it could be stored as opposed to being switched off or wasted. However, as the noble Baroness, Lady Brown, said, to build such storage could take up to a decade and would need capital investment up front because of the delayed and unpredictable nature of the return on this investment. The noble Baroness, Lady Neuberger, is right about the urgency of public education and engagement on this.

Relying on fossil fuel back-up in the short term, as the Government seem to be emphasising, has its risks. Clearly, this is not environmentally friendly, and the point at which such back-up is required could well be when others too are seeking such assistance, and prices are likely to be high. In addition, it potentially means that any excess renewable energy cannot be stored, and the gas plants may need subsidies to keep going, as they are not likely to be fully used since they are intended to fill gaps.

Our report laid out what we heard about the need for planning our energy needs, the necessary infrastructure to be built and planning reforms to be taken forward. I look forward to the Minister's response on these. As many speakers have said, given the scale of what is required, are the Government seizing this responsibility and, if so, how?

If the hydrogen storage proposed in this paper seems an expensive route to go down—one or two noble Lords mentioned that—then it is worth noting, as the noble Baroness, Lady Brown, said, that the Government spent almost £80 billion on support for energy bills after the invasion of Ukraine and the shock increase in energy prices. Even then citizens faced high bills, and they still are. That was not, of course, just in the UK. We need only to look to the destabilising effect of the invasion of Ukraine, the sudden and huge increase in gas prices that followed that, the pressures on the cost of living and the economic, social and political fallout of that. The rise of populist and nationalist parties across the world owes much to that cost of living increase.

The first duty of a Government is to keep citizens secure. The noble Lord, Lord Rees, is right to emphasise risk, including from technological breakdown and malign attacks, but that is the significance of the security of energy supply that we are addressing in this paper. The Minister has our report. I hope we will hear substantial answers today—the potential actions of a CEO. That is why this Government have brought some wonderful experts into ministerial positions, including the noble Baroness herself and, of course, the noble Lord, Lord Vallance. If she does not yet have the necessary answers in her brief, I hope she will go back to her new department with her new responsibilities and make sure that planning for long-duration energy storage is urgently taken forward. In other words: get on with it.

2.02 pm

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, I congratulate the noble Baroness, Lady Brown of Cambridge, and her committee on initiating the research that led to the production of this important report, and the noble Baroness on setting the scene so well in her opening speech. I know that we all look forward to the maiden speech of the noble Baroness, Lady Gustafsson. She brings much-needed technical expertise and business experience as a leading light in a sector which we hope will serve the country well. I offer her a very warm welcome.

It is clear that most noble Lords participating in this debate agree with the report's central tenets: that long-duration energy storage is essential if the Government are to achieve the target of net zero by 2050, as introduced by the previous Conservative Government, and that we do indeed need to get on with it. The OBR estimates that the Government spent some £78.2 billion between 2022 and 2024 on support for energy bills during the spike in prices resulting from the Ukraine war. Some of these costs could have been mitigated had we developed more long-term storage capacity earlier.

This need is even more urgent considering the Government's ideologically ambitious target of clean energy and a decarbonised grid by 2030, which will ensure that fossil fuels are phased out. Of course, as noble Lords would expect, at this point I take the opportunity to remind the Government that a greater proportion of nuclear power providing baseload would also reduce the amount of energy storage required, even with the risk of cyberattacks, as rightly warned by the noble Lord, Lord Rees.

To replace fossil-fuel derived energy, the Government are ramping up renewables—onshore and offshore wind and solar which, by their very nature, are unreliable. As I said at Second Reading of the Great British Energy Bill, over the last few months we have seen another *Dunkelflaute*—an extended gloomy period of low winds and little sunshine. In March, the measure of how often turbines generate their maximum power failed to reach 20% and we have recently seen levels drop to near zero. Relying on new interconnectors to Belgium and Holland will not offer energy security, if either their wind farms suffer the same weather conditions as ours or their countries' needs are greater.

The noble Lord, Lord Krebs, was right to say that we need to start with first principles. That is: how much power the whole system needs and, importantly, for what periods of time. The Royal Society makes a start by estimating that the need is to store approximately one-third of current annual UK electricity generation, well over 100 terawatt hours, and that the annual demand for electricity could reach 570 terawatt hours by 2050. It found not only that a strategic reserve of long-duration storage would be particularly important to address supply shortfalls from renewables but that a portfolio of different types of storage would assist in lowering the average cost.

Britain has just 2.8 gigawatts of long-duration energy storage capacity, from four pumped hydro plants in Scotland and Wales—not yet much of a contribution—so I urge the Government to provide more support for what is often called the poster child of storage technologies. The Dinorwig hydro scheme in north Wales, set up 40 years ago by the then CEBG, is still operational and two of the original four shafts are being brought back into service by the current owners, EDF. The Government now have the chance to support the proposed Dorothea project in the Nantlle valley, using the lake in combination with the nearby slate mines, which extend well below sea level. Supported by the local Gwynedd council, the construction phase would bring 1,000 jobs to the area over the next 10 years. Many of the engineering and other relevant skills already exist in that area. Ofgem has been charged with devising the business model to support long-term storage projects, including a cap and floor scheme. I urge the Government to resist devising a one-size-fits-all scheme. The projects in Wales and Scotland face very different challenges and costs.

The storage of power increases the flexibility of the grid and minimises the likelihood of wasted renewables in instances of excess supply. This waste is expensive: I note that the cost of paying wind farms to switch off soared by 91% in 2024 to nearly £400 million. It has sadly meant that constraint payments have made it very lucrative for wind farms to be switched off. While we must investigate and consider all solutions for long-term energy storage, we must not lose sight of pursuing the most efficient means for energy storage. The previous Government recognised all of this, which is why we consulted on policy mechanisms to support low-carbon storage and introduced a target in the *British Energy Security Strategy* to deploy enough to balance the electricity system. Not only that but we moved to reform the energy systems, establishing the future system operator and consulting on a long-duration energy storage business. We also addressed the challenging economics of these storage projects and actively consulted on introducing a cap and floor mechanism to implement additional financial support.

Domestic energy storage is not solely about a resilient decarbonised grid; it is about the security and stability of the whole economy. It is vital that we acknowledge the UK's North Sea oil and gas industry when discussing the future of our energy storage and security. That industry has suffered under this Government: their tax on the North Sea oil and gas industry is punitive. For three consecutive days in December, 60% of electricity came from gas, as wind output dropped at the same

[BARONESS BLOOMFIELD OF HINTON WALDRIST] time. German consumers were then having to pay an average of €395 per megawatt hour, for the same reason. We shall still need gas in the transition while storage technologies and grid improvements catch up with needs.

By increasing the windfall tax by 3% in the Budget, the headline rate imposed on UK oil and gas firms is a staggering 78%. This hike has already cut investment in UK natural resources and will make the UK increasingly dependent on imported supply. Not only will this compromise the UK's energy security but consumers will be exposed to price fluctuations. This country could become increasingly dependent on imported electricity and therefore be forced to pay the market price for power, as fossil-fuel power generators are closed quicker than the rate at which we are increasing the necessary capacity to replace them.

The development of long-term energy storage technologies must also occur alongside the development of the national grid. Increasing energy storage is pointless if we have no means to transmit and distribute the electricity. It has been reported that, to achieve their target of clean energy by 2030, nearly 1,000 kilometres of new power lines will have to be built to support these efforts. The Government need to confront the fact that the infrastructure for the electricity network will need to be built at a far faster rate than it has been over the last decade if the Government are to meet their pledge.

The timeframe for obtaining grid connections for a new energy project can be as long as 10 years. This is not a new phenomenon: the previous Government understood these complexities and commissioned the Winsor review, which laid out 43 recommendations to reduce grid connection wait times. The Government must be prepared for this connectivity challenge, as it will directly impact the delivery of our renewable energy projects.

I will make a few final points. It is right that the urgency of this issue requires Ofgem to devise support mechanisms in a much shorter timeframe than historically has been achieved. The role of Ofgem has been expanded inexorably over the past few years, and I hope it continues to receive adequate support. Although research into all technologies is equally urgent, attention must be paid to their relative efficiencies. Direct electrification—namely, not converting it to anything else before use—obviously delivers very high efficiency. Converting it to anything else for storage obviously delivers less. The main issues with using hydrogen or ammonia as an energy carrier or a storage medium is that they are energy inefficient—between 25% and 40%—added to which, ammonia is horrendously damaging to the environment.

The noble Lords, Lord Whitty and Lord Moynihan of Chelsea, are right to be cautious. Many hydrogen projects around the world are being scaled back or abandoned due to the high costs and unrealistic projections on adoption. Less than 1% of global hydrogen production is green; the other 99% is either blue or grey, which has a significant impact on CO₂. I urge the Government to place emphasis on the energy efficiency of technologies—not only pumped or compressed air storage but some

of the newer forms of advanced battery technology, where the efficiency is much higher, despite other challenges such as their capital cost.

In summary, I acknowledge that there are no easy answers. I wish the Government well in navigating the technologies available and in the critical evaluation of the many claims made by their competing proponents. The noble Baroness, Lady Brown, is absolutely right to urge the Government to just get on with it, but please do so with an eye to their relative efficiencies.

2.12 pm

The Minister of State, Department for Business and Trade and Treasury (Baroness Gustafsson) (Lab) (Maiden Speech): My Lords, I am very grateful to the noble Baroness, Lady Brown, for initiating this debate, and I thank both her and the members of the Science and Technology Committee for their work. It is a privilege to respond on behalf of the Government in my maiden speech to the House. Before I address the points raised, allow me a few moments to introduce myself and share the passion that drives me in this role, along with the profound sense of responsibility that I feel in undertaking it. Noble Lords can watch me as I tackle the butterflies that the noble Baroness, Lady Lane-Fox, referred to earlier.

I come to this Chamber via a route that probably differs from that of a typical Government Minister—and I am not just talking about the fact that I keep getting lost in the long winding corridors of this very beautiful building. My career to date has been spent at the sharp end of innovation, which, as I have learned, is both a gift and a challenge. It is a duality that is particularly clear in the world of cybersecurity, where attackers and defenders are fighting for dominance in ever-shifting digital landscapes.

I began my career as a mathematician, drawn to the precision and clarity of numbers. Mathematics offers a comforting world of absolutes: zeroes and ones, truths and proofs, which are the binary building blocks of certainty. But life is rarely so straightforward. Just as mathematics moves from neat formulas to complex algorithms, life reveals shades and uncertainties. My path led me from the abstract elegance of equations through training in accountancy and working in venture capital to the dynamic and unpredictable world of technology. As the co-founder and former CEO of Darktrace, I had the privilege of witnessing first hand the daily progress that technology can make.

Working in innovation is exhilarating and, at times, exhausting. It is a constant project—innovate, or be out-innovated. It is like running along a beautiful mountain path: around the next corner could be the most beautiful view that takes your breath away, but the next runner could be right behind you. Stop for even a moment, and you might just find yourself caught. It is ambition and a quiet confidence that keep us running and protect us from complacency.

This Government are not short of ambition. The UK's goal to become a green energy superpower by 2030 is what drew me to this role, and there is no better place to build an ambitious company than the United Kingdom. We have the lowest corporation tax in the G7; some of the most competitive R&D tax incentives

in the world; world-class universities; and forward-thinking policies. We must celebrate what we do well. The UK is a global leader in technology and innovation, with a tech ecosystem worth over \$1 trillion. We are rightly proud of the companies that have been built here and of the talent that continues to drive our success.

As I turn my focus to energy, I am inspired by that same sense of ambition. Energy is the lifeblood of progress, and the challenges that we face—achieving net zero, securing supply and driving innovation—demand bold thinking and confidence in our ability to lead, innovate and turn challenges into opportunities. Just as innovation must balance opportunity with risk, so too must our energy policies balance sustainability with security, and ambition with pragmatism. I look forward to contributing to these debates with the same spirit that has defined my career: one of ambition, collaboration and an unshakeable belief in the potential of this country.

I extend my thanks to colleagues across the House who have welcomed me so warmly and shared their thoughts and insights into parliamentary and ministerial life, particularly to my two supporters, the noble Lord, Lord Vallance, and the noble Baroness, Lady Lane-Fox, and to my two predecessors as Minister for Investment, the noble Lords, Lord Grimstone and Lord Johnson. I also thank the staff of the House, Black Rod and her staff, the doorkeepers and clerks, and those who have kindly pointed me in the right direction when I have been going the wrong way down those winding corridors. I thank noble Lords for this opportunity to serve, and I look forward to working with them to achieve great things.

Today, noble Lords have offered their thoughts on this and the report from the Science and Technology Committee. I want to reflect on these contributions now and respond to as many of the points as I can. First, on progress made on hydrogen, the noble Baroness, Lady Brown, and the noble Viscount, Lord Stansgate, asked what progress the UK has made on long-duration storage since the publication of the report by the Science and Technology Committee back in May. The answer is: a great deal. In the Government's procurement of hydrogen infrastructure, we have published an early market engagement notice. What does that mean? Well, it allows developers to register their interest early and start planning ahead. We recognise that these projects will be vital, and we are going to need colossal amounts of hydrogen storage. That is why we have already started engaging with a range of potential suppliers in the hydrogen storage market, which is the right approach to take. In addition, government recognises the value of strategic energy reserves as a source of energy resilience and security of supply, balancing system flexibility, particularly during periods of energy supply shortage—Dunkelflaute periods, as the noble Baroness and other noble Lords have noted. Government will continue to explore options around the role that storage can play, including providing strategic energy reserves in supporting future energy system resilience in a changing energy landscape.

I move on to progress made on electricity, which the noble Lords, Lord Lilley and Lord Moynihan, asked about. Of course, in the committee's report and today's

debate, we have seen a lot of discussion about long-duration electricity storage specifically. Here again, I believe the Government are making real progress. In October last year, we announced the long-duration electricity storage support scheme, which will be delivered by Ofgem. The next steps are as follows: a technical decision document will be published next month with the final design details of the scheme. Applications will then open in the second quarter of this year. After that, we expect the first agreements under the cap and floor scheme to be agreed early next year.

It is important to stress that this scheme is tech neutral. What does that mean? It means, basically, that any technology that meets the definition of long-duration storage with electricity in and electricity out can be part of an application. These applications have to show that the technology would not be built without the cap and floor scheme, which is the additionality principle. For example, longer-duration lithium-ion batteries and closed-loop hydrogen-to-power systems may be eligible, as would traditional technology such as pumped storage hydro, liquid and compressed air, and flow batteries, but to get approved, all applications need to prove that they represent the best deal for consumers.

Some noble Lords raised the subject of costs to consumers. This scheme works on an insurance-type model, unlocking investment in these assets without upfront subsidy. A very similar approach has been used for electricity interconnectors; these have delivered about 10 gigawatts of capacity without a single penny of taxpayer subsidy. That is enough to power about 750,000 homes, and revenue was actually returned to consumers via the cap, so this really can be a model for success. However, I am keen to stress to noble Lords that neither the Government nor industry are waiting for the cap and floor scheme to be rolled out before making headway in this area. There is already significant development under way in anticipation of the cap and floor scheme. SSE, for example, has completed its exploratory tunnelling on the Coire Glas pumped storage hydro project in northern Scotland, ensuring that it is ready to seize the potential for future growth. Meanwhile, Highview Power has reached a £300 million final investment decision on a brand new liquid air energy storage site near Carrington; it is a major step forward in both the company's and our country's journey to net zero.

To specifically address curtailment costs, raised by the noble Baroness, Lady Brown, beyond storage, a key priority for the Government is to accelerate the building of electricity network infrastructure to increase capacity on the network and reduce constraints. This will also ensure new sources of low-cost, homegrown and clean generation that can connect to the grid. We are working with Ofgem, the National Energy System Operator and the transmission owners to break down the barriers to this. The work includes reforms to the planning system, unlocking supply chains and mobilising the investment required via the upcoming transmission price controls.

A number of noble Lords, particularly the noble Baronesses, Lady Neville-Jones and Lady Lane-Fox, and the noble Lords, Lord Drayson and Lord Wei, spoke about electrolyser supply chains and wider support

[BARONESS GUSTAFSSON]

for green energy. We are building on the momentum we have already generated, ensuring that the right financial tools and support are there for those businesses that are leading the UK's charge towards becoming a clean energy superpower. Our new national wealth fund and the creation of Great British Energy ensure that tens of billions of pounds of investment are there to support clean energy supply chains. This builds on the achievements we have already seen in the industry.

Take green hydrogen equipment suppliers: they doubled the number of electrolyzers produced in 2023 compared with 2022, which is extraordinary growth in this part of the market. ITM Power's gigafactory in Sheffield boasts one of the largest electrolyser factories in the world, with massive levels of capacity, and certainly enough to produce low-carbon hydrogen for use across the economy. It is fair to say that UK hydrogen companies have some of the best fuel cell, hydrogen production and material technologies going. I want them to retain that competitive advantage.

As noble Lords know, we have identified clean energy as one of the key growth-driving sectors in our industrial strategy. We want to channel investment into these sectors so that the UK remains ahead of the pack when it comes to the development and deployment of green energy. We have already taken action to inject some much-needed agility into our planning system. Our planning and infrastructure Bill is set to speed up the process for the delivery of major infrastructure projects. At the same time, the Department for Energy Security and Net Zero is running a pilot hydrogen planning unit programme. It has been charged with upskilling planners working in councils on hydrogen. We want them to feel confident in taking decisions on hydrogen planning applications, and, with support from central government, they will be.

DESNZ is also in the process of drafting planning guidance for industry to support projects going through the planning process. That is because we know that clear regulatory guidance will be a game-changer in helping get novel hydrogen projects off the ground. It will help build even more confidence and investment into UK hydrogen development.

Let me turn my attention to progress with the National Energy System Operator and the strategic spatial energy plan, which my noble friend Lady Young, among others, asked about. One of the report's recommendations, which we have already discussed today, is the establishment of the National Energy System Operator. As noble Lords will know, this was formerly known as the future system operator. The Government's position is this: we believe that the National Energy System Operator is perfectly placed to help different parts of our energy system work in harmony. It can act as that whole energy system planner.

We formally launched NESO in October last year. Working alongside the Scottish and Welsh Governments, we commissioned it to develop a strategic spatial energy plan. This is really exciting. It is the first ever spatial energy plan for Great Britain. It means a hands-on, planned approach to energy infrastructure across land and sea. It builds on the independent

advice provided by NESO on how to deliver clean power by 2030. This plan will cover energy and hydrogen. It will identify super cost-effective locations for hydrogen production, transport and storage, working in tandem with electricity network development. The committee's LDES report called for more details on how the National Energy System Operator will produce this plan. We are now consulting on the methodology and will provide further details shortly.

My friends, the noble Baroness, Lady Brown, and the noble Lord, Lord Whitty, asked about government ambitions for hydrogen energy storage development and what the future holds. The point raised by noble Lords in this debate was about the Government's long-term commitment to hydrogen transport and storage, alongside the setting of capacity targets. Our position is clear: we will design business models for hydrogen transport and storage. We are delivering on that commitment, ensuring that the support is there for both, while maintaining a rigorous and fair assessment process.

As noble Lords will be aware, we want to see this next generation of infrastructure being delivered by 2030. As further evidence on hydrogen production and demand emerges, we will have more details about how our needs for infrastructure will guide business models in the future.

The noble Baroness, Lady Neuberger, and the noble Viscount, Lord Stansgate, raised questions about the public perception of the health and safety of some of these ideas. I want to touch on another issue that the Science and Technology Committee has acknowledged, which is the public perception. Although there is no evidence that hydrogen is unsafe, I am aware that the committee has challenged the Government to up our game in building public support for the technology. Here we are taking a common-sense approach. Safety obviously has to be our number one priority. We have a proud record on the safe production, transportation, storage and use of hydrogen. Projects developed by UK firms such as Bramble Energy, Ceres Power and ITM Power have helped establish us at the forefront of the global shift to hydrogen.

We want to maintain that reputation, and we recognise that health and safety regulation will be key to that. On this point, the Department for Energy Security and Net Zero is working in tandem with the Health and Safety Executive. The HSE in turn is making sure that the right regulations are there to help, rather than hinder, the safe adoption of net-zero technologies, including hydrogen. It is taking into account all the potential risks for those who build, operate and maintain hydrogen facilities.

Allow me to comment further on carbon capture and storage. The noble Baroness, Lady Neuberger, in particular, addressed this. This relates to some of the points also made by the noble Baroness, Lady Brown, on ensuring that we have sufficient transport and storage infrastructure for carbon capture, usage and storage, and our planned use of gas post 2030. Last year the Government reached commercial agreement with the private sector and announced up to £21.7 billion of available funding over 25 years to launch the UK's new carbon capture, usage and storage industry.

In December, contracts were signed with Net Zero Teesside, the world's first at-scale gas power plant with carbon capture, supplying up to 1 million homes with low-carbon secure power from 2028. Combined with the Northern Endurance Partnership, the supporting CO₂ transport and storage project, the East Coast Cluster will capture and store carbon emissions from the region.

In addition to the East Coast Cluster and the HyNet cluster, the UK has an exciting pipeline of further CCUS clusters at a mature stage of development. These include Acorn in north-east Scotland and Viking in the Humber, which contain power CCUS projects at the heart of their plans. The gas system will continue to play an important role as we decarbonise, but the amount of gas that we use must decline, and the way we use gas must change in order to reduce our reliance on fossil fuels and achieve clean power by 2030, accelerating to net zero by 2050. As we do so, we are working across government and industry to better understand the future of the gas system through various credible scenarios, identifying key challenges and opportunities along the way.

I am conscious that there are some points I have not yet addressed, particularly those raised by the noble Viscount, Lord Stansgate, and I will make sure we write to him in detail on all the points raised. I will endeavour to include the word “Dunkelflaute”, which is clearly the word of the debate.

Let me turn to the phrase of the debate—“Get on with it”—and, in that spirit, allow me quickly to conclude. A huge amount of work has been under way to support long-term energy storage, whether that is investment, skills, health and safety, or the cap and floor scheme that we generated with Ofgem. The continued support and scrutiny of the Science and Technology Committee are vital in holding the Government's feet to the fire for the scale and pace of our delivery. But the Government are not doing it alone. We are working with industry across the clean energy sector to ensure that the UK remains a world leader in this space. We are taking action to push forward long-duration energy storage in the UK as part of our pursuit of net zero and our ambition to become a clean energy superpower by 2030.

The Government are looking forward to working with noble Lords in delivering on that pledge, and I am looking forward to working with them too. Together, we will realise a cleaner, greener future.

2.32 pm

Baroness Brown of Cambridge (CB): It is my pleasure to congratulate the noble Baroness, Lady Gustafsson, on her maiden speech and again welcome her to the House. Most of us will be feeling enormously grateful that we did not have to give our maiden speeches under such pressure and on such a challenging and complex area. She has clearly mastered her brief with great skill, and it is encouraging to hear her passion for this important area.

I will make just a few comments. On the urgency and timescales, we have heard about a range of positive developments but there is an optimism on timing that worries me. The noble Baroness talked about business

models being designed for hydrogen storage; they are not yet available, but the desire is for infrastructure to be delivered by 2030. She is a mathematician so I do not need to remind her that it is only five years away, yet those sorts of infrastructure projects typically take seven to 10 years—that was the shortest kind of timescale. We have to recognise that some of this will not be delivered by 2030, but we also need to make sure that we are driving this and, as many noble Lords said, taking appropriate risks to really try to accelerate, use the new technologies and deliver the cost reduction through implementation, because that is the only way we will reduce the cost of these new technologies.

I hope we will start to see more evidence of the public engagement that we need, and get the public on board with the changes that the future energy system is going to deliver, whether that is getting them to understand that we need pylons, even though they do not like them, or that hydrogen storage near their homes, for example, will be done in a way that genuinely will be safe. We need to start to see that public engagement, and I do not think it is yet happening or visible.

The Minister has said many positive things which I very much endorse, but I am still concerned that we need clarity about a strategic energy reserve. Do the Government see this as a reserve of energy—of joules—or do they see it as a generating capacity issue? Talk about a cap-and-floor mechanism for long-duration energy storage makes me worry that we have not quite got the concept of a strategic energy reserve. If we incentivise the development of a strategic energy reserve—meaning that you make money by moving energy in and out of it—then almost certainly it will not be full when the Dunkelflaute happens. We really need clarity on how the Government see a strategic energy reserve and whether they are thinking that we perhaps need a reserve, as the report suggested, that the Government own. It is hard to see how to make a business model for keeping a lot of something that is quite expensive to use just in case it is needed every 10, 20 or 30 years. I want to make absolutely sure that we have got that very important point across.

Finally, I thank the noble Lord, Lord Lilley, who has given me a timely reminder that I need to fill in my tax return. He reminded me of some useful numbers that will be appearing on it, and that I need to take the advice of our report and just get on with it. I commend the report to the House.

Motion agreed.

Civil Servants: Compulsory Office Attendance *Question for Short Debate*

2.38 pm

Asked by Lord Farmer

To ask His Majesty's Government whether they intend to change requirements for civil servants to work in government offices following a vote for possible strike action over compulsory office attendance at the Land Registry.

Lord Farmer (Con): My Lords, the issue of the amount of time civil servants are required to work in their offices rather than in their own homes has been raised several times in Oral and Written Questions, and there will be a Select Committee on home-based working starting shortly. I understand that this is going to be based here and not in people's homes. This is a welcome opportunity to have a longer debate in advance of that. It is a very important issue for the country, as we try to pull together after a tumultuous period, especially during the pandemic, when many social norms were turned on their heads. The norm that people had separate work and home spheres was completely inverted. There were, of course, exceptions to this norm, but there were also reasons why it was a norm.

To set this debate in the broader context of requirements on the Civil Service, the last Government mandated civil servants to work together in offices 60% of the time. Phrased as an "expectation", it had flexibility built in, so that many exceptions could be made—for example, on the grounds of disability or childcare responsibilities. The Cabinet Office said that department leaders would listen to staff and make adaptations where required to ensure that the policy meets business needs. This was part of the *Civil Service People Plan*, which points out that the

"programme of modernisation is no end in itself. It is about delivering to every part of our country and every family, and doing so better, more effectively and efficiently".

The current government focus, as stated by the noble Lord, Lord Livermore, is on fundamental reform of our public services to drive greater efficiency and productivity. They renewed their commitment to the 60% office attendance mandate on 24 October 2024, doing so with reference to a wide range of studies showing the benefits of hybrid working.

However, Land Registry employees in the Public and Commercial Services Union will strike indefinitely from 21 January over their managers' application of this mandate, refusing to cover for colleagues or to take on anything they deem to be beyond their job description. The PCS cited concerns about reduced work flexibility, extended working days due to commuting, financial impact, well-being, and impacts on disabled workers and carers. Limits to flexibility and the time, money and energy spent on commuting are all costs of employment that were normal before the pandemic catalysed the mass movement out of the workplace and into the home.

As an employer, I have first-hand experience of how hard it is to assess performance when people are working from home. Major changes to stamp duty are coming in April this year, which the Land Registry will have to administer, yet commentators in the *FT* have described the Land Registry's current inefficiency, with some registrations now taking 12 to 24 months, and its service levels are already far below what any private sector business would deem to be acceptable.

The PCS general secretary, Fran Heathcote, said that imposing mandated targets on office attendance "doesn't increase productivity and is unpopular with staff".

How can she be so certain? I am sure that others here will talk about the benefits of home working. However, assessments of its impact on productivity are inconclusive,

and the Government are very clear on the benefits of collaborative face-to-face working, particularly in the Civil Service. Jamie Dimon, the CEO of JP Morgan, whose shareholders require him to run an efficient business, announced on Tuesday that all staff will be required to work in the office five days a week, as

"staff work better together in-person".

Dimon has been critical of the US Federal Government's lax expectations of their officials in this area.

The taxpayers of this country are the shareholders of the Civil Service, and we require the Government to run it effectively. In 2019, the TUC described home-based working as a "win-win-win" that

"can boost productivity ... But too many employers are clinging to tradition, or don't trust their staff enough to encourage homeworking. They need to catch up".

The implication is that remote working was previously underused and that we are now in a brave new world of greater efficiency. Frankly, the TUC needs to catch up on the realities of human nature. The companies that I have managed and started have taught me that the sentiments expressed by the TUC are rather naive. It is not necessarily clinging to tradition to want to have the team work together, united in the aim of furthering the business and building relationships through interaction. Moreover, trust must be earned; it comes with a good track record. Accountability must be learned and observed. If you can see no evidence that work is happening, how can you know that it is taking place? Furthering the business is existentially important when its survival is at stake.

Flourishing businesses are indispensable for employees' economic well-being and require employers to take a risk, often working long hours themselves. My experience is that home working has been a brake on creativity and productivity. The IFS warns that people might, in fact, now be working too much from home and undervaluing the benefits of in-person work. It says that externalities—the bigger picture—need factoring in, but the employee looks only narrowly at the costs and benefits of their actions. Externalities include the effects of a personal decision to home-work on everyone else in the office and their productivity. More people in the office can better facilitate collaboration and creativity, such as with a quick five-minute chat to resolve issues instead of a diarised Teams meeting.

Importantly, the costs and benefits of home working are spread very unevenly across each firm's workforce. Older and more experienced workers may just want to get their heads down and finish early. Their pre-pandemic work-based social networks have kept going, reducing the benefits of going into the office. Often having bigger homes, they can work in separate spaces from the families that they spend time with after work. However, psychological impacts on younger, newer workers are likely underestimated. Working in their bedrooms, struggling with loneliness and flailing around with little help and social support, they need informal chats and to observe first hand those with greater experience. Much is better caught than taught.

Older and more senior workers who insist on home working for personal convenience are often pulling up the ladder that they were able to climb. Since the Budget, there has been a cloud of gloom over business,

given ever-increasing levels of taxation and constantly mounting pressures on employers. These include ever-increasing rights of employees. If many rights are given on day 1, when people have not shown that they can even do the job, this will deter hiring. Entrepreneurialism is being dampened and the spirit of adventure required to start and drive a company and create wealth is evaporating. Many companies are fast reaching the limits of sustainability in such a hostile environment and urgently need their staff to do the work that they are paid to do in the most productive way possible.

We are still in the wash of the pandemic, so in this nationally vital area of employment it is time to evaluate what is good, what is bad, what is right and what is wrong. Frankly, it cannot just be what the unions and employees want. The home working norm, which emerged in very abnormal circumstances that now no longer exist, has been sustained. Why? Will the Government confirm that working from home and even hybrid working will not be treated as a right? The employer should be able to require what is needed for delivery. Will the Government confirm that they do not intend to reduce the Civil Service office attendance mandate? They should, as employers and stewards of our taxes, act on the bigger picture, the externalities mentioned by the IFS, and enable other employers to do the same.

2.47 pm

Lord Watson of Invergowrie (Lab): My Lords, I thank the noble Lord, Lord Farmer, for enabling us to discuss this topical issue, though I am unable to endorse the approach that he adopted in introducing it. The noble Lord brought to my mind the First World War generals fighting the last war rather than the current one. I do not recognise the hostile environment to which he referred. To advocate 100% workplace attendance being compulsory suggests a lack of trust in staff, which can hardly improve productivity.

I declare an interest, about which the noble Lord, Lord Farmer, will perhaps not be surprised, being in my 50th year as a member of Unite the Union and a former full-time official with one of its constituent unions. My instinct has always been to support workers who vote for industrial action, because no union member does so, particularly as regards strike action, without careful thought, due to the obvious personal financial implications.

That said, with regard to the Land Registry, the basis on which the PCS union feels that it has a case in terms of employment law is not clear to me. Unless someone explicitly has a home working contract—which I understand virtually nobody in the Civil Service does—then the employer is within their rights to say that they want staff in the workplace. Given that hybrid working was almost unknown prior to the pandemic, most civil servant contracts presumably say that they are expected to attend the department to work, unless they are out and about as part of their responsibilities.

However, people now expect flexibility from their employer in terms of working arrangements, a trend given impetus by the Employment Relations (Flexible Working) Act 2023 introduced by the previous

Government. That legislation does not specifically involve home or hybrid working, but hybrid working can be a useful retention tool for employers who cannot simply throw money at staff in response to pay demands. Cutting commuting costs can be an indirect boost to an individual's disposable income.

I have arrived at a position where a requirement to attend the workplace three days a week does not seem excessive and seems to offer considerable flexibility, and I support the Labour Government's decision to maintain their predecessor's 60% office attendance mandate for the Civil Service.

However, we should be aware of the potential discriminatory outcomes from the attendance issue. Flexible working arrangements can offer people with disabilities and those—mainly women, inevitably—with caring responsibilities opportunities to work in both the public and the private sector that were previously denied to them. The noble Lord, Lord Farmer, referred to that being part of the Civil Service people plan. It is of course much more likely that people with disabilities and working mothers will simply not apply for jobs where attendance criteria are at their tightest, so this has been recognised within the people plan.

Those arguing for 100% workforce attendance seem to be unaware of its potentially damaging effects, focusing as it does on inputs—where and when the work is done—rather than outputs, which is what use is made of the work done, and most important of all, outcomes, what benefit results from that work. It begs the question: what is work? Is the employee's job to get something done or to be seen to be getting something done? Monitoring office work in too rigid a way surely runs the risk of creating distrust, which can lead to anxiety and stress, undermining job performance.

There are legitimate concerns about the impact of relatively empty workplaces on such things as collaboration, sparking ideas, culture and professional development—all these, I acknowledge. Opportunities for networking and learning directly from more experienced work colleagues bring many benefits, but that does not mean that having some kind of hybrid system leads to an absence of those benefits. A balance needs to be struck, and where that balance falls will depend on the individual workplace, its employers and its employees.

The world is a very different place today from what it was five years ago, and the world of work no less so. Attitudes and expectations have moved on, something that the vast majority of employers and employees have recognised. Responsible employers will ensure that they facilitate a regular discourse with their employees and their representatives, a role most effectively delivered by a trade union. I hope the dispute between the Land Registry and the Public and Commercial Services Union will soon be resolved and that it will point the way to further development of modern working practices, not just throughout the Civil Service but across the public sector—and, indeed, the private sector.

2.52 pm

Baroness Wheatcroft (CB): My Lords, I am grateful to the noble Lord, Lord Farmer, for securing this debate on what is a very interesting and valuable

[BARONESS WHEATCROFT]

subject, but I fear that, as the noble Lord, Lord Watson of Invergowrie, pointed out, he is fighting the last war. For most of my career, being in the office was seen as essential—and not merely Monday to Friday. Sunday newspapers required Saturday working, just as Mondays required a team to be in the office on Sunday, but when I embarked on a career in journalism, we used typewriters and carbon paper. Technology has moved on, and so have working practices. Indeed, one weekly newspaper to which I contribute does not even have an office, but it succeeds in coming out on time every week and is making a profit. We have to accept that what was seen as essential for us may not be appropriate for today. That is why I cannot support an insistence that most civil servants should be in the office 60% of the time.

Surely what is important is getting the job done as effectively as possible. There is not yet conclusive evidence—as the noble Lord, Lord Farmer, pointed out—as to whether the job is done more effectively with home working or less effectively. The noble Lord asked: if people are not in the office, how can one tell if they are working? Well, if he cannot tell whether the work is being done, there is something wrong, and it is not with the way that people are working; it is with what is being measured. What is surely important is not the hours spent but what is delivered in those hours.

What we know is that many people place huge value on the flexibilities that modern working practices—many introduced because of Covid—have brought them. They have made major life decisions on the basis of that flexibility that working from home has permitted. Whether they are civil servants or other workers, they should not be asked to sacrifice that at the whim of their employer. Some jobs simply cannot be done remotely. I understand why some of those who have no choice but to leave their homes and head to work may feel a degree of resentment, but that might be a reason for employers to examine their pay and conditions, not to penalise those who are able to work more flexibly.

People differ just as jobs differ and I can see no reason why modern workplace practices cannot take some account of this. If employers, including the Government, share my belief that a strong team culture is important in building success, they should insist on a minimum presence in the office, but does it need to be for more than 20% of the working week? If that was, as far as possible, the same day for every member of a specific team, a degree of bonding and shared culture could be achieved.

Some people will want, and may need, to spend much more time in the office—for instance, those who live in cramped circumstances or wish to escape from loud children. When people were confined to their homes because of Covid, there were some individuals who had to struggle to turn an ironing board into an office; that does not work well and no doubt they would leap at the chance of spending every day in their working week in the office. But we should surely strive to avoid the cult of presenteeism that so bedevilled workplaces for so long and is still present in some of the investment banks, among other institutions. The jacket left on the back of the chair to signify that the

owner was definitely in the workplace but had merely slipped away from the desk for a moment was symptomatic of a culture of silly competition to try to indicate a devotion to the job—certainly not a recipe for a healthy working environment. Of course, it penalised many women who wanted to work but wanted the flexibility to do so in their own time. Just being present in the workplace is no indication of effectiveness.

Too many people seem to go to work to have a social life. A poll by YouGov for the TUC found that one in three people had had a relationship with a colleague, and 22% were married to, or in a civil partnership with, someone whom they met at work. The basic question is whether or not they were doing everything effectively for their job while they were there. I do not think that the Government should legislate to insist that everybody is present in the workplace even 60% of the time, or 40% of the time. Let us look at what is produced.

2.58 pm

Lord Maude of Horsham (Con): My Lords, I am grateful to my noble friend Lord Farmer for introducing this topic and giving us a chance to debate something that is important, because it relates to the productivity of the Civil Service, which is vital to the success of the United Kingdom as a country.

There are no absolutes in this: there is no absolute sense that working from home is terrible or that being required to be in the office all the time is perfect. There is plenty of evidence that a degree of hybrid working can increase productivity. Before Covid, there was evidence that people doing office jobs, working, perhaps, one or two days a week from home, could actually increase productivity. There was less time spent travelling—all of that—and productivity could improve. There are, however, some big “buts” on this. Generally—and my noble friend made this point—for more junior staff with less experience, often living in much more cramped circumstances at home, it is important to be able to learn from example and from interaction with each other, and to learn from people more experienced and senior than themselves.

The second “but” is that this is and should not be an entitlement. The noble Lord, Lord Watson, made the point that you would not expect Civil Service employment contracts that make working from home an entitlement, because business need has to be paramount. That is key. As many have observed, we all want civil servants and other employees to be happy, contented and motivated, but business need is paramount. We have seen the way that civil servants have tended to move, almost randomly and in an unplanned way, from job to job. That is the enemy of serving business need and of effective productivity.

Allowing working from home or hybrid working depends on effective management capability. As the noble Baroness, Lady Wheatcroft, just said, it is about not just watching people working but managing their outputs, which requires skilful and rigorous performance management. Frankly—and this is not just my complaint from recent times; it goes right back to the Fulton committee and earlier—that kind of rigorous performance management has been lacking in the Civil Service for a long time.

There has been a huge lack of discipline in controlling staffing levels. The coalition Government reduced the size of the Civil Service, like for like, by 21%. Since then, without any Ministers having made this decision, headcount has gone back to and beyond where it was in 2010, because there was no one in charge. Of course, it is impossible to have an effective workforce plan when pay is being decided in one part of government—the Treasury—and the size, shape, composition and capability of the Civil Service is in completely other hands. How can you have effective, holistic workforce planning in that context?

The truth is that it is much easier to manage hybrid working or working from home if you start from the baseline of people working in the office. That is the reverse of the position: we are starting from the baseline of people expecting during the pandemic to work from home. There is a strong case, which I urge on the Government, not just for saying that we are expecting people—but with lots of exceptions, as my noble friend made clear—to work in the office 60% of the time, three days a week, but for resetting this. To reset the baseline, we should have a requirement for no working from home at all. Once that has been put in place, we could allow some hybrid working to begin again much more easily and more effectively, but in a controlled and disciplined way. That discipline does not currently exist.

3.02 pm

Lord Frost (Con): My Lords, it is a pleasure to follow my noble friend Lord Maude who, as his thoughtful remarks showed, was one of the few Ministers to have taken public sector reform seriously in recent years. I also thank my noble friend Lord Farmer for securing this debate and setting out the issues and concerns so clearly. I can only echo most of them. In the short time available, I will make just one short point about why working from home seems to be such a problem in the public sector.

Working from home is often conflated with working shorter hours. There is a suppressed assumption that the one should facilitate the other. This happens either formally, as we have seen in the South Cambridgeshire case, or informally. The suspicion, which I think is well founded, is that those working from home do not always put in the same hours as they would if they were in the office.

It is true that working hours have gradually reduced over time, from the six days of the Victorian era to the five and a half days I dimly remember my father putting in during my childhood to the five-day standard now. One might ask why we should not see this continue, facilitated by home working. The answer is very simple: those reductions in working hours over the years came from steadily increasing productivity, and the gains were taken partly in wages and partly in increased leisure. But we have not had those productivity increases over the last 20 to 25 years. Rather, we have had them to some extent in the private sector, but we have not had them at all in the public sector. Public sector productivity is lower now than it was in 1997.

One might argue that, if there are to be shorter working hours, these should be in the successful parts of the private sector, and public sector workers should

be working longer until they can work better as well. Yet, in fact, the reverse seems to be happening: private sector staff are coming back into the office for five-day weeks, as my noble friend Lord Farmer noted, while the public sector is working more and more at home, with ever shorter hours. It is therefore not surprising that we see output falling and the problems that have been mentioned at the Land Registry where, rather than acknowledge and deal with this problem, the workers preferred to strike and make it worse.

Now, of course, there has been a technological shift, as remote working has become more feasible. There has been a cultural shift with the pandemic, and it would be foolish to pretend this does not exist. It would also be foolish to claim that, in certain circumstances, home working cannot make sense, at least for part of the week. Given the issue that I have just explained and my noble friend Lord Maude alluded to, the only way it can work is if it is coupled with top-quality management, assurance that the working hours are being carried out, clarity about outputs, relentless improvement of processes and proper performance management including, if necessary, firing those who will not work in this way.

The problem is, as I and many of us know—I from my 25 years as an official—that such management is pretty rare in the public sector. This is not because the people in the public sector do not want to do it, although I think that that is sometimes the case, but because the tools for proper management do not exist. It is impossible in the public sector to really change incentives, positively or negatively, and it is virtually impossible to fire anybody. The only real tools that public sector managers have are personal leadership and moral suasion within their teams, and these are exactly the attributes that are difficult to exercise remotely. Therefore, it is not surprising that extensive home working in the public sector sees output and productivity fall.

The best solution, of course, would be to revolutionise the way the public sector runs itself, to try to improve its woeful productivity record, perhaps to get its workers contributing to better output by using the time saved on commuting to work instead. Alternatively, it might ensure that those who choose to take their rewards in the currency of flexibility or shorter hours see that reflected in their cash wages as well, but I do not expect that that will happen anytime soon. We must therefore require the second-best solution, which is to get people into the office and working together again. That is why it is so important that the Government really insist on their target of three days in the office and, ideally, reforms public sector working more broadly. I hope that, when she responds, the Minister will be able to reassure us of that.

3.07 pm

Lord Davies of Brixton (Lab): This has been an interesting debate, and we are all grateful to the noble Lord, Lord Farmer, for introducing the subject and giving us an opportunity to discuss these issues. In fact, it is interesting to follow the remarks of the noble Lord, Lord Frost, because, in preparation for this debate, I was re-reading the debates that took place in this House on the Factories Act 1847, which introduced

[LORD DAVIES OF BRIXTON]

a 10-hour day. There were plenty of speakers in this Chamber who opposed the revolutionary concept that people—in that particular Act, it was only women and children—should not have to work for more than 10 hours in a day. Clearly, ideas on what is the right way of working move on.

As well as hybrid working, there is the issue of the four-day week. It is interesting that PCS is seeking agreements in other areas of employment for a four-day week. These standards and expectations move on. The key—in some ways, what the noble Lord, Lord Farmer, said is correct—is to deliver the job in hand. There is no shibboleth that we should have about actual attendance; that in itself is not important. The issue is the delivery of the job in hand. It is quite clear, and it has not really been spelled out in the debate, that the Land Registry has failed to deliver the job in hand: there is a massive backlog.

I will not pretend that I totally understand why there has been such difficulty, but, clearly, getting into an argument with the staff does not seem to be a great way of solving the problem. Forcing your staff to undertake a ballot for industrial action, where 84% of the staff believe they should take action short of a strike in order to defend their working conditions, seems to me an indictment of the management rather than of the union.

I would just correct the noble Lord, Lord Farmer, on one point. There is no strike planned from 21 January; there is action short of a strike, where the staff concerned will refuse to do work outside of their allotted grade and to fill in time for absent colleagues. There is no strike at this stage, although 69%—again, a relatively high figure—voted for the potential of strike action. However, the decision has not yet been made on whether that will take place.

We can see here the need to understand the position of the union. Why are we here with the union? It is not an arbitrary decision on its part. In fact, it should be emphasised that the industrial action relates not just to hybrid working but to the issue of how work is assessed and who does the work. The workforce there are extremely concerned that people are, in effect, being asked to act up, presumably because of the delays and shortfalls, without the necessary training that they need to undertake that work.

Overall, we can see here a pattern of management—other speakers emphasised the importance of good management—failing to deliver the job. Whether that is an issue of lack of resources is difficult to tell from outside. The key issue is leaving it to the people involved—the management and the unions—to undertake the proper collective bargaining to arrive at a satisfactory solution.

3.13 pm

Lord Wallace of Saltaire (LD): My Lords, we are having a debate both on a general principle and a particular situation. I have not discovered enough about the strike at the Land Registry and the issues involved there to want to comment on it. We would need to know what sort of work they do there and whether they need to be in the office most of the time to do that sort of work.

I live in Saltaire at weekends, 200 miles from London. I have a new neighbour who works for a London publisher, and she tells me she will need to be in the office at least once a month. But she is an editor; it is relatively easy for her managers to discover how effectively she works because, if she rapidly turns out an edited book on screen, her productivity is clearly rather good. I have another neighbour who works as an accountant for an accountancy company in Canary Wharf, and he goes down at least twice a month. There are reasons why, if you do that sort of job, you can easily work from home. If, on the other hand, you have a public-facing job, you need to be facing the public in the right place every day. We should not have hard and fast rules on all this.

By and large, post Covid, there are many jobs in which a 60/40 balance is just about right. I say with amazement that a member of my extended family is head of the risk analysis team of an international bank. The team is based in the City, but part of it is based in the other capital of the international bank. He works at home two days a week. He works extremely effectively and hard, and I am happy to say that his bank pays him a great deal. It would have been unthinkable some years ago for those people not to have been in their bank all the time, but computers now allow you to do a lot of that work at home.

Incidentally, it is quite right to say that the better-off have it easier here. If you can afford to have a larger house and a special place to work, that is much more comfortable than working on your kitchen table. However, the world in which we were 25 years ago, where the assumption was that you were always in the office, has gone. Covid and computers have changed that.

I declare an interest in that I have spent most of my life as an academic. As an academic, you never go into the office more than three days a week. The quiet that you need to do your research and write your lectures is not one easily interrupted by your colleagues coming in and saying, “Hey, how about a coffee?”. However, when I worked in a think tank, I needed to be in at least four days a week. Since I was in an international think tank, I worked over the weekend very often, flying from one place to another. It depends on the sort of job you have.

For parents, childcare is clearly an important part of the work/life balance. I notice that from those in my family who have children. I am happy to say as a grandparent that the obligation on grandparents to pick up the children from school has declined with the ability of parents sometimes to work from home and stop in the middle of the afternoon. That is good. I hope that we get away from the world in which City law firms and banks expect their younger people to work 10 to 12 hours a day and on Saturdays in the office, killing their social life and their opportunities to meet others and have children. That is an appalling obligation, which I trust is going.

Where we are now, with good management—I accept all that has been said about the poverty of decent management and good HR within the Civil Service—we ought to be able to reach a stage at which, one by one, looking at the variety of different jobs, we agree a different pattern of working that will probably come

out at between 60/40 and 80/20. We should not weaponise the debate. I know there are some—the Jacob Rees-Moggs of this world—who would like to be able to go around and leave little cards on desks. He does not seem to be aware that the Civil Service does not have sufficient office space for everyone if they now came in. One by one, we are able now, I think, to accept that society and the economy are changing.

3.18 pm

Baroness Finn (Con): My Lords, I thank my noble friend Lord Farmer for securing this important debate on whether civil servants should be obliged to work from their offices or their own homes. It has been prompted by not only the recent strike action in the UK's Land Registry but the broader shift in working practices in the wake of the Covid-19 pandemic. It is an issue that speaks to the heart of productivity and the future of public service delivery.

Amid the upheavals of the pandemic, our GDP remained surprisingly robust, in part thanks to the last Government's furlough scheme. The resilience of the economy showed that remote work, for some parts of the workforce, as the noble Baroness, Lady Wheatcroft, observed, not only was feasible but could be effective. However, my noble friend Lord Frost is absolutely correct that, while the private sector continues to improve its output, public sector productivity continues to lag well behind. This disparity has contributed to the growing backlog in public services that in turn hinders wider economic growth. We face significant budget deficits, a high level of national indebtedness and backlogs in courts and hospitals and elsewhere. We simply cannot afford to ignore the need for drastically increased productivity within the public sector, particularly in our Civil Service.

Can the Minister provide statistics on the number of civil servants who, first, have contracts that expressly allow them to work from home, and what proportion of them exclusively so; secondly, have informal arrangements with their management that permit them to work from home but with no revised contracts; and, thirdly, have no formal arrangements but none the less continue to work remotely? Do the Government have plans to allow civil servants to make other revisions to their terms and conditions by stealth, or is the intention simply to let remote work arrangements proliferate unchecked? If so, what safeguards are in place to ensure that these changes do not undermine the effective delivery of public services? Who within the Government holds the authority to stop civil servants working from home? Does the Prime Minister or the Cabinet Secretary, or is such discretion left to individual departments with no overarching leadership on this issue?

There are also practical implications, such as how much unused government office space exists within Whitehall and beyond. Can the Minister provide us with statistics on these costs? As my noble friend Lord Farmer said, taxpayers deserve to know whether their money is being spent effectively, and users of public services—the public—deserve better services.

Senior civil servants should generally be required to return to the office full-time by default. Not only does this demonstrate that office working is important but it sends a strong message to junior colleagues. As my

noble friends Lord Farmer and Lord Maude of Horsham observed, there is immense value in learning through observation, mentoring and collaboration with peers. As the noble Lord, Lord Watson of Invergowrie, argued, remote work has the advantage of flexibility, but it is no substitute for working alongside colleagues in an office environment.

A failure to grapple with an issue so fundamental raises serious concerns about the Government's ability to tackle the more challenging issues of Civil Service reform. In lieu of ambitions to streamline the state to 2016 levels, we instead have the Cabinet Office's voluntary redundancy scheme, which falls short of what is required. Recent inflation-busting pay rises for civil servants have not been linked to any measurable improvements in productivity.

The most successful organisations in the private sector have made office working most of the time compulsory. Working from home cannot be treated as a right. As my noble friend Lord Maude so rightly observed, business need must always be paramount. The Government must act decisively and embrace the necessary reforms to ensure that public services deliver what the public expect and need.

3.23 pm

Baroness in Waiting/Government Whip (Baroness Twycross) (Lab): My Lords, I thank the noble Lord, Lord Farmer, for securing this really interesting debate on an important issue. Rightly, we have heard a range of views; I will do my best in the time I have to respond to the various points made. I will also make sure that the Parliamentary Secretary for the Cabinet Office, who is responsible for the Civil Service, receives a copy of the record of this debate as she works through planned work in this area.

Rapid advancement of technology in the past few years, particularly since the pandemic, has enabled the Civil Service, like many other private, voluntary and public sector employers in the UK and abroad, to strike a balance of remote and office working that benefits both employers and employees.

In response to the point made by the noble Lord, Lord Farmer, about a move by some organisations to full-time office working, it is clearly up to each individual organisation. Like all employees in the UK, civil servants have the statutory right to request flexible working, including working from home or contractual home working, under legislation which came into force on 6 April last year. They are able to make a statutory request to make permanent changes to their contract from the first day of employment. In this regard, civil servants are no different from employees elsewhere in the wider economy.

The Government believe that a balanced approach to office attendance and remote working across the Civil Service provides best value in the services that it delivers. I welcome my noble friend Lord Davies of Brixton's point about the fact that approaches to work—how and for how long we should work, and under what conditions—have changed over time and will continue to do so.

There was a point—my apologies, but I cannot remember which noble Lord raised it—around an expectation from civil servants during the pandemic to

[BARONESS TWYDCROSS]

be able to work from home. I remind your Lordships' House that employees were told explicitly that they should work from home unless they had a business need not to do so during the pandemic. At that time, I had a letter in case I was challenged as I went into work—I was expected to work in the office—that gave me permission, should the police challenge me as to why I was out of my home. So this was not a stealth move, nor was it necessarily a demand from workers, but a shift in how people imagined the workplace. That has shifted back slightly towards the office environment, but it can be seen as a shift that happened because people realised that they could have that hybrid working.

As the noble Lord, Lord Wallace of Saltaire, made clear, there is no doubt that the pandemic has created such a shift. The technology that we have now, which not all of us had immediately before the pandemic, has enabled effective flexible working, including hybrid working. This is why, in October 2024, heads of department made it clear that the 60% office attendance expectation for all office-based civil servants, introduced under the previous Administration, was to continue. To address the question from the noble Lord, Lord Farmer, directly, there are no plans to change or lower that 60% office attendance expectation, but I agree with the noble Lord, Lord Maude of Horsham, that business need is paramount. This is our expectation as a Government.

In our view, the 60% office attendance expectation for office-based civil servants reflects the benefits of regular office-space working and the instances where remote working is either required or useful. Today, for example, I was briefed by a civil servant who is based in the Manchester DCMS office, who 10 years ago might have been expected to come down on the train or be London-based to brief the Minister. There are distinct advantages to hybrid remote working as well. What we have now reflects office attendance requirements broadly similar to those of other employers in the UK, including in the private sector.

I agreed with many points raised by the noble Lord, Lord Farmer—although not all of them—particularly around the benefits to younger or newer members of staff. Going back to my experience during the pandemic, at the Greater London Authority we found that a significant number of younger staff who lived in rented accommodation were literally working and socialising online from their bedroom. There was a mental health aspect to that. Now they are no longer in lockdown that situation is limited, and those younger members of staff may find it beneficial to have hybrid working as well.

However, it is clear that physically working together is proven to have many benefits, such as collaborative working, which increases productivity, with complex tasks and problem-solving undertaken more efficiently when ideas and views are exchanged more spontaneously. I really recognised the noble Lord's point about not having to schedule a Teams meeting to have a conversation if you are able to have a five-minute chat.

I know from experience that being together creates better opportunities for coaching, hands-on learning and more project collaboration. It can help with well-being

and the development of effective relationships across teams. As the noble Lords, Lord Farmer and Lord Maude of Horsham, said, junior colleagues in particular benefit from having face-to-face time with managers, mentors and senior leaders. Those early in their careers can find that working face to face with their peers and managers enhances their learning and makes them more effective more quickly.

As the noble Lord, Lord Maude, also said, managing that hybrid working requires a different and rigorous type of management, but that is not impossible. It all plays an important role in effective and efficient service delivery to the public. However, it does not need to be a binary choice—a point that my noble friend Lord Watson of Invergowrie made clear very well.

At the same time, we need to recognise the benefits to employers and employees of working remotely and from home, particularly for specific tasks that require quiet concentration and confidential conversations. The ability to offer hybrid working is also a key attraction, retention and talent management tool. It helps to enable recruitment in a competitive job market, particularly in specialist or highly skilled roles, such as digital experts, where the Civil Service cannot always compete with the remuneration—I have never been able to say that word, even when I was running a committee called the remuneration committee—available in the private sector.

We want the best of the best to work with us in the Civil Service. This is how we will deliver the change that this Government feel the country needs. We hope that hybrid working helps to make the Civil Service an employer of choice, including for those with valuable skills who may otherwise be economically inactive or find accessing the workforce difficult. This includes parents, carers and people with disabilities—a point made by my noble friend Lord Watson.

The noble Baroness, Lady Finn, asked for statistics on the number of home workers and how this is tracked. Like the previous Administration, we publish regular data on office occupancy, et cetera, but not the number of flexible working arrangements, which are held at a local level. This information is not held centrally as it is for each department to manage the contract arrangements of its own staff. However, I understand that it is a relatively small number overall for specific home workers. The numbers are published in the same way as they were under the previous Administration.

The authorisation of various types of contracts or arrangements varies from department to department, but it would normally be done by the line manager of the individual in question, in line with the department's overarching HR policy and any relevant legislation. It is tempting to think that Ministers should wade into this but actually, for a task-based approach, where the task is at the heart of whether it is appropriate for somebody to work from home or of the level at which they should come into the office, I feel this should be for the line manager. We potentially deskill line managers if we take that aspect away from them.

It is worth thinking about the interesting report from Nationwide's chief executive, Debbie Crosbie, when we look at who can progress in the workforce. She recently said that it is important for career growth

to have a “physical presence” in the workplace. We need to recognise that, although flexible working can be useful for those with caring responsibilities, it is important for businesses to make sure that they support those who take up flexible working opportunities so that they do not lose out on career progression opportunities. It is important for workers to see leaders in action in this regard.

As noble Lords may know, the Cabinet Office publishes data on the average occupancy of Civil Service headquarter buildings, and I am pleased to report that the latest data demonstrates that rates are regularly in excess of the 60% expectation and were higher compared with the same period in 2023 for the vast majority of government departments. Departments have tools in place to deal with where office attendance falls below the required level.

I got a bit enthusiastic about the subject, so I think I will run out of time, but I will try to get through as much as possible before my 12 minutes are up. It is clearly not the case that all civil servants have hybrid working. Many civil servants, such as prison officers, immigration officers and those working in our courts and tribunals, have to be in their workplaces or on official business every working day. This has not changed. My private office is in the office whenever I am, so there is clearly a business need for some people to be in.

However, I find it regrettable that some of the push towards greater office attendance is around the issue of trust. A number of noble Lords spoke about trust, which is clearly vital, but I do not think that mistrust is a good starting point for this debate. The noble Lord, Lord Wallace, noted an instance of a certain Minister leaving notes for civil servants who were away from their desks or working from home. I do not think that contributed to a constructive relationship between the Government and the Civil Service.

I am going to finish by saying a little on the wider issue of public sector reform, which was raised by the noble Lords, Lord Frost and Lord Maude. Where I agree with noble Lords is on the importance of public sector reform. I had a number of points relating to the speech from the Chancellor of the Duchy of Lancaster on reform of the state, which he made shortly before Christmas. I refer noble Lords to that.

I have now run out of time, and I apologise for cutting my intervention short—it is through enthusiasm and not from lack of planning on my own part. I thank the noble Lord, Lord Farmer, for introducing and initiating such an important debate. The Government have set out a clear position, and we do not intend to change it.

UK Strategy Towards the Arctic (International Relations and Defence Committee Report)

Motion to Take Note

3.36 pm

Moved by Lord Ashton of Hyde

That this House takes note of the Report from the International Relations and Defence Committee *Our friends in the North: UK strategy towards the Arctic* (1st Report, Session 2023–24, HL Paper 8).

Lord Ashton of Hyde (Non-Aff): My Lords, I am very pleased to be able to introduce this debate on the report of the International Relations and Defence Committee, *Our Friends in the North: UK Strategy towards the Arctic*. I had the very enjoyable privilege of chairing the committee for this inquiry, and I start by thanking the members of the committee for their tolerance, the current chair, my noble friend Lord De Mauley, for allowing me to introduce this debate, and the staff of the committee for their excellent work, especially the clerk, Jennifer Martin-Kohlmorgen, together with Alex Nice and Rob Jones. We also received great help from FCDO officials for our visit to Norway and Finland, for which we are very grateful.

Way back in 2023—and it seems a long time ago—the committee set out to hold an inquiry into the Arctic, given the unprecedented geopolitical and environmental changes impacting the region. Some people might ask why it matters to us. The answer is that the Arctic may be remote, but what happens there has a direct impact on us in the UK. We heard time and again that what happens in the Arctic does not stay in Arctic. As the Arctic’s closest neighbour—and let us not forget that parts of Scotland are closer to the Arctic than they are to London—developments in the region have a significant impact on our national, environmental and energy security, and implications for our foreign and defence policy. Our report is just over a year old, but its conclusions are still—if not more—relevant today, and it is a good thing that we are able to highlight them. I am grateful to the Government Chief Whip to allowing us time to debate the report today.

As we all know, the Arctic is undergoing a profound transformation. Climate change is accelerating at an unprecedented rate, with parts of the region warming four times faster than the global average. That has far-reaching consequences, from the melting of the sea ice and permafrost to the impacts on indigenous communities and global climate patterns. Despite their importance, we did not investigate the science of Arctic climate change or ecological pressures on the flora and fauna, including endangered species—although I must say, as an endangered species myself in your Lordships’ House, I feel even more sympathy for them now than I did during the inquiry. Our inquiry revealed that the Arctic is not only a region of ecological importance but an area of growing economic and geopolitical significance—and that is what we concentrated on.

Melting sea ice is opening up new shipping routes, and the region’s vast natural resources, including oil, gas, minerals, rare earth metals and fish stocks, are going to become only more accessible. This has sparked a new era of competition that includes both Arctic and non-Arctic states, with Russia and the US leading the charge but China and others vying for influence and control.

As we might expect, China is taking a long-term approach to the region. Its strategy for the Arctic is to make it international, in which it, as a leading world power, can influence the rules on how the resources I just mentioned should be distributed. While its footprint is currently limited, this is likely to change. For example, China is easily the largest consumer of fish in the

[LORD ASHTON OF HYDE]

world and has the largest distance water fishing fleet. If the central Arctic Ocean, which is part of the high seas and therefore accessible to all, becomes ice-free for considerable periods, this could lead to overfishing and the depletion of local fish stocks. The UK has a direct interest in the sustainable management of fish stocks, not least because around 10% of the fish that make it to our fish and chip shops comes from the Arctic.

For now, China has subscribed to a fishing moratorium via the Central Arctic Ocean Fisheries Agreement, but we heard that it could allow that to lapse in 2037 when the moratorium is up for renewal and as the protective ice caps start to recede. To enable us to continue to advocate effectively for the prevention of unregulated fishing in the central Arctic Ocean, we need to rejoin the agreement on the prevention of unregulated fishing in the central Arctic Ocean that we had to leave because of Brexit. What steps are the new Government taking to rejoin the agreement? Until then, will we announce that we will voluntarily abide by its provisions?

As Russia, weakened by the war in Ukraine and Western sanctions, turns eastward, this could provide China with an opportunity to increase its influence. Since we published our report, China's coastguard entered the waters of the Arctic Ocean for the first time, in a joint patrol with Russia, and last summer, the Chinese air force conducted a joint air patrol with Russia off the coast of Alaska. In themselves, these are not hugely significant developments, but they point to a deepening co-operation with Russia. The Government will therefore need to pay very close attention to Chinese ambitions in the Arctic and the developing Sino-Russian relationship. Russia's illegal war in Ukraine has been a major catalyst for change in the region. Not only is it drawing China and Russia closer together but it led to the accession of Finland and Sweden to NATO. These two nations bring a wealth of expertise and experience to the alliance, including their ability to operate in cold weather conditions and a long experience in managing Russian pressure.

NATO enlargement provides an opportunity for the UK to deepen its already extensive defensive co-operation with the Nordic countries. Finland's accession also doubled NATO's border with Russia, and the UK has an important role to play in supporting deterrence in the High North. I am pleased to note that our Armed Forces have increased the scale and frequency of cold weather training and exercises in the region. The establishment of a new Arctic operations base in Camp Viking in northern Norway is a welcome development, and the Royal Marines are experienced and well placed to operate in the region. We are one of the few non-Arctic states that has the military capability to operate in the High North and we are valued, in particular, for our role in antisubmarine and air policing. However, our report also raised concerns about the limits of our capacity to operate in the Arctic. Our fleet of P-8A maritime surveillance and patrol aircraft is small and our single dedicated ice patrol ship, HMS "Protector", is stretched impossibly thin, covering both polar regions.

The Arctic is a priority for the UK, where it can add real value, but as a mid-sized power with global ambitions, the UK's Armed Forces face a perennial

risk of overstretch. The UK needs to do more to articulate clearly its priorities and the hard choices that are required in the face of competing pressures on resources. The strategic defence review, led by the noble Lord, Lord Robertson of Port Ellen, who was a member of the committee throughout our inquiry, provides an opportunity to do so, and we trust that the Minister will take the lessons of our and his report into consideration.

Fears that NATO enlargement could result in an increase in Russian hybrid activity appear to be materialising. The commander of the Finnish armed forces raised the alarm about GPS jamming and other disruptive activities last May. Here, we heard from the director-general of MI5 that agents of Russia's military intelligence agency are conducting arson attacks, sabotage and other dangerous actions with increasing recklessness. As recently as Christmas Day—just over two weeks ago—the Estlink 2 power cable between Finland and Estonia was cut and four telecoms cables were damaged. We must therefore work to bolster our national preparedness and resilience to such attacks through a whole-of-society approach. Our report sets out that we can learn from the Nordic concept of total defence, which integrates civilians into national security efforts.

The Arctic Council is the region's premier governance body. Russia's actions in Ukraine have put it under significant strain and led to a steep drop in co-operation between Russia, on the one hand, and all the other seven Arctic states on the other. Cautious re-engagement with Russia at official level is taking place to attempt to ensure that vital scientific co-operation can resume. This kind of low-level co-operation is not universally welcomed. But we considered it desirable, not only for scientific purposes, but also as a bridge to foster mutual understanding and, crucially, to reduce the risk of escalation in the event of a crisis. The probability of an incident or mishap swiftly turning into a major crisis is greatly increased by the growth in maritime activity in the Arctic and Russia's remilitarisation of the area. While the Arctic Council does not formally deal with security matters, we think it is important that the channels that could be used for deconfliction purposes are retained.

The UK's existing Arctic strategy addresses many of the points raised, but the committee was concerned that the Arctic is not receiving in the ministerial attention it deserves outside the security sphere. Recent UK Ministers have rarely attended multilateral fora on Arctic affairs. This sends the wrong message about the importance of the Arctic to the UK. We also recommended the appointment of an Arctic ambassador, in line with many other non-Arctic states. This recommendation was rebuffed by the previous Government. Could the Minister confirm whether this is something that the new Government will consider and whether ministerial involvement will increase? Are there any areas where their strategy towards the Arctic may differ from that of the previous Government?

The Arctic is not a distant concern but a region of immediate and profound strategic importance to the UK. Although we are not an Arctic country, we can exert influence, not just through military means but through soft power. During our visit to Norway and Finland, everyone we spoke to was full of praise for

the UK's contributions to polar research. Our world-class scientific research provides a strong platform for legitimising our involvement and exerting soft power in the region. Our overall strategy towards the Arctic must be at once nuanced and comprehensive, balancing diplomatic engagement with strategic preparedness. I hope the Government will take our report's findings into consideration and ensure that the UK stands ready to support our friends in the north in the years to come. I beg to move.

3.48 pm

Lord Browne of Ladyton (Lab): My Lords, it is a great pleasure to participate in today's proceedings and to have the opportunity to contribute to the debate on this report. Given the distinguished membership of the committee that produced it—not least the chair the noble Lord, Lord Ashton of Hyde, whom I thank for his excellent introductory speech—the report's thoroughness and forensic analysis are perhaps unsurprising, but valuable none the less.

Even the most cursory glance at the report's structure demonstrates the breadth of its scope. It asks us to consider the UK's role—historic and future—in respect of the Arctic. It points up the future of the Arctic as a sphere of potential great power contestation and analyses the implications of growing economic activity, consequent in part on the effects of climate change.

Mindful of the limited time I have available, and of the priority that should be accorded to the members of the committee which produced this report, my contribution will focus on a relatively small number of points, the first of which, and its effect, have to a degree already been diluted by some of the introductory remarks by the noble Lord, Lord Ashton of Hyde.

The Arctic Circle is only 380 miles north of British waters, which is only 64 miles less than the distance by road between my home in the west of Scotland and London. As the report reminds us, although the Arctic is a byword for remoteness, it is in fact extraordinarily close to our country, in terms of both geography and, much more importantly, our strategic interests.

I saw no inherent flaw in the previous Government's expressed desire to give our foreign policy an Indo-Pacific tilt. Noble Lords will need no reminder from me that the sinews of diplomacy in that area are very often subject to strain, nor will they need to be reminded of the importance of that region in economic, political and military terms. But the report we are debating today, as well as the evidence session of 11 July 2023 in which the committee took evidence from the then Minister for the Armed Forces, James Heapey, makes it clear that there are real challenges of capacity if the UK is to maintain and increase its relationships operability in the High North.

In short, there are choices to be made. In that evidence session, Mr Heapey summed up this environment of choice very effectively, saying that:

“It is important not to specify ships”—

I say this with some trepidation in the current environment—

“to be extraordinarily capable in one environment to the exclusion of their capability in another. If we specify them to be extraordinarily capable in both environments, we will only be able to afford one, not six. There is always a balance to strike”.

That is as succinct a summary of the constraints and contextual challenges of defence spending as I have seen. Pierre Mendès-France, during his time as Prime Minister of France, repeated in speech after speech the mantra

“to govern is to choose”.

As part of the strategic defence review, currently in progress under the aegis of my noble friend Lord Robertson, we will be faced with just such choices: the allocation of finite resources to meet a multiplicity of threats across different spheres.

Given the accession of Finland and Sweden to NATO membership, we have new obligations in the Arctic and the High North. As paragraph 105 of the report makes clear, we are now in the position of applying our NATO security guarantees under Article 5 to a new landmass of significant size. While I think interoperability between the Finnish, Swedish and NATO forces should be pretty straightforward, a capacity issue remains. Here, we have a challenge significantly greater, in some senses, than any other NATO allies because of our near unique capabilities and the demands of our geographical position.

As the report identifies, only the UK and US have the capability to conduct nuclear submarine patrols under the ice cap. Russia has made substantial investments into its northern fleet and we know, for instance, that, in 2019, 10 Russian submarines ran a drill of a size unprecedented since the Cold War, testing their ability to breach the GIUK gap without detection.

We know too that Russia's latest maritime doctrine places the Arctic above both the Pacific and Atlantic as the highest priority region. It is unfortunately clear that, in the medium term at least, it seems unlikely that we will be able to return to our classic post-Cold War aspiration of the Arctic as an area of “high co-operation and low tension”. Indeed, the best way to abate the tension—or at least to mitigate its possible consequences—is to ensure maximal co-operation between the UK and its allies in the region. It seems clear that this will only be possible if we assign this theatre an importance that corresponds with the new risks present within it.

I have only been able to touch on the breadth of those risks, but among the other factors I do not have time to enumerate in any depth, I would mention President Xi's openly expressed ambition to make China a “polar great power” and the see-sawing asymmetrical relationship between China and Russia that may allow the former to use the latter as a proxy for its own ambitions.

Complicating all these strategic calculations is the insidious threat of climate change, the effects of which are manifesting themselves in the Arctic at several times the average global rate. The Arctic states and the UK will need to consider their response to an Arctic that presents new commercial opportunities, as well as a different range of security threats.

Most topically, we have seen the President-elect insist that he should be allowed to buy Greenland for national security purposes. Though, as ever, there is a shadow of farce hanging over this pronouncement, it is clear that the incoming US Administration will be placing greater emphasis on strategy in the High North.

[LORD BROWNE OF LADYTON]

Although I concur with the report in thinking it unlikely that the Arctic will become a theatre of military conflict, it describes in compelling terms the opportunities that the changing character of the Arctic affords to our strategic adversaries who wish to operate in the grey zone of hostility.

3.55 pm

Lord Teverson (LD): My Lords, almost a year ago I had the privilege of visiting Camp Viking, where our commandos and marines are absolutely superb in their Arctic training and their work. That was part of the Armed Forces Parliamentary Scheme, which I would recommend anybody to join, and I know that a number of Members here have done that. It was a great experience. As all Members would, I utterly compliment our forces there, although I was less impressed by some of the artillery pieces, which reminded me more of World War II than of the current cybertechnology we have today.

I also congratulate the Government Whips' Office on choosing this week for this subject. One of the great fears of this committee was that one of our NATO allies in the Arctic region would be threatened with military invasion, and that has happened this week. Of course, it was not from the beast of the east but from what we always aspire to be the best of the west—the future Trump Administration and Greenland.

I mention this not to be jocular but to note that French Foreign Minister Barrot, German Chancellor Olaf Scholz and Polish Prime Minister Donald Tusk, who was the President of the European Council, all made very positive comments to say that Denmark's sovereignty had to be noted and respected. Yet, as I understand it, we in this country—this Government—have not done so. When he was challenged on this on the “Today” programme this morning, David Lammy did not say that Denmark's sovereignty over Greenland must be respected. I challenge the Government and the Front Bench to make that comment. Like many of us, I believe that our relationship with the United States is absolutely paramount in terms of defence, but we have not to be meek. We have to show some backbone in pushing back and respecting the international order and law that we have promoted since World War II. I challenge the Government on that not least because we have a very close military relationship with Denmark. Whether in the Balkans, in Iraq or particularly in Afghanistan, we have trained, operated and fought with Danish forces. We owe it to that country—one of our closest NATO allies—to show it the respect of recognising its sovereignty over Greenland.

On fisheries, the chair of the committee, the noble Lord, Lord Ashton, has said this so well, but it is so important from an ecological point of view that we protect the high seas beyond EEZs in the Arctic Ocean. It is great news that the moratorium was signed in 2021 and lasts for 16 years, but following Brexit we are no longer a member of that agreement. I notice that in the Government's response to our report they say they are working to become signatories of that agreement again as soon as possible. Like the noble Lord, Lord Ashton, I ask the Government when we will become part of that agreement again. Have we made a

public declaration on supporting it? What are we doing with the scientific work that is also required as part of that treaty? It is important to note—exactly as the noble Lord, Lord Ashton, said—that the long-term threat there is the Chinese fishing fleet, which rapes and pillages many of our oceans with very little control at present.

I see the UK ambassador recommendation as absolutely fundamental. As other Members of the House have said, Out Stack, the most northerly part of the Shetlands, is only 300-odd nautical miles from the Arctic Circle. We are the nearest non-Arctic state. That area is vital to us. It is a changing environment in terms of security, climate change and critical minerals.

I am absolutely clear that we need to raise our game with our diplomatic activity. Why is it that Singapore, Poland, France and other nations have Arctic ambassadors, yet this country does not? We have not participated sufficiently in the Arctic Council. I am delighted to note that its chairmanship has now moved to Norway from Russia, which means that the body, which caused so much stability for so long, can now become rather more active, if not perfect, without Russia's participation as chair. I am clear that we need an Arctic ambassador and to raise our game, and I hope that this Government will change that decision.

4.01 pm

Lord Stirrup (CB): My Lords, it is a pleasure to participate in this debate, which was so ably introduced by the noble Lord, Lord Ashton of Hyde, the excellent chair of the International Relations and Defence Committee during the period of the inquiry. It is also a great pleasure to follow the noble Lord, Lord Teverson, who was the inspiration for the inquiry.

In the considerable time since the report was published, the two underlying issues that have driven so many of the conclusions have not changed. Polar ice is continuing to melt and, partly as a consequence of that and partly because of wider international stresses, the Arctic has moved from being an area of co-operation to one of contest and, potentially, conflict. This has to be of fundamental concern to the UK. Our geographical location means that instability in the Arctic threatens the security and prosperity of these islands, and we should therefore devote the necessary care, time and resource to protecting ourselves in this regard.

As the report makes clear, the Arctic is likely to see a dramatic increase in destination shipping over the coming years. There are two main reasons for that. The first is the increasingly accessible resources, particularly subsurface resources, in the area. The second is the geostrategic importance of the region, particularly to the nations that wish to reshape and then dominate the international order over the coming years.

Both issues have attracted the attention of the Chinese Communist Party, which has declared China a “near-Arctic state”. Although in 2013 Russia was reluctant to grant China observer status in the Arctic Council, events have moved on considerably since then. Russia's illegal war in Ukraine has left it increasingly beholden to the Chinese for their support. There seems little doubt that over the coming years China will

increasingly leverage that alliance into greater involvement in the Arctic. That involvement may be, at least initially, in pursuit of scientific and economic benefits, but it would bring China into NATO's backyard, with all the scope for misunderstanding, accident or even direct competition that this would involve.

Meanwhile, Russia, which owns some 50% of the Arctic littoral, retains a significant military presence in the region. The war in Ukraine has impacted its ground forces in the Arctic, but its maritime and aviation forces remain formidable. Of course, the accession to NATO of Finland and Sweden has added a new dimension to alliance challenges, as well as opportunities, in the Arctic. Competition for resources, tensions over environmental issues and the search by some for military advantage all create the conditions for instability and insecurity.

While most witnesses to the inquiry asserted that neither Russia nor China was likely to initiate a conflict in the Arctic, unlikely is not the same as impossible, especially given the risk of miscalculation. That risk is exacerbated by the much higher likelihood of grey zone operations in the region. For example, greater access to Arctic waters is likely to mean a considerable growth in undersea infrastructure there. We have seen from the recent incident involving the "Eagle S" tanker how aggressively Russia is seeking to disrupt such infrastructure. The report highlights several other grey zone activities that are possible or even likely in the Arctic. These in themselves are a threat to our security, but they could easily escalate into something even more serious. A conflict involving NATO which started elsewhere could, and almost certainly would, spread to the Arctic.

We have long had a close military relationship with our Norwegian partners. In my younger days I flew in many NATO exercises in the Arctic, guarding against a potential Soviet attack through the Finnmark gap. We also have newer but equally strong connections to Sweden and Finland. The Arctic is therefore not just an area of strategic importance to the UK but one where we have experience and expertise. This is reflected in our leadership of the Joint Expeditionary Force. Unfortunately, our partners in that organisation are becoming concerned about the weight of effort and the priority that we are according to this crucial role. They look to us to set a strong example and they are not seeing it.

The inquiry report also highlights the inadequacy of our air and maritime contributions to the High North, which is scarcely surprising given the small number of platforms available to the Navy and the Air Force and the many demands placed on them. These are all particularly serious consequences of our already inadequate military capabilities being spread too thinly. The security of the Arctic is crucial to the safety of the UK, so we have a vested interest in deterring conflict in the High North. To do so, we and our partners in the Joint Expeditionary Force need to demonstrate the capabilities and the will to counter Russian aggression effectively. We are failing seriously and falling short in that regard.

We also need the capabilities and will to deal with grey zone operations in a way that protects our interests and guards against escalation. The recent announcement

that the UK will lead Operation Nordic Warden in response to the threat to undersea infrastructure is welcome, but where are the necessary resources to be found? The forthcoming defence review needs to set out the unanswerable case for an increase in the defence budget to at least 3% of GDP, but it also needs to take a much more ruthless and realistic approach to priorities than its recent predecessors did. It must make clear that the security of the Arctic is of fundamental importance to the UK and should therefore be resourced accordingly.

4.07 pm

Lord De Mauley (Con): My Lords, I rise as the current chairman of the International Relations and Defence Committee. I very much thank my predecessor, the noble Lord, Lord Ashton of Hyde, and the committee's members for their work on this important report. Although I did not join the committee until it had completed this report, I hope noble Lords will bear with me if I take this opportunity to focus on the pressing matter of the security of our critical national infrastructure in the face of emerging threats, particularly those being manifested in and coming from the Arctic.

The European Arctic has increasingly become an area of strategic importance. The rising tensions between NATO and Russia have created unprecedented security dynamics in the region. The Arctic and the Baltic regions are viewed as integral to Russia's strategic interests. The Arctic's difficult environment and related challenges for intelligence, surveillance and reconnaissance make that region particularly conducive to tactics which are difficult to detect. Russia has developed a range of capabilities to sabotage and disrupt critical infrastructure, including undersea data cables in the Arctic and further afield.

These specialist capabilities for deep-sea maritime sabotage are based on the Kola peninsula, which borders the European Arctic. Recent hybrid attacks, including deliberate disruption of undersea cables—one as recent as Christmas Day, as the noble Lord, Lord Ashton, said—and heightened surveillance activities highlight the vulnerability. Our critical national infrastructure, particularly subsea telecommunications cables, energy infrastructure and maritime communication networks, is facing a growing number of risks.

We are witnessing a troubling shift towards more aggressive tactics. NATO and western intelligence services have warned that Russia is behind a growing number of hostile activities across the Euro-Atlantic area. The interconnectedness of our modern world means that a single incident away from our shores can have far-reaching consequences. In January 2022, one of two subsea data cables connecting Norway's Svalbard archipelago and the Norwegian mainland was damaged. Although it did not result in prolonged disruption, it clearly demonstrated the capabilities of a hostile actor and should serve as a wake-up call to the United Kingdom and our allies.

Russian naval intelligence, under the guise of oceanographic research, operates vessels such as the "Admiral Vladimírsky", which is designed, among other things, for maritime sabotage. Moreover, civilian ships, including fishing trawlers, are being used to survey and potentially attack infrastructure in shallower waters,

[LORD DE MAULEY]

such as those in the North Sea. In spring 2023, four Nordic broadcasting companies mapped suspicious trajectories of Russian fishing trawlers, research vessels and merchant ships travelling in the region and detected 50 ships that appeared to be collecting data along the seabed and monitoring military and other sensitive activities. In November 2022, the “Admiral Vladimirsky” was spotted loitering near the RAF’s maritime patrol base at Lossiemouth in the United Kingdom. It also passed suspiciously close to several UK offshore windfarms.

Returning to the experience of our Arctic partners, Norway, now Europe’s primary gas supplier, has been the subject of increased Russian surveillance of its energy infrastructure. Any disruption to its energy production would pose a significant risk for Europe’s overall energy security. Since Sweden’s NATO accession, several Swedish organisations have fallen victim to cyberattacks carried out by groups of hackers suspected of having ties to Russia. In this context, international collaboration is essential. Also important is collaboration between Governments and industry, as private companies often possess extensive monitoring and surveillance capabilities. The Norwegian oil and gas sector alone, for example, has 600 remotely operated underwater surveillance vehicles. The committee heard during its inquiry that military-civilian partnerships could considerably enhance deterrence. When infrastructure is designated for both civilian and military use, adversaries could perceive that the risk of sabotage leading to escalation would increase.

State collaboration with major tech companies will also be crucial for ensuring cyber resilience. As we confront the growing challenges to our critical national infrastructure, the role of our Reserve Forces becomes vital. Noble Lords may recall my interest in reservist service, as set out in the register. Our reservists, drawn from all parts of society, possess unique skill sets, linguistic capabilities, technical expertise and adaptable professional backgrounds that are invaluable. They can significantly enhance our capabilities and societal resilience in a way that is cost effective. However, in order fully to realise the potential of our Reserve Forces, we must ensure they are adequately funded, equipped and supported. This involves investing in their training and resources and recognising the invaluable contributions they make to our national security. The dismantling of mechanisms for mobilisation and civil defence after the Cold War has left us vulnerable. There is an urgent need for a whole-of-government effort to build resilience and improve protection of the UK’s critical national infrastructure. New Reserve Forces are needed to provide this protection.

The UK is far from immune to the hybrid threats experienced by Russia’s neighbours in the European Arctic. The protection of our critical national infrastructure is a pressing concern that requires our immediate attention. Reserve Forces, with their unique skills and expertise, are essential in addressing this challenge. I call on the Government, through the SDR, to prioritise the development and support of our Reserve Forces and recognise the vital role they play in defending our nation’s interests.

4.14 pm

Baroness Coussins (CB): My Lords, as a member of the committee, I had the privilege of visiting the Arctic as part of our inquiry. I will confine my contribution to the issues we identified and received evidence on in relation to the indigenous communities of the Arctic.

More than 40 indigenous communities are spread across all eight Arctic states, speaking many different languages, and their status varies considerably. For example, the Samis in the Nordic countries enjoy a similar health and economic status to the general population, whereas the Inuits in Canada, Greenland and Alaska experience limited access to healthcare, high unemployment and poor housing.

The committee heard very troubling evidence about how Russia’s full-scale invasion of Ukraine has severely compromised the rights of the Sami and other indigenous groups to cross-border co-operation and contacts. The Russian Samis are closely controlled by the Russian Government and are reported to have been effectively coerced into declaring their support for the invasion of Ukraine. One witness told us that they were terrified that if there were a conflict between Russia and NATO, the Sami would have to fight each other.

From indigenous groups outside Russia, we heard of concerns that their interests are being overlooked when it comes to defence and security, economic development, and climate change. The good news is that the strongest guarantee that their voices will be heard is the structure of the Arctic Council, which includes the permanent representation of six participants from indigenous groups. This is an innovative, inclusive model, which has found a pragmatic way of continuing its work and dialogue, despite the formal suspension of Russia at ministerial level since the invasion of Ukraine. Every effort should be made, including by the UK as an observer state, to make sure it does continue.

Nevertheless, one of our recommendations was that the UK should prepare for the possibility that the Arctic Council may cease to function or diminish in importance, and that if a new governance structure were to emerge, we should advocate for indigenous representation that is at least equivalent to the status currently held. HMG’s official response to that recommendation was only partially to agree, though I am not sure it was clear which part was not agreed, so I would be grateful for the Minister’s clarification on this point, including whether the current Government are still committed to funding UK-based research to strengthen engagement with the Arctic Council’s working groups. Specifically, can the Minister update the House on the support we are providing for a UK and indigenous initiative on scientific research, modelled on the Canada-Inuit programme, for the study and protection of Arctic indigenous languages, and for social science research to improve our understanding of the impact that climate, development and geopolitical changes are having on indigenous people?

I want briefly to mention two other issues. First, there is a fear that further militarisation of the region, as a result of geopolitical tensions and the enlargement of NATO, could have an adverse impact on indigenous ways of life and security—for example, through forced displacement to make way for new military bases, or

from the damaging effects of leaked radioactive material. Can the Minister say whether, and if so how, these concerns are being taken into account by HMG and NATO? Given that security and military issues are excluded from the remit of the Arctic Council, the UK's influence could be significant in this regard.

Secondly, there is widespread concern that while global warming is damaging traditional lifestyles by reducing the amount of grazing land for reindeer herds, economic investment in Sami lands—including so-called “green investment” to support the transition to a low-carbon economy—is being conducted without sufficient consultation with indigenous groups. Indeed, the green transition has been called the “green colonisation”.

We heard of plans to develop a large onshore windfarm near traditional reindeer lands, which the Norwegian Supreme Court ruled would violate the human rights of the Sami people but on which the Norwegian Government have not yet taken any remedial action. Another conflict of interest is over the development of deep sea mining by Norway of rare and battery minerals, which some indigenous groups believe will harm or diminish their access to fish, depriving them of both economic activity and a food source. Could the Minister update the House on the agreement between the UK and Norway on the development of a green industrial partnership, which was referred to in the then Government's response to this report, and say how it will reconcile these apparently conflicting interests and what its priorities will be?

We recommended that HMG should promote a sustainable approach to UK investment in the Arctic, including by directing potential investors to the Ruggie principles and the Arctic investment protocol. Could the Minister also confirm that the current Government stand by the response to this recommendation on the importance of justice and remedy for victims of business-related human rights abuses, and of businesses conducting due diligence with respect to human rights?

I end by quoting one of the Greenlandic Inuit parliamentarians we met, who said quite simply that there should be

“nothing about us without us”.

4.20 pm

Baroness Helic (Con): My Lords, I welcome this excellent and timely report. It confirms an urgent reality: the Arctic is no longer a frozen wilderness; it is the new frontier where climate change meets great power competition. Melting ice is reshaping trade routes, exposing vast reserves of oil, gas and rare earth metals essential to modern industry.

According to scientists, in 1987, planet earth experienced a global climate shift of unprecedented scale—a major step change or regime shift in earth's biophysical systems, from the upper atmosphere to the depths of the ocean and from the Arctic to Antarctica. That very year, and with this unbeknown to him, Mikhail Gorbachev, speaking in Murmansk, envisioned the Arctic as a

“zone of peace and co-operation”.

Yet, under Vladimir Putin, the Arctic has become central to Russia's quest to reclaim superpower status.

Today, Russia dominates the region, with its fleet of icebreakers, military bases and infrastructure along the Northern Sea Route. This route is not only economically vital to Moscow but geopolitically significant, enabling the rapid movement of its naval fleets and offering a platform for cyberattacks, disinformation and sabotage. We were recently made aware and reminded of Russian efforts and continuous attempts to sow discord across Europe, which is a stark warning of the risks posed by Russia's Arctic pre-eminence.

Equally concerning is China's growing interest in the Arctic. Although over 800 nautical miles from the Arctic Circle, Beijing now calls itself a “near-Arctic state”. By this logic, half of Europe, including the United Kingdom, could claim the same title, but China is far more than a passive observer. Between January 2022 and June 2023, 234 Chinese-owned firms registered in the Russian-controlled Arctic. China has built docks, railway lines and infrastructure in key Arctic ports, working hand in hand with Russia to consolidate control over energy supplies and resources. This partnership underscores the deepening Sino-Russian alignment in the Arctic—a development that we cannot ignore.

I will not comment on the US President-elect's aspirations when it comes to Canada or Greenland, but we can be grateful that what Mr Trump is saying is not being uttered by Mr Putin, as I imagine there would be much chatter about Article 5 today. The strategic significance of the Arctic is clear; our collective response ought to be too. Although the UK is geographically distant, it is strategically intertwined with the High North. Securing NATO's northern flank, ensuring freedom of navigation and maintaining vital energy imports from Norway all depend on our active engagement in this region.

I therefore welcome the report's recommendations, in particular on partnering with businesses managing critical infrastructure, such as subsea cables and pipelines, to protect against emerging threats; on preventing unregulated fishing and supporting the creation of marine protected areas; and on its call to appoint an Arctic envoy or ambassador, and strengthen co-operation with other observer states on the Arctic Council while respecting the leadership of Arctic nations. The rules-based international order must shape the future of the Arctic, and I also welcome calls for a new international polar code to establish clear guidelines.

I also note the recommendation to engage with China on scientific research and climate change. Although it is important to engage with China on these issues, we must approach this cautiously, with a clear-eyed understanding of the challenges posed by the evolving partnership between Russia and China.

Part of this is a matter of our military capability. While our Armed Forces are not short of tasks, they are short of capability. They rely on a single polar-capable vessel, HMS “Protector”, which is regularly deployed between the Arctic and the Antarctic and has faced technical challenges. I am sure that the noble Lord, Lord Robertson, will be aware of this, and I hope the Minister agrees that we must make sure that his recommendations, made in the SDR, are not constrained by defence spending commitments or the lack of them.

[BARONESS HELIC]

Defence spending is not a luxury; it is a necessity. Without investment, in this case in polar assets, we cannot safeguard our interests or support our allies.

As we rightly focus on the Arctic, we must do everything to strengthen existing transit routes, ensuring their stability and security, as the best way of improving the stability and security of global shipping. It is astonishing that a non-state terrorist group can disrupt global shipping in the Red Sea, and the same can be said about piracy off the Horn of Africa and in the Strait of Malacca. Moreover, closer to home, shifting global shipping from the Suez Canal to the Northern Sea Route would carry serious geopolitical risks. Increased reliance on this route could deepen Europe's dependence on Russia, in the same way that gas dependence has, limiting our collective ability to counter Moscow's choices.

The Arctic is not someone else's problem; it is ours too. Climate change, great power competition and emerging threats in this region will define global security in the years to come. The United Kingdom must remain not only present but relevant, to safeguard NATO's northern flank and to protect our own national security. This demands proactive engagement, investment in polar capabilities and support for our allies.

4.26 pm

Lord Hannay of Chiswick (CB): My Lords, this is the second time in recent years that this House has reported on and debated Britain's overall Arctic policy, this second debate having been excellently introduced by the noble Lord, Lord Ashton of Hyde. That is to this House's credit, because that dimension of our external policies, often overlooked, presents plenty of challenges, and even threats. The comparison between the reports produced demonstrates how quickly those challenges are changing, while some, such as those from the climate, have become more intense. Britain may not be an Arctic state itself but it is a close neighbour to the Arctic, and a friend and ally in NATO of several states which are, and an adversary to one, Russia, which is waging an illegal war of aggression in Europe against Ukraine. The scale of these changes is not altogether surprising. However, it requires policy responses from us, not just words.

What has not changed is the rapid melting of the Greenland ice cap and the other Arctic ice caps in Russia, Finland, Norway, Canada and the US, and the consequent rise worldwide of sea levels. This demonstrates beyond peradventure that global climate change policies are not yet sufficient, all the more so as the Arctic ice melt is occurring more rapidly than elsewhere for a number of technical and scientifically demonstrated reasons.

It is all the more shocking, therefore, that in 10 days' time the incoming President of the US may decide to withdraw again from global efforts to brake and reverse climate change. What will our response be to that? Is the incoming President aware of our regret at any such move if it were to be made? Surely we will not be tempted to throw in the towel and simply accept that the sea rise, which will damage not only us but many developing countries around the world, should continue unchecked.

A second development, which has not changed, is the enlargement of the high seas areas in the Arctic potentially now available to fishing and the depletion of already threatened fish stocks, on which most countries, including ourselves, are for good and justified reasons supporting a moratorium, although we are no longer a legal part of it. If there is to be fishing in the future in these waters, it must surely be effectively regulated internationally and enforced. What is our policy in that respect?

When we first debated the Arctic, the opening up of the northern trade route from the Far East to Europe and elsewhere was more a matter of speculation than reality. We were inclined to treat that, and the competitive threats to routes using the Suez Canal, with what has turned out to be an excessive degree of complacency. The illegal actions of the Houthis in Yemen and the consequent damage to the Suez Canal route mean that such complacency can no longer be sustained or defended—the northern route, one should add, being vulnerable to Russian interference, perhaps supported by China. What is the Government's medium and long-term response beyond the so far relatively unavailing action against Houthi attacks? This is a major threat to freedom of navigation under the UN Convention on the Law of the Sea, which affects all nations.

The biggest change since the report by the noble Lord, Lord Teverson, arises in the field of security and defence, which the scope of the Arctic Council does not cover—a council that in any case is in suspension since Russia's aggression against Ukraine. What is the UK and the NATO response to that sharply increased threat? Will this aspect be fully covered in the strategic defence review of the noble Lord, Lord Robertson, due to be presented in a few months' time?

In the report by the noble Lord, Lord Teverson, the case was made for the appointment of a UK special representative for the Arctic. That proposal has received considerable further support during this debate. The case was summarily rejected by the then Government, but, as has been seen, much has changed since then, in particular the threat in the Arctic from defence and security issues and the multipolar nature of the challenges facing us in the Arctic—quite different from the essential and valuable work being done in the Antarctic by the FCDO's polar regions unit. I welcome the present report's reiteration of the need for strengthened UK diplomatic input in the Arctic. Is it not now time to look again at the case for a UK special representative for the Arctic, perhaps in the light of the increased prominence there of security issues? Such a post could be based jointly in the Ministry of Defence and the FCDO. Can the Minister respond to that suggestion when he replies to this debate?

Finally, a word about the sovereignty of Greenland. It is surely the height of irresponsibility to have raised that issue again, one which belongs more to the 19th century than the 21st century. In this way it has complicated and distorted the work that needs to be done to face the global challenges that are posed for us and others in the Arctic and which we need to face up to. I hope we will have nothing to do with the raising of that issue in recent days.

4.32 pm

Lord Willetts (Con): My Lords, I have a personal reason for engaging in this debate. When I was a Member of the other place, it was my constituent, Commander Eddie Grenfell, who served on the Arctic convoys, who led the campaign for the Arctic Star, which he then received in 2013. Some 20,000 veterans have now received the Arctic Star, and that campaign was a reminder of the heroism of our Armed Forces in those treacherous waters.

My second reason for intervening in this debate involves wearing my hat as chair of the UK Space Agency. I hope to persuade noble Lords that space is a crucial domain for thinking about defence and security. The Arctic theatre is a vivid example of that, as I will briefly explain.

Traditionally, satellites were great big objects, 30,000 kilometres away, in geostationary orbit, always looking at the same part of the globe, with very little coverage of the polar regions because they were receding from view—but that did not matter because not much was happening there. Now we are moving to low-earth orbit constellations of much smaller satellites, a few hundred kilometres up, most of them in a polar orbit, with the earth revolving underneath them. That means that the data they collect and transmit is collected most efficiently in the Arctic regions. That is where the density of satellite coverage for LEO constellations is greatest. That is why Svalbard is now one of the most active centres for the collection of satellite data anywhere in the world and an intense scene of strategic competition. Those satellites collect earth observation data. They are also probably the best single fallback we have if we lose the cable transmission of data.

As well as the change in the orbits of satellites, we have as a result a change in launch. Historically, to get great big satellites into orbit, you had a launch site near the equator and used the power of the earth's rotation to push them up into high orbit. Now, when you want to get small satellites into polar orbit, it is very sensible to launch northwards close to the pole, so the new competition is who is going to win the strategically significant northern launch sites.

It so happens that we have at SaxaVord one of the best candidates for a strategic polar space launch capability. It is currently the only UK CAA licensed spaceport. It is at 60 degrees latitude. The RAF, having closed its defence radar systems there about 15 years ago, is reopening them because it is a great location for a ground station. We expect the first space launch from SaxaVord to happen this year.

Of course, there are other opportunities. We are in competition with Norway and Sweden, but thanks to the legislative process in which this place played a significant role, we are ahead of them in the legislative framework. The US has Alaska. However, its sites in Alaska are very hard to reach, whereas at SaxaVord we can use the infrastructure created around North Sea oil installations. Also, the Americans are very worried that their Alaskan sites are too close to Russia. It is therefore true to say that the US DOD is far more interested in SaxaVord and UK space launch capabilities than the UK MoD, which I greatly regret.

The challenge now is to ensure that as the space domain becomes so significant in the Arctic region, Britain plays its part. I therefore have three requests for the Minister. I welcome his presence in the Chamber. First, it was excellent that last October the Defence Secretary signed up to the NATO initiative STARLIFT, which is about boosting space launch capabilities. It is undoubtedly thinking about polar launch. Will the Minister commit that the British Government will play an active role in promoting STARLIFT and will consider SaxaVord as a UK contribution to this NATO effort? Secondly, regrettably, the UK Government did not sign up to Northlink at the same NATO ministerial summit. It is a NATO system providing satellite communications in the Arctic. Is this something that the Government will reconsider? Thirdly and finally, overall, will the Government recognise SaxaVord as a UK strategic asset and consider space and the space domain as part of their future planning on defence and international strategic issues?

4.38 pm

Lord Houghton of Richmond (CB): My Lords, I welcome this opportunity to debate this excellent report regarding the UK's strategy towards the Arctic. I share the view that this has been a somewhat neglected area and is now of increasing strategic importance, as the report clearly lays out. Obviously, the report was completed and published under the previous Government and was not intended to inform the current ongoing strategic defence review. However, it is more in the context of that review that I want to offer some observations, and I do so because since the publication of this report the strategic context has moved on.

Regardless of the specifics of how the situation in Ukraine is resolved, my view is that the position of Russia looks weaker. It is facing the reality of its own military limitations. By contrast, the relative strengths of European NATO are becoming more apparent, particularly given the additional membership of Finland and Sweden and the upward trend in defence spending of many NATO countries. Moreover, the advent of a Trump presidency looks set—I would say, wholly justifiably—to coerce all of NATO in Europe, including the UK, into assuming an ever greater responsibility for its own security. I am not suggesting that the threat from Russia has gone away. I am suggesting that it is now increasingly likely to manifest itself as malevolent activity below the threshold of formalised warfare, the human and material costs of which are huge.

In this changing context, there may be considerable good sense in the UK reimagining its commitment within NATO, and doing so in ways that play to our natural military strengths and permit the necessary enhancements to national resilience, doing so in a manner that might just be affordable within a defence budget of 3% of GDP.

The SDR will undoubtedly confirm that some of our defence expenditure is non-discretionary: most obviously, the deterrent. We must also now recognise our vulnerability to the threat of ballistic missiles, a threat to which events in both Israel and Ukraine have now sensitised public awareness. We obviously need to invest in those areas which give us a technological edge, especially where automation and autonomy relieve

[LORD HOUGHTON OF RICHMOND]

the pressure on physical numbers. But, more fundamentally, a strategic choice needs to be made in respect of where, within a newly configured and energised NATO, we should develop and focus the more conventional elements of our force structure. In deciding this, we need to better evaluate the balance between conventional deterrence and the active interdiction of sub-threshold threats. We need to do this in a way that is orchestrated on a NATO-wide basis.

To me, although it pains an infantryman to say it, logic and geography suggest that we should consider focusing on a leadership role in the maritime and air domains of NATO's northern flank—a flank which should be envisaged as including the Baltic, High North, Arctic and north Atlantic. We should adopt an operational posture that is a combination of conventional deterrence and the active interdiction of sub-threshold—particularly subsea and airborne—threats. We should build on the innate dependencies and mutual trust born of our leadership of the Joint Expeditionary Force, which now needs to be renamed, and we should build on this in respect of capability development and procurement.

Because cost pressures will dictate, we should probably worry much less about mustering a significant high-readiness land commitment to central Europe, a contingency which, in societal terms, we seem, on a national basis, either disinclined to or incapable of embracing, and for which many continental partners display far greater national urgency due to geographic realities. This does not mean that we do not need an Army: far from it. The combination of national resilience, national regeneration and constitution, and what I would call focused lethality, which I use as a term for a more technically enhanced set of specialised forces, will more than justify a significant force structure.

But I simply cannot see how, in the changing strategic environment and with the cost pressures that seem set to remain, we can continue to delude ourselves that we are much more than a regional power, albeit one that more than delivers its fair share of regional security, particularly when the nuclear deterrent is costed in. I appreciate that these remarks fall well outside a more disciplined commentary on our strategy towards the Arctic but, to me, the true excellence of the report lay less in what it specifically said and much more in what it teasingly forebode; namely, that the security dynamics of the Arctic and northern Europe are now more interconnected and that the Arctic itself is potentially far more contested. The report offers the strategic defence review much food for thought regarding our national strategic options.

4.43 pm

Lord Anderson of Swansea (Lab): My Lords, I was privileged to be a member of the committee under the able chairmanship of the noble Lord, Lord Ashton of Hyde. The debate on this report has provided a forum for exposing a great deal of expertise already in the House. The report itself illustrates the dynamic nature of changes in the Arctic and the importance to our interests, including security, environment and energy supply. It asks key questions about our geopolitical priorities. It is called *Our Friends in the North* but

obviously touches on those who are not our friends, including Russia and China in particular. I hope the report will be the basis for continued serious debate about the Arctic and our role in it—particularly, of course, a key role for our friends in Norway.

I begin with the usual complaint about the delays in bringing this report to the House for debate. The inquiry was launched in March 2023, the report was published in November that year and the Government response was a year ago, in January 2024. Surely, procedurally, we can do better as a House. It is fair to say that there have been no dramatic changes in the context since the report was published, but there has been an intensification of trends, including, for example, the effect of sanctions on Russian activities. I think particularly of the abandonment—or at least mothballing—by Russia of that LNG facility in Murmansk, and the effect on the supply of spare parts for ships to Novatek and the Russian commercial fleet.

The old assumptions about the Arctic being an area of low tension and high co-operation have been undermined, perhaps most dramatically in the role of the Arctic Council. It is right that the ministerial meetings following the Ukraine invasion have been stilled, but I fear that Russia will increasingly try to use the wedge of expert co-operation to normalise relations with the Arctic Council, and we must be very wary of that. How do the Government see the future of the Arctic Council today?

Obviously, climate change is fundamental to changes in the area, including the development of the Northern Sea Route. For example, there will be a reduction of almost two weeks in the journey from Tokyo to Hamburg, and potential effects on the Suez Canal. There will be many advantages for Russia from the opening of the Northern Sea Route—pilotage and so on. Tensions between Russia and the West are unlikely to ease.

The committee stressed the relevance of China, which is a provider of money for development. For example, we know that President Xi visited Moscow in March last year and promoted co-operation. In April, in Murmansk, China and Russia agreed on what is euphemistically called “maritime law enforcement”—whatever that may mean. We can surely confidently say that, if the report were written today, there would be much greater emphasis on threats to critical national infrastructure and the grey zone, including GPS jamming, military exercises, cyberattacks and information warfare.

Most salient now is maritime sabotage. For example, we know that in November a Chinese vessel was stopped because of alleged damage to Swedish interests, and there was a very tepid response at the time. By contrast, when a Russian vessel was stopped on Christmas Day by Finland and spy matériel was found on it, there was a far more robust response by Finland—the vessel was impounded. Let us hope that is a precedent. I hope the Government will applaud the robust response of Finland and, if there is appropriate evidence, use that and say it should be a precedent. Although the time has been short, it would be interesting to know what stage the Finnish investigation is at.

There are strong geopolitical implications of the Arctic changes. Of course, every case cannot be a priority, but surely recent events have exposed our vulnerability—ballistic missile defence, for example—and

the critical importance of the Arctic to the UK and what the report calls “Our friends in the North”. Perhaps we should reconsider whether the tilt to the Indo-Pacific is still as justified. As the noble Lord, Lord Ashton, mentioned, our good colleague, the noble Lord, Lord Robertson of Port Ellen, was a member of the committee and concurred with its recommendations. I assume that his membership will colour some of the recommendations that he will make in his review.

4.50 pm

Baroness Fraser of Craigmaddie (Con): My Lords, I thank my noble friend Lord Ashton of Hyde for his excellent introduction and chairmanship of the International Relations and Defence Committee. Unfortunately, I was not a member of the committee for this important inquiry as I joined just after it had been completed, but I welcome it and hope that the report’s findings will be taken note of.

Many noble Lords have already noted, as the report does, that parts of Scotland are closer to the Arctic Circle than to London. I hope to be on my way to the frozen north in Scotland, if your Lordships keep to time, on the last flight. I am keeping my hopes high. The High North is witnessing a change in its security environment for political, economic and environmental reasons, and thus represents a key area of interest for the UK. Former Defence Secretary Ben Wallace said:

“The UK is the closest neighbour to the Arctic states. In addition to preserving UK interests we have a responsibility to support our Arctic allies ... to preserve the security and stability of the region”.

Without territorial possessions in the region, the UK’s support will always be primarily focused on the naval aspect of the Arctic, as it is inherently a maritime domain. I thank the noble Lord, Lord Willetts, for his work on securing the Arctic Star. My uncle was killed in the Arctic convoys, and it was one of the great pleasures of his younger brother, my father, to receive the Arctic Star medal—so I thank him for highlighting that.

It is inherently an incredibly hard and difficult maritime domain. Our Royal Navy has led multinational task groups of warships and aircraft into the High North to demonstrate freedom of navigation above the Arctic Circle, to further develop joint working and to assert our joint commitment to upholding peace in the region. But this report highlights long-standing concerns as to whether there are sufficient resources to meet aspirations for a meaningful security presence in the High North. I am sure the Minister will point to the essential role of our Astute class submarines and to Camp Viking, which has been mentioned, but the Royal Navy has only one ice-capable patrol ship.

Whether military or commercial, maritime activity in the Arctic is growing significantly, increasing the risk of accidents, conflicts and pollution. Logistics are a frequently neglected aspect of strategic operational activity—but are not being neglected by China and Russia, as my noble friend Lady Helic has just highlighted. Logistics have to be prioritised in the Arctic. Whether dealing with extreme cold weather or terrain, the environmental effects on personnel, equipment and supplies force new solutions to be found to extend

operational reach and enable freedom of action. Cold weather injuries, resupply operations, equipment capability shortfalls and maintenance must all be taken into account when planning logistics operations in the Arctic. Our US allies have realised this and are actively training and working on solutions.

In 2022, RFA “Tidesurge” joined NATO’s Exercise Cold Response, providing important logistical and refuelling support, highlighting the vital role of support ships and their well-trained crew in the region. Yet decreasing ship numbers in the Royal Navy have meant that the RFA fleet has been filling in capability gaps, even though the RFA itself has seen a drastic reduction in ship numbers—around 50% since 2003.

The RFA is losing crews, either to the Merchant Navy or to those leaving seafaring professions altogether. In addition, the number of recruits is down as many opt for other careers or shipping lines. Deployments have become longer, with the number of ships laid up due to a lack of crews also increasing.

The RFA is in crisis. Its vital role in logistics and supply is in danger of being forgotten by both the public and our politicians. Ongoing industrial action has already affected operational capability, and I was relieved to see that the RFA voted only yesterday to end its current pay dispute. However, the fleet remains at a low ebb. While the current settlement may be enough to stop those currently serving leaving prematurely, it may not be enough to persuade significant numbers to choose to join the RFA instead of taking commercial jobs. Recruitment is difficult, as there is a global shortage of mariners and young people wanting to start careers at sea. In a Written Answer to me in November, the noble Lord, Lord Coaker, referred to the Royal Navy’s RFA35 programme to determine the long-term future of the RFA, defining its purpose, size, function and optimal crewing model to meet future requirements. I have yet to find any further information on the progress of the RFA35. Can the Minister update the House?

I urge the Government to ensure that the essential and increasing role played by the RFA in national defence, not only in the Arctic but across the world’s seas, is recognised and supported. The UK cannot claim to be a leading maritime nation and capitalise on the opportunity to play an influential convening and leadership role in the Arctic, particularly in Arctic security, as this report recommends, without strong logistical support. As this excellent report outlines, developments in the Arctic are of critical importance to the UK’s security, environment and energy, but without a functioning RFA, large-scale operations will simply struggle to maintain momentum over extended periods.

4.56 pm

Lord Kerr of Kinlochard (CB): My Lords, it is a pleasure to follow the noble Baroness, Lady Fraser, a fellow Glaswegian and therefore inured to Arctic weather, and to congratulate the noble Lord, Lord Ashton of Hyde, on this admirable report and his splendid introduction of it. I have only two criticisms of his report, and one of them is totally unfair, so I will start with the other one.

[LORD KERR OF KINLOCHARD]

The report says that we have

“insufficient key military assets, such as submarines, maritime patrol or airborne early warning aircraft, to support this increased focus on the Arctic”—

which we should have—

“alongside the UK’s growing interest in other regions such as the Indo-Pacific”.

That is obviously true, but it is also a huge understatement. It is not just the posturing about the Pacific that creates the credibility gap. I believe that, as with the Joint Expeditionary Force, on which the noble and gallant Lord, Lord Stirrup, spoke, which we are supposed to lead but our role is disappointing our partners, we lack the deployable assets to play the part we should be playing, and NATO expects us to play, in the High North. We still talk a good game, but our firepower does not match the rhetoric. In this, as in so many other ways, we need to learn from our front-line friends, the Finns, with their 1 million trained reserves and their society alive to the threat that Putin poses.

The unfair criticism of the report is that it nowhere discusses the largest immediate risk to the High North remaining an area of international co-operation and low tension, the risk to which the noble Lord, Lord Teverson, drew attention, which is that America grabs Greenland. The report’s authors might reasonably reply that when they completed the report, 13 months ago, no one saw Trump back in the White House, but, in 11 days’ time, he will be back, and he has this week refused to rule out taking Greenland by force. He said on Monday that if the Danes declined to let him buy it, he would put punitive tariffs on their trade. On Tuesday, he explained that the US needs Greenland for its national security and said:

“People really don’t even know if Denmark has any legal right to it”.

This last point is one known in diplomatic terminology—I apologise for using a technical term—as cobbles. Danish sovereignty over Greenland has been unchallenged since the Treaty of Kiel 1814 and was formally accepted and acknowledged by the United States and the United Kingdom in 1916.

However, I do not think Mr Trump is joking. He has form. He has to be taken seriously and, in this case, probably literally. Five years ago, he ordered the National Security Council under John Bolton to arrange the purchase of Greenland. Fiona Hill, who is now assisting the noble Lord, Lord Robertson of Port Ellen, in his review, was personally involved in discussions with the Danish Government, who demurred. When the row went public in August 2019, Secretary of State Pompeo was able to calm things down, but the President was so cross, he cancelled a state visit to Copenhagen. I suspect that he has learned nothing and forgotten nothing. This time, he will not have Fiona Hill or Mike Pompeo to rein him in.

Whatever his motive, I think Mr Trump is not talking about military issues when he says that the US needs to have Greenland for national security; I think he is thinking in commercial or economic terms. If he was interested in making greater military use of Greenland, he could renegotiate the 1951 defence agreement, which

is already strikingly permissive. The United States pays no rent and does not have to seek permission for any overflights or landings. I suspect that what he is after are the rare earths and the uranium, or the oil and gas, which are all now becoming much easier to exploit as the ice melts. I suspect that he is thinking also about China. China already has the biggest outside investment in Greenland, and Greenland exports more to China than to anyone else other than mainland Denmark. The noble Lord, Lord Ashton of Hyde, rightly drew our attention to growing Chinese interest in the High North. Whatever his motive, I agree with President Macron, Chancellor Scholz and President Trump that the forced transfer of sovereignty is no way to treat an ally. Like the noble Lord, Lord Teverson, I hope that our Government will find a way of making the same point that they have made. We owe it to the Danes to show them that we stand with them. On 18 October, a UK Minister, Mr Doughty, told the Arctic Circle Assembly that the UK

“will not tolerate attempts to wreck regional stability”

in the High North. He probably had Russia in mind, but sauce for the goose.

NATO Secretary-General Rutte has a big job on his hands in the next four years, with a dominant ally likely to interpret the concept of alliance rather eccentrically. Fortunately, we have an ex-Secretary-General, the noble Lord, Lord Robertson, calling on the help of Fiona Hill, with her close-up experience of eccentricity, to advise us now on how we should best cope with it and its consequences as we reassess our priorities. I hope we build our shrunken forces.

5.02 pm

Lord Soames of Fletching (Con): My Lords, I feel honoured and privileged to sit on the International Relations and Defence Committee. I am privileged to have sat under the enlightened and skilful chairmanship of my noble friend Lord Ashton of Hyde, from whom I have learned a great deal. It is now a pleasure to sit under the chairmanship of my noble friend Lord De Mauley. I join in acknowledging the exceptional work of the committee’s staff, who are brilliant, patient and a genuine pleasure to work with.

Having said all that, my noble friend and others have shot all my foxes, so I will make only a few points. Before I do, let me say how much I agree with the noble Baroness, Lady Fraser, about the RFA, and with my noble friend Lord Willets about the importance of the space agency.

I will put into context again the matter already expressed by my noble friends and many others: that parts of Scotland are closer to the Arctic than they are to London. Therefore, this is a region in which we must of necessity take a profound and carefully worked through interest, since as my noble friend said, developments in the region have a significant impact on our national, environmental and energy security, and have very serious implications for our foreign and defence policy.

We argued in the report that it was highly unlikely that the United Kingdom’s long-term goal to return the Arctic to a state of low tension was achievable. We concluded that the United Kingdom policy had to reflect the new reality that the region was becoming an

area of competition and potential confrontation. Indeed, we were being pretty restrained in what we said. I believe that it is likely that the Arctic is going to become a fulcrum of increasing contention, especially in the grey zone of operations.

The fact remains that Russia already exercises a significant, malign and growing threat, including GPS jamming, military exercises which simulate attacks on its neighbours, maritime sabotage, cyberattacks and information warfare. In the report, we call for the United Kingdom Government and their allies to prepare, with urgency, contingency plans to detect, deter and respond—and let me say how strongly I agree with the noble Lord, Lord Kerr of Kinlochard.

Because of the nature of the theatre, we assess that close co-operation between the state and the private sector, which already operates most of the subsea cables and pipelines, is key, and that the Government need to establish partnerships with businesses to combat threats to critical infrastructure—I know my noble friend Lord De Mauley made this plain in his speech. Frankly, we need to do much the same at home.

In contemplating these threats, we were concerned that in this theatre, as in all the others in which we have an interest, our country has insufficient key military assets, including submarines and maritime patrol or airborne early-warning aircraft to support the new realities of the Arctic. Of the first importance would be that we should continue to train sufficiently and regularly with our NATO and magnificent Nordic allies, an operation now made less easy by the ill-advised removal of the two commando carriers from service.

My noble friend has dealt thoroughly with the problem of China's activities in the Arctic. I would emphasise that these are increasing, but they are only possible thanks to Russia's facilitation. Indeed, a commercially viable shipping route along Russia's Arctic coast could soon become a reality, which would be economically beneficial for both Moscow and Beijing. Beijing will clearly seek to ensure that the northern sea route remains free of western interference through its co-operation with Russia.

I think that two developments are possible. If tensions between Russia and the West remain high, due in particular to the ongoing war in Ukraine, it is likely in my judgment that Russia's joint ventures with China in the Arctic, by China, will expand dramatically. If the Trump Administration encourage Ukraine to cede land to Russia and continue to interfere with Greenland, as they say they are going to, and return confiscated Russian assets, then perhaps American and European companies would begin to engage with Russian Arctic projects again, although this of course will take time.

In conclusion, as the report spells out very well, the Arctic holds the most extraordinary abundance of natural resources, including oil, gas, minerals and fish, with its untapped oil and gas reserves estimated to comprise about 25% of the world's undiscovered resources. The British Government need to maintain the highest degree of alertness possible as these developments play out. It is likely we will see this pristine wilderness turn into something quite different.

5.09 pm

Lord Stevens of Birmingham (CB): My Lords, given that this magisterial report includes recommendations on shipping and search and rescue services, I declare my interest as chair of the Maritime and Coastguard Agency, along with a personal interest over many years in the Arctic. I do not know whether other Members of your Lordships' House here today have, like me, had the opportunity to visit the North Pole on an icebreaker or to sail in the Barents Sea into Svalbard.

However, anybody who cares about the Arctic—and that is everybody here today—knows that, although it is only 3% of the planet's ocean surface, it exercises an outsized impact on climate security. This includes the ice cap reflecting heat and the unique hydrography of the Arctic, where we find warmer water beneath a surface layer of colder water that then interacts with the Atlantic in the Denmark overflow. This has as yet not completely understood impacts on the currents that transit, including producing shifts of excess heat from the equatorial regions to the polar regions with impacts on our own climate.

It is, therefore, incredibly disturbing to learn in a paper published in *Nature Communications* last month that it is now modelled that there is at least a distinct possibility that we may see the first largely ice-free day in the Arctic summer by the end of this decade, not by 2050 as we had complacently previously told ourselves. It would therefore be not only ironic but potentially tragic if the very fact of the melting of the ice means that we as humanity collectively use that as an opportunity to exploit more hydrocarbons and accelerate this cycle in the Arctic.

Given that four fifths of the unexploited hydrocarbons in the Arctic lie within individual countries' exclusive economic zones, we must clearly have the humility to recognise that they have the right to exploit those hydrocarbons if they so choose. My first question to the Minister is: given that this report is titled *Our Friends in the North*, many of these countries that might so do are our friends, so what action can the UK Government take to try and persuade others not to take the apparently easy option of exploiting these hydrocarbons in a way that will be further detrimental to the planet?

Relatedly, it is worth drawing attention to one of the other recommendations of the report, at paragraph 244, which notes that there is still the opportunity to prevent further exploitation of the seabed in the central Arctic outside of the EEZs and potentially the continental shelf claims that have been lodged by a number of Arctic nations. One way in which the UK can play our part there is to get on and ratify the so-called BBNJ treaty, the Agreement on Marine Biodiversity of Areas beyond National Jurisdiction. Can the Minister tell us today, at the prompting of this report, when Parliament will see a Bill that will enable the ratification of that important agreement?

At paragraph 290, the report says that the UK should continue to

“work with its partners to uphold the rules and obligations set out in UNCLOS”.

That is clearly right. Can the Minister also use this opportunity to put on record the UK's repudiation of Russia's distorted interpretation of international maritime

[LORD STEVENS OF BIRMINGHAM]

law as it applies in the Arctic? In particular, can he confirm that the northern sea route is not covered by a “legal regime of inland seawaters”, as claimed by the 2022 Russian maritime doctrine? Instead, will the Minister confirm that these seas are subject to freedom of navigation and the same right of innocent passage that Russian vessels and warships use when they transit the English Channel and UK territorial waters? Will he also confirm that nor is Russia entitled to misapply Article 234 of UNCLOS, the so-called “ice clause”, to apply discriminatory requirements on foreign-flagged vessels such as tolls, prior permission requirements and the mandatory use of the Rosatom icebreaker fleet?

We might argue that these do not matter for the time being, certainly for merchant shipping, but they will over time. As a number of noble Lords have pointed out, strategically it is obvious that Russia cannot be allowed to assert control over the Arctic and the sea lines of communication, including the approaches to the Bering Sea, the Barents Sea and other sensitive areas, such as the Kara Strait, the Laptev Strait and the Sannikov Strait.

For all those reasons and the points that were made, but which I will not repeat, by a number of distinguished noble Lords, including the noble Lord, Lord Browne of Ladyton, the noble and gallant Lords, Lord Stirrup and Lord Houghton, and others, it is quite obvious that the UK, through the SDR, will have to step up its capabilities in the High North. Like several other noble Lords, I have had the opportunity to spend time with the Royal Marines in Bardufoss at Camp Viking. As has been described, they were highly impressive, but nevertheless, without going into detail publicly, there are obviously some equipment and capability gaps that the SDR would be wise to address. On that basis, I am very grateful to the noble Lord, Lord Ashton of Hyde, for the magisterial introduction he gave to this excellent report, the conclusions of which I fully concur with.

5.15 pm

Viscount Trenchard (Con): My Lords, it is a privilege to speak in this debate and a pleasure to follow the noble Lord, Lord Stevens of Birmingham. I congratulate my noble friend Lord Ashton of Hyde and the International Relations and Defence Committee on their fascinating report on the UK’s strategy towards the Arctic. I congratulate my noble friend on his excellent introductory speech.

I admit that I was not very well informed on this matter before I read the report, and I found it very illuminating. I have always had a fascination with the Arctic because, when I first lived in Japan in the 1980s, we flew over it and refuelled at Anchorage. From the mid-1990s we would fly over Russia, but in recent years we have reverted to flying over the North Pole.

It is always a little surprising to see just how close eastern Siberia is to Alaska. We are so used to looking at a Mercator projection view of the planet, but a globe gives a much better perspective of proximity and shows the significance of the Arctic. It also shows that, of the eight members of the Arctic Council, Russia possesses almost half of the shoreline of the Arctic Ocean. Russia’s illegal invasion of Ukraine has

paralysed the work of the Arctic Council. Given the close alliance between Russia and China, the remaining members of the “Arctic seven” are increasingly cautious about Chinese strategic investments in the region.

It may be true that China has, so far, sought to work within the Arctic’s existing governance framework; however, it is clear that China is now intent on challenging the existing world order so that is very likely to change. As the report finds:

“Concerns regarding Chinese strategic investment in the Arctic and its long-term intentions in the region are legitimate”.

It suggests:

“One region where the deepening partnership”

between Russia and China

“may manifest itself is the Arctic”.

This presents a particular problem for India, which continues to sit on the fence. The committee’s witness, Captain Bisen, acknowledged that India has

“an interest in preventing a strong Sino-Russian partnership”.

The report welcomes the FCDO’s decision to resume working group level projects of the Arctic Council, including Russia, whereas it remains committed to excluding Russia from co-operation at a ministerial level. I wonder whether such an ambiguous policy will be viable for long. The report rightly states:

“Russia must not be allowed to take advantage of its participation in working group activities to undermine the steps taken by the UK and others to isolate Russia diplomatically in response to the war in Ukraine”.

I cannot see that there is any possibility of Russia not seeking to take advantage. Does the Minister think that our ambivalent position can be maintained?

The report strikes the right tone in suggesting that

“the UK’s influence in the Arctic depends on strong diplomacy and coalition-building”.

Those with whom we should work in coalition include Japan and South Korea. I am a little puzzled that the report identified a significant difference between the positions of those two countries. I believe that the Japanese general trading companies, to speak only of one sector, are just as interested in the development of Arctic maritime routes as the South Korean private sector. It is essential that Japan and Korea, which face similar security risks in the western Pacific Ocean, should work more closely together in the defence and security sphere and in collaboration with other Arctic observer nations. The United Kingdom, which enjoys closer defence and security relations with both nations, can play a key role here.

The committee’s report identified that the UK, as the nearest neighbour to the Arctic Council states, co-operates actively with them on search and rescue missions in the High North. As noble Lords are aware, the scrapping of the RAF’s Nimrod fleet in 2011 before it was commissioned was a very controversial decision that left the RAF without any maritime reconnaissance capacity for some years, until the commissioning of the Poseidon P8 aircraft based at Lossiemouth. It is no surprise to read that questions are being raised as to whether the current fleet of nine aircraft is enough to meet our commitments, especially given the deteriorating geopolitical situation in the north Atlantic and in the Indo-Pacific region.

Last week, newspaper reports covered recent statements by the noble Lord, Lord West of Spithead, that defence spending should go up to 3% immediately and that the Government's current strategy of waiting until after the strategic defence review and then doing it in the June financial statement is ludicrous. The noble Lord, Lord Dannatt, and the noble and gallant Lord, Lord Stirrup, have both said that we need to spend 3.5% to maintain our existing military capabilities and commitments to NATO. Does the Minister agree with his noble friend, the noble Lord, Lord West, that the Government's approach to defence spending is ludicrous?

As honorary air commodore of 600 (City of London) Squadron in the Royal Auxiliary Air Force, I entirely endorse what my noble friend Lord De Mauley said about the contribution of the Reserve Forces to the resilience of the defence of the United Kingdom. Again, I congratulate my noble friend Lord Ashton and other noble Lords on an excellent report and excellent speeches, but regret that the report is already a year old. Debates on recently published work tend to be livelier and receive more media interest.

5.22 pm

Lord Mountevans (CB): My Lords, I congratulate the chairman, the noble Lord, Lord Ashton of Hyde, and all the committee on a first class report. This is a very important region, set only to increase in importance given the current geopolitical situation and outlook. As the Minister for the Polar Regions, Stephen Doughty, said in a speech late last year:

“There is no global security without Arctic security”.

As noted in the report, the UK is the closest neighbour to the region, and of the eight Arctic countries, seven are now NATO allies. All can be numbered among the UK's very closest friends. In fact, with the exception of some Commonwealth countries—other than Canada, which was already included—there are not so many other countries that would be added to that list. The UK shares values and long trading histories with Norway, Sweden, Denmark, Finland and Iceland. An important additional tie, as noted by other speakers, is Norway's key position as leading energy supplier to the UK. Of course, our links with Canada and the USA, while different and more recent, are profoundly strong.

The report is admirable—stellar—in its comprehensiveness. There is so much that is rightly highlighted. I will not go through that, in the interests of brevity, but in the time available I will elaborate on some of the questions raised and pose a few of my own.

My career and background have been in maritime. The report notes that reduced ice coverage and the richness of the region in energy and rare minerals are both likely to lead to an increase in maritime activity and resource extraction. In the meantime, Russia regards the Northern Sea Route as its seaway. As noted by the noble Lord, Lord Soames, it wishes to treat this as a domestic channel, which is a very serious matter for us all. There are numerous challenges to safe navigation, including sea ice, limited availability of meteorological data, of charts and of other navigational aids, and, at times, restricted visibility. It is worth taking a moment to consider the difficulty of locating and assisting casualties, be that ships or aircraft.

Dealing with pollution is also particularly challenging. The ice moves and oil can then shift under the ice, making it very difficult to locate and harder to disperse. With seaborne movements of oil from Alaska, there are arrangements in place to locate specially equipped planes there quickly in the event of an oil spill. The Norwegians also have arrangements in place.

In those latitudes, the distances are sometimes not great. However, in the event of a spill off Russia, in current geopolitical circumstances one has to question the prospects for any immediate co-operation. Without going into specifics, is the Minister satisfied that the UK is adequately supporting capacity for search and rescue, perhaps as well as anti-pollution measures? Will the UK Government support calls for a review of the governing polar code? The report asks more than once whether the UK is devoting adequate resources and training to meet possible future needs, protect UK interests and meet NATO obligations.

A specific point made in the report and highlighted by the noble Lord, Lord Ashton, is that the UK has one ice class patrol ship. The ship, HMS “Protector”, will be 25 years old this year. In the meantime, she is required to perform duties in both the Arctic and the Antarctic. Early ordering of a second ice class patrol ship would do much to boost operational security and demonstrate UK commitment.

More widely, the Minister will not be surprised if I add my voice to the calls to increase defence expenditure. Very many outside government acknowledge the need for defence expenditure to rise to a minimum level of 3% of GNP at the earliest opportunity. I know it is easy to say it standing in this Chamber, and we all know the pressures on the Government, but with the greatest respect, the defence of the nation and its interests has to be the number one priority of any Government.

The report notes the importance of contributing to the fullest extent possible to discussions with the Arctic states, be that with the seven friendly members of the Arctic Council or through other fora. The report pressed for ministerial as well as cross-government engagement. From what I have gathered, there has been some progress on the cross-government aspect since the report was published, and it is pleasing on one level to see UK ministerial engagement upgraded from a junior Minister in the last Government to Minister of State level in the new Government in the shape of Minister Doughty. However, the Minister's responsibilities include Europe, including Gibraltar; central Asia; the US and Canada, which are both very demanding briefs at this time; the overseas territories, including the polar regions; NATO and Euro-Atlantic security; sanctions—another big file at this time—and more. The Minister is of course part of a team headed by the Secretary of State and supported by other Ministers but, with the best will in the world, he would appear to have a very heavy workload. Is there a case for the appointment of a junior Minister to support the Minister of State on polar matters?

I have some other questions for the Minister. What level of China-Russia co-operation do the Government expect to see in the region? Can he enlighten us in any way? Are the Government seeking to identify business

[LORD MOUNTEVANS]

opportunities for the UK in the Arctic? How committed are the Government to ensuring that we take advantage of business opportunities, and how can the business opportunities be exploited in a responsible manner? Finally on business, what scope is there to enhance government co-operation with business so as to optimise Britain's efforts, contributions and success in the Arctic? There may be lessons to be learned from Norway, especially in the area of protecting critical infrastructure. What plans are in place to co-ordinate with our allies to combat Russian grey zone activity in the Arctic? Is the Minister able to enlighten us on this?

In conclusion, this is a critical region for Britain and the world. It is an area where, once again, the rules-based order may be expected to come under pressure. Can the Government gear up Britain's contribution? We are widely viewed as a significant and benign actor in the Arctic; I make a plea that we do not let our position ebb away.

5.28 pm

Baroness Smith of Newnham (LD): My Lords, it is a pleasure to wind from these Benches in what has been a fascinating debate. I very much thank the noble Lord, Lord Ashton of Hyde, for opening the debate in a magnificent way that really drew out so many key issues about the Arctic: the importance of the Arctic for the United Kingdom, for our security and more generally. It is commonplace to say, "This has been an excellent debate", but this afternoon we have heard not just from people who have worked on the International Relations and Defence Committee on this report but from people with a genuine interest in the Arctic. I suspect few of us can match the noble Lord, Lord Stevens, in having been to the North Pole. If I were in my normal environment of a university classroom, I would be asking people to put their hands up. It is not the custom or practice in your Lordships' House to do that, but I am not getting a great sense of noble Lords saying, "Yes, I have been to the North Pole". Like several noble Lords, I have been to Bardufoss, to the cold weather training with the Royal Marines.

I declare my interests as a member of the Armed Forces Parliamentary Scheme and as a trustee of the Armed Forces Parliamentary Trust, under the auspices of which several noble Lords, and in particular Members of the other place, have had the opportunity of engaging in cold weather training with our colleagues in Norway. The Dutch were there as well. In particular, I am very grateful to the Norwegians because they gave me a pair of army boots that were much more comfortable than the NATO-issue army boots. That really was co-operation in practice in a practical sense.

Clearly, there are very serious issues at stake with the Arctic. I was slightly taken aback by the Library's opening line in its briefing for today's debate, which reminds us that there is not really a technical definition of what constitutes the Arctic or what the region is. The Arctic Circle is very clear, but what do we count as Arctic? Clearly, we take eight countries as being Arctic states, and the closest neighbour then, after the seven NATO Arctic countries and Russia, is the United Kingdom. We genuinely have a claim to be a near neighbour—unlike China, whose geographical relationship

is rather more distant. Yet in 2017 Russia and China were already talking about a polar silk road. Just days before the Russian invasion of eastern Ukraine in 2022, they carried on discussions of a polar silk road. The Russia-China relationship—in particular relating to the Arctic—has significant ramifications for the region. That includes the United Kingdom.

As the noble Lord, Lord Ashton, reminded us, we might now be a medium-sized state that may have global aspirations, but we are a state that has very long-standing and deep commitments to the North Atlantic area and to the High North. Their security and ours are closely linked, which we discovered, if anyone had forgotten, in the last few days, with former President and President-elect Trump's view that Greenland is so important. I am grateful to my noble friend Lord Teverson and the noble Lord, Lord Kerr of Kinlochard, for talking at some length about the views of the United States—or at least the views of President-elect Trump, because I doubt that they are the views of the United States. I suspect that there is not, in the rust belt, a sense of people saying: "We've got to take Greenland; Greenland is so vital for our security and economic interests".

As the noble Lord, Lord Kerr, pointed out, this is not the first time that Donald Trump has talked about wanting to buy Greenland or to have Greenland. Yet, as the noble Lord, Lord Hannay, pointed out, it is the height of irresponsibility to raise the status of Greenland. It is very easy to assume—or it was during the last Trump presidency—that this is just being said in jest and that it is not a serious suggestion. But this time around it is very clear that Donald Trump has an interest in Greenland that goes beyond simply his son, Donald Trump Jr, visiting Greenland and putting on social media—on a platform that I shall not name, owned by somebody who does not need any more airtime than he has had in recent times—that "Greenland is beautiful". For those Members of your Lordships' House who have not had the opportunity of visiting Greenland, I strongly recommend it. Greenland is indeed beautiful.

Visit Greenland uses as its slogan "Colourful Nuuk"—that is the capital. It has also just been investing in an international airport to make tourism easier. I raise tourism, which has not come up today, because it is one of the aspects of climate change and changes to global interdependence and co-operation that comes to the fore when we think about both the Antarctic and the Arctic. It is not just the freeing up of shipping lanes for commercial trade that has become increasingly important, but a sense among many people that they want to engage in tourism to the South Pole—or, more likely, somewhere in Antarctica—or the Arctic, which is in easier range for many.

For Greenlanders who want to expand their economy in a way that looks sustainable—without getting into the discussion about rare earths—tourism might seem attractive. But the more tourists they attract, the more in danger are the UNESCO sites in Greenland. The reason for visiting Greenland is precisely the beauty that comes from it being part of the frozen Nordic area, but the more visits there are, the faster climate change will be. So it is vital that we think about not just a general discussion of climate change, but local issues for our Nordic partners.

There is a significant question about the sovereignty of Greenland, which needs to be considered. This report, like His Majesty's Government's previous strategic defence reviews and policy on the Arctic, thinks about China and Russia as threats. While I am in no way suggesting that the United States is a threat to the United Kingdom or to any of our NATO allies, the suggestion that one sovereign NATO state has an interest in buying part of another NATO state raises some questions about our alliances and how we work with our partners. I join others in asking the Minister whether he, on behalf of His Majesty's Government, will join the voices from France, Germany and the European Union in reminding President Trump that, actually, Greenland is not for sale and that this is not the way we work with our partners in NATO.

Beyond that, there are clearly questions about the UK's role in the Arctic and our military contributions in particular. We heard from the noble Lord, Lord Stevens, and others about the lack or inadequacy of military capabilities. I am not, on this occasion, talking about the size of the defence budget, but I ask the Minister—if he is actually listening at the moment—whether he feels that the equipment and capabilities that we are currently able to deploy in the Arctic region and in the NATO area are adequate and fit for purpose. Is there a case for talking to the Treasury to stress the need to bring forward major defence procurements, such as an icebreaker or other ships and patrol vehicles that would be of benefit to our security as well as that of the Arctic?

This has been an important debate which has raised many timely questions. While I would normally agree with the noble Viscount, Lord Trenchard, that a debate should take place as soon as possible after a report has been written, on this occasion this debate is timely. It is a perfect opportunity for us to ask His Majesty's Government whether they will reiterate our commitments to the Arctic and whether their position changes from that of the previous Government in any way.

5.39 pm

Lord Callanan (Con): My Lords, it is a pleasure to participate in today's debate on this excellent report from the International Relations and Defence Committee. It was ably introduced by the committee chairman, my noble friend Lord Ashton of Hyde—of our very own endangered species, as he reminded us. He was the Chief Whip in the Government in which I served as a Minister; in the tragic event of him becoming extinct, he will be greatly missed in the same way as we miss the sabre-toothed tiger.

As many speakers have observed, we live in an increasingly dangerous world and it is vital that we get this Arctic strategy right, with threats from Russia and China increasing in this and other areas. On these Benches, we take the security of the Arctic region as an utmost priority. That is why the previous Government commissioned an integrated review in 2021. That review recognised that the UK, as many other noble Lords have reminded us, is the nearest neighbour to the Arctic region, and it committed the Government at the time to contribute to maintaining the region as one of high co-operation and low tension. I am not sure we succeeded in that, but the Government stated that they would do this by “working with our partners to ensure that increasing access to the region and its resources is managed”

as safely as possible. When he summarises the debate, can the Minister update the House on what work the current Government are doing to take forward that work, to ensure that the Arctic's resources are being safely and responsibly managed?

In addition, in March 2022, the Ministry of Defence published a policy paper titled *The UK's Defence Contribution in the High North*, which set out the then Government's aim to preserve the stability and security of the Arctic region. It set out four key objectives:

“Protect our Critical National Infrastructure and our other national interests, and those of our Allies ... Ensure our freedom to navigate and operate across the wider region ... Reinforce the rules-based international system, particularly UNCLOS ... Contest malign and destabilising behaviours”.

Could the Minister outline whether those objectives are still shared and being prioritised by our new Government? If so, what progress is being made on achieving those goals?

In February 2023, the previous Government published the policy paper *Looking North: The UK and the Arctic*, which recognised that the Arctic is critical for UK interests, most notably in respect of our future climate and security. The paper maintained the three key principles established in the UK Government's Arctic policy framework of 2013: respect, co-operation and appropriate leadership.

The 2023 integrated review refresh reaffirmed the UK's commitment to the priorities set out in *Looking North: The UK and the Arctic*, while also committing the UK to continue its work in the Arctic with the Arctic Council, the Joint Expeditionary Force and NATO. Could the Minister outline what conversations the Government have had with the Arctic Council, the JEF and NATO on these matters?

The previous Government took active steps to ensure a safer Arctic region, which, of course, benefits the United Kingdom as a whole. Worryingly, we have not heard much yet from the current Government to suggest that the Arctic region is still a priority for them. Since entering office, the current Foreign Secretary has given the Arctic only a brief mention, during his Kew lecture in September last year:

“In the Arctic and Antarctic, global warming is driving geopolitical competition over the resources lying beneath the ice”.

I looked in vain for any further references. Again, could the Minister expand on what specific actions the Government are taking to address the many geopolitical challenges posed by Russia's increased militarisation in the Arctic? How do the Government intend to safeguard the UK's national interests in the High North, particularly on these matters?

Although security is paramount, and has featured in so many speeches today, we must also acknowledge that the Arctic plays a crucial role in the global climate system. The melting of Arctic ice is not only a warning sign of accelerating climate change but a trigger for geopolitical tensions as nations vie for newly accessible resources. That is why the Government's approach must integrate environmental responsibility with strategic security.

The 2021 review set out the UK's commitment to sustainable development in the Arctic, and the 2023 review refresh reaffirmed that stance. Will the Minister

[LORD CALLANAN]

confirm whether the Government continue to align their Arctic strategy with the principles of environmental stewardship and international collaboration, as outlined in both those reviews?

The UK's presence in the Arctic is enhanced through our alliances. Our membership of NATO and of the Joint Expeditionary Force enables us to contribute meaningfully to regional stability. Our observer status in the Arctic Council provides, as many have remarked, an avenue to influence policies that help shape that vital region's future. Will the Minister provide an update on how the UK is trying to leverage those partnerships to ensure that the Arctic remains a region of peace and co-operation? Have the Government engaged with Arctic nations such as Norway and Denmark to help us strengthen those bilateral defence and environmental agreements?

Of course, we commend our ally Denmark for increasing spending on Greenland's defence at this vital time. I find myself agreeing with the noble Lord, Lord Teverson, and, slightly surprisingly for me, with the noble Lord, Lord Kerr, that it would be nice to see some UK ministerial pushback to President-elect Trump's frankly ridiculous threats against Greenland. I read them with great interest and there are frightening parallels with what Putin had to say about Ukraine and what President Xi has said about Taiwan. Although the UK is proud to have the US as our closest international ally, we should condemn any attempt to redraw national borders by force from wherever those threats come.

The Arctic is an area of immense strategic importance, not only for our security but for our environmental and economic future. The previous Government laid, in my view, a strong foundation through these integrated reviews, the defence contributions and our international partnership. I hope the current Government will help to build upon those relationships, especially at a time when the region is becoming a focal point for global power struggles. We all understand that resources in this area are limited but I hope the Minister will be able to provide some clear assurances that the Arctic remains a priority for this Government and to outline how they plan to uphold the UK's vital interest in this critical region.

5.47 pm

The Parliamentary Under-Secretary of State, Foreign, Commonwealth and Development Office (Lord Collins of Highbury) (Lab): My Lords, I am grateful to the noble Lord, Lord Ashton of Hyde, for securing this long-overdue debate and I congratulate him on his opening remarks, which set the right tone for a comprehensive debate.

As everyone says, this is a challenging time for the Arctic. High co-operation and low tension remain this Government's long-term objective. Yet there is no doubt that the region is at an inflection point. Russia's illegal invasion of Ukraine has undermined the peaceful co-operation that has characterised the Arctic Council, including collaboration on science and research, since its inception in 1996. Climate change is impacting the region, warming places up to four times faster than the global average, fuelling mass wildfires, and melting ice. Greenland alone is losing 30 million tonnes of ice

every hour, while growing global interest in the Arctic from state and non-state actors threatens a new era of competition for resources.

All these things put the region's stability, security and environment at risk and threaten to replace its reputation for co-operation with competition. These are, of course, huge issues for its 4 million inhabitants, and the wider ripple effect has profound implications for the United Kingdom as the nearest non-Arctic state. As noble Lords know, that includes impacts on our weather, climate, ecosystems, fish stocks and domestic resilience, along with wider threats to the United Kingdom's regional and global security.

This Government recognise the gravity of these issues and their significance for UK interests. As the Minister for the Polar Regions, my honourable friend Stephen Doughty, noted at the Arctic Circle Assembly in October, we are determined to navigate the challenges ahead in a spirit of co-operation and respect with our partners in Europe and elsewhere. We will put internationalism and multilateralism at the heart of our work and be guided by the Arctic policy framework, which we will continue to update and develop in the light of the science and the strategic challenges we face.

Critical to this co-operation, as the committee's report identifies, is the Arctic Council, which we consider the pre-eminent intergovernmental forum in the region. Following a pause in relations with Russia, the council has re-established collaboration at a technical level over the past 18 months, as noble Lords have mentioned. While challenging, such efforts have seen progress in science and research co-operation for the benefit of the region as a whole. We commend and support Norway's work as chair of the council in bringing these developments about, because effective governance, characterised by co-operation and constructive dialogue under its auspices, is key to building a secure and peaceful region.

To address the contribution by the noble Lord, Lord Kerr, and others in relation to some of the statements currently being made, we will offer our support to the Kingdom of Denmark when it takes the chair of the Arctic Council in May.

Constructive progress in the council has been a welcome development, but our objective for an Arctic of high co-operation and low tension depends on more than that alone, and of course there are some who may seek to undermine that objective. That is why we have been clear that we will protect and, if necessary, assert our rights to support wider regional governance and security. This includes protecting the centrality and integrity of the UN Convention on the Law of the Sea, which I addressed recently at the United Nations General Assembly, in the face of attempts to undermine stability, disrupt critical infrastructure and restrict freedom of navigation in the region.

Alongside our resolute support for Ukraine, we are working tirelessly with partners, including the Nordic states and beyond, for peace, security and stability. I reassure the noble Lord, Lord Callanan, that the UK's commitment to NATO, the Joint Expeditionary Force and the Northern Group is ironclad, because while we recognise Russia's rights and role as an Arctic state, we are not naive about the challenges we face in the High

North or their importance for the UK. There can be no global security without Arctic security. The recent reports of damage to electricity and telecommunications cables in the Baltic Sea connecting Finland, Estonia and Germany underline the importance of partners, including the United Kingdom, continuing to work together on these shared challenges. The Foreign Secretary made these issues a focus of his first 100 days in office with visits to Sweden and Norway, where he discussed Euro-Atlantic security, and the Prime Minister joined leaders of other Joint Expeditionary Force nations in Tallinn last month to discuss the security threats and challenges in the Baltic, north Atlantic and High North and reiterate our commitment to the security of the region.

It is also clear, as we have heard in the debate, that climate and environmental change are exacerbating the growing geopolitical competition, including for the critical minerals necessary to power the green transition, while being critical issues in their own right. The committee's report rightly identifies the United Kingdom as a world leader in polar science. The UK has invested over £135 million in Arctic research over the last decade, including through UK centres of expertise. The UK's Royal Research Ship "Sir David Attenborough" paid its first visit to Greenland last summer. The Minister with responsibility for the polar regions, Stephen Doughty, took the opportunity to engage with many British and international polar scientists on his visit to Norway and Iceland in October.

Additionally, the United Kingdom's Advanced Research and Invention Agency recently launched an £81 million call for proposals for research around Greenland to explore the potential for an early warning system for climate tipping points of global importance. Given that this is the critical decade for climate action, and as we head towards the next International Polar Year, in 2032-33, our efforts and collaboration have never been more important. We will work closely with Arctic state partners, wider allies and, critically, indigenous people to better understand and assess climate and environmental change in the region and beyond.

However, to address the point made by the noble Lord, Lord Stevens, while we expect other countries to deliver their climate commitments, we also respect their right to determine the routes they take to meeting these goals, including how they regulate the production and use of hydrocarbons. To address the point made by the noble Baroness, Lady Coussins, the UK continues to actively encourage UK polar science. In addition to our bilateral Arctic science research partnerships, the Government have recently committed additional funding to support engagement of UK researchers with the Arctic Council working groups. In total, government support for this engagement now amounts to £710,000.

On the other issue that the noble Baroness, Lady Coussins, raised, which I have just mentioned, I reassure her that Minister Doughty met a number of Arctic state representatives and representatives of indigenous people, among others, on his recent visit to the Arctic Circle Assembly. In respect of indigenous people, he conveyed that we are committed to better recognising the vital role that they play in the region and to working with them in genuine partnership to tackle the challenges we face. We have much to learn from their experience and knowledge.

Noble Lords will understand that the committee's report also highlights the need to give the Arctic sufficient attention, and I am grateful to the noble Lord, Lord Ashton, for his questions on this point. As I have sought to highlight, what happens in the Arctic has wide-reaching implications for the United Kingdom, thrown into ever sharper relief by the climatic, environmental and geopolitical challenges it faces.

The Minister for the polar regions has established a cross-governmental ministerial group on those regions, involving Ministers from nine other departments. This will meet for the first time in February and play an important role in supporting the agreement and delivery of a strong and co-ordinated Arctic policy. This is how we can ensure that we are best placed to support the long-term peace, sustainability and prosperity of the region and protect the UK's long-term interests. The group will also help to ensure that the Government tackle the issues of climate change, nature and security in a joined-up way across the polar regions.

To address the point made by many Lords, including the noble Lords, Lord Teverson and Lord Hannay, this is not something to be delivered just from the United Kingdom. As I have highlighted, FCDO Ministers are actively engaged in the region, with support from wider ministerial colleagues and at official level by the head of the polar regions department and the senior Arctic lead, part of whose role is to represent UK interests with partners in the region. With UK interests co-ordinated through a lead Minister for the polar regions, we consider this an effective way of co-ordinating and delivering our Arctic policy. That is a specific answer to the noble Lord, Lord Ashton.

I am also grateful to the noble Lord for his further questions. I hope that I have already given a flavour of the Government's position on key areas of Arctic policy, but let me highlight three key things. First, there is our desire to see strong collaboration under the auspices of the Arctic Council, as part of our commitment to multilateralism and deepening our relationships in Europe and beyond. We see the council as key to binding together the growing global interest in a region characterised by ever increasing economic competition. Secondly, there is our steadfast commitment to the security of the Arctic, including through NATO, the Joint Expeditionary Force and the Northern Group. Thirdly, there is the centrality of action on climate and nature to the Government's work. There are few places where the impacts of climate and environmental change are more clearly seen than in the Arctic. We will continue to press for action to reduce emissions and build collaboration through the United Kingdom's contribution to Arctic research, including with indigenous people.

In relation to the Central Arctic Ocean Fisheries Agreement, we support the objectives of this agreement, which came into effect in 2021. It seeks to prevent unregulated high seas fishing in the central Arctic Ocean. As noble Lords have said, it places a moratorium on commercial fishing in the area covered by the agreement until 2037. We remain committed to joining the agreement at the earliest opportunity. This requires an invitation from existing parties. However, there is currently no formally established accession process. The United Kingdom recently attended the third CAOFA

[LORD COLLINS OF HIGHBURY]

conference of the parties in the Republic of Korea in June 2024, where a discussion on the United Kingdom's accession took place for the first time. All parties but one were supportive, but the parties agreed to discuss an accession process. In the meantime, we continue to engage as an observer.

I turn to some of the other questions raised in the debate but that I have not addressed so far. Noble Lords particularly asked about my noble friend Lord Robertson's strategic defence review. While the UK is not an Arctic state, our capabilities in the Arctic and the High North are being considered as part of the strategic defence review, the outcome of which is due to be published in the first half of this year. We have strong relationships as allies with seven of the eight Arctic states, with which we will co-operate to ensure the stability of the region. The SDR will help to determine the nature of that co-operation, but our commitment to our allies through NATO and the JEF will remain steadfast. That review will precisely address those priorities that noble Lords have raised in this debate.

The noble Lord, Lord Willetts, raised a really important point in regard to space. We are supportive of the ambition to launch satellites from spaceports across the United Kingdom. Assured access to launch capability is important to the MoD, and we will seek to achieve the greatest value for money from providers which can meet this requirement. We are supporting our partners and allies, as the noble Lord said, as a participant in the STARLIFT programme, which will create a network of space launch capabilities across the alliance. He also asked about Northlink. We will continue to engage with NATO to understand the vision and concept of Northlink.

The noble Lord, Lord Stevens, asked about biodiversity beyond national jurisdiction. The ratification of that agreement is in line with the Government's determination to reinvigorate the United Kingdom's wider international leadership on climate and nature, and we are completely committed to ratification. Precisely when is a question of parliamentary time, as he knows.

There was a question about search and rescue in the Arctic, which of course rests with the Arctic states. We are ensuring that the rescue agreements allow for co-operation to ensure timely and effective response. HM Coastguard works closely with them in the North Atlantic Coast Guard Forum, as well as other multilateral research projects. Certainly, HM Coastguard also represents UK interests in search and rescue discussions in the Arctic Council.

The noble Lord, Lord Mountevans, raised the issue of increased shipping across the Arctic, which, of course, is not risk-free. As such, the United Kingdom

will continue to advocate for the highest possible shipping standards and adherence to the polar code. New technology will be required to regulate and predictably meet the challenges of operating in the Arctic.

Despite the delay in considering the report in the Chamber, this has been a timely opportunity for us to consider all these challenges. I certainly welcome the attention that noble Lords have given to this at this critical time. The Government are committed to working together with partners and allies in a spirit of collaboration and co-operation to ensure effective governance, underpinned by a strong Arctic Council; to support regional security and, more importantly, uphold international law; and to strengthen our science and research collaboration to tackle and respond to climate and environmental change, for a more stable, secure and sustainable Arctic for the future.

6.07 pm

Lord Ashton of Hyde (Non-Afl): My Lords, I will be brief because I know that the noble Baroness, Lady Fraser—and every other noble Lord, I expect—is anxious to go home in this appropriately Arctic weather. It is not my role to defend the Government but, in fairness, I should acknowledge that we refused an earlier date because it was in the Moses Room.

I also must own up and accept that we failed to predict President Trump's views on Greenland 14 months in advance and before he was re-elected. That was obviously a failure, so, tomorrow, I will try to learn: I will search *Hansard* over the past year to read all the warnings of the noble Lord, Lord Kerr, on this subject.

I thank the Minister for his detailed reply and all noble Lords who contributed to this excellent debate. What the contributions have in common is demonstrating the many reasons why the Arctic and High North are so important, directly affect the UK and require sustained government attention. We all look forward to the SDR from our former colleague, the noble Lord, Lord Robertson; military resources have been referred to by many noble Lords this evening. They are obviously vital, but this debate has shown that the Government need to consider and prioritise many other things, such as polar research, indigenous people, fish stocks, ecotourism, search and rescue, space, and so on. I promised to be brief, and I thank again all the contributors to this debate.

Motion agreed.

House adjourned at 6.09 pm.