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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

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

House of Lords

Tuesday 19 July 2022

2.30 pm

Prayers—read by the Lord Bishop of Carlisle.

Carer's Leave: Government Departments

Question

2.37 pm

Asked by ***Baroness Pitkeathley***

To ask Her Majesty's Government how many government departments offer (1) paid, or (2) unpaid, leave to their staff who have caring responsibilities.

The Minister of State, Cabinet Office (Lord True) (Con): My Lords, the statistics are not centrally collected but all government departments have policies on special leave. These enable managers to give paid and unpaid special leave to support employees in a variety of circumstances, including where they have caring responsibilities.

Baroness Pitkeathley (Lab): My Lords, I am glad to hear that many government departments make special arrangements for carers, as do many private sector organisations, but the situation is still far too patchy, discretionary and dependent on employers' good will rather than the rights of the carers concerned. When will the Government fulfil the promise that they made in their 2019 manifesto to introduce rights to unpaid leave for carers, and recognise that there are sound economic reasons for doing this in terms of retaining carers who would otherwise have to give up paid work—something that the nation can ill afford at this time of severe staff shortages?

Lord True (Con): My Lords, we remain committed to legislation to deliver on our commitments on employment, including on carer's leave, as parliamentary time allows. We are aware in this context of the Private Member's Bill on carer's leave in another place; we will look closely at whether we can support it in this Session.

Baroness Jolly (LD): My Lords, every day, many of us walk past a poster asking if we are a carer on our way into the House. ParliCare offers support to those staff who work in both Houses. Can the Minister tell the House how many carers are supported on this scheme and what form that support takes?

Lord True (Con): My Lords, if the question is about arrangements in Parliament, I remind the noble Baroness that I am answering for the Executive here. As I have told the House, there are supportive arrangements in the Civil Service, but I am afraid I cannot answer specifically on the numbers in the parliamentary system.

Baroness Smith of Basildon (Lab): My Lords, after looking at today's Question, I looked up the Conservative Party's 2019 manifesto. Page 12 is full of ambitious pledges for carers but the one referred to by my noble friend Lady Pitkeathley is a modest proposal:

"We will also extend the entitlement to leave for unpaid carers, the majority of whom are women, to one week."

I wonder how much parliamentary time it would take to get legislation through to give one week of unpaid leave to carers. May I let the Minister know that, on this side of the House, we will offer our support to give a fair wind to such a Bill? We have seen the online harms Bill delayed but surely, with a new Prime Minister in place, there will plenty of parliamentary time as the legislative programme gets juggled around.

Lord True (Con): My Lords, I have indicated that the Government will look at the Private Member's Bill on carer's leave, which relates to five days. The original Question was about government departments. Obviously, managers in government departments have case-by-case discretion to give as much leave as they deem necessary within the special leave limits.

The Lord Bishop of Carlisle: My Lords, we are all aware of the huge contribution to the nation's health and economy made by unpaid carers, including those who combine caring responsibilities with other paid employment. This issue is currently being explored by both the Select Committee of your Lordships' House and an Archbishops' Commission. Does the Minister agree that, whenever possible, as well as paid or unpaid leave, flexible working arrangements for those with caring responsibilities are in everybody's best interests?

Lord True (Con): My Lords, I agree with the right reverend Prelate. Flexible working is widespread in the Civil Service. Civil Service carers are able to discuss their needs for flexible working and have them recorded in a carer's passport. Like all employees with 26 weeks' continuous service, they have the statutory right to request a change to the hours, timing or location of their work. The Government recently consulted on measures to reform the right to request flexible working; we will publish a response to it in due course. I assure the right reverend Prelate that we take this matter seriously.

Baroness Warwick of Undercliffe (Lab): My Lords, in evidence to your Lordships' Adult Social Care Select Committee, we have heard that carers are exhausted, unable to get any respite, face poverty and struggle to juggle care and working. Yet these carers take a huge weight off the National Health Service and provide care that would otherwise have to be paid for at taxpayers' expense. Some good employers, including some of the Civil Service, recognise the pressures on them but many do not. Carers are forced either to reduce their working hours or to leave work altogether. Will the Minister acknowledge the urgency of this and introduce legislation as soon as possible to at least begin to sort this out?

Lord True (Con): My Lords, as I indicated, we are looking at the Private Member's Bill in the other place. I agree with all noble Lords who pay tribute to the extraordinary work done by carers—those in employment and those not in employment. I remember my beloved mother in those circumstances and what she did for

[LORD TRUE]
my father. We in government are human. We understand the immense sacrifices made by carers and will do the best that we conceivably can.

The Lord Speaker (Lord McFall of Alcluith): The noble Lord, Lord Jones of Cheltenham, is contributing remotely.

Lord Jones of Cheltenham (LD) [V]: My Lords, I do not think I was meant to come in on this Question but on the third Question.

Baroness Meacher (CB): My Lords, may I therefore say something?

Noble Lords: Yes!

Baroness Meacher (CB): My Lords, when the Government consider the Private Member's Bill on this issue, will they take full account of the huge savings to the taxpayer enabled by unpaid carers? If they will, does the Minister agree that they are bound to agree to the proposal of the noble Baroness, Lady Pitkeathley?

Lord True (Con): My Lords, I am responsible for the Civil Service, but obviously I hear the sentiment of the House. I have indicated the way forward. Some of the things that the great legion of carers does you cannot place a monetary value on. You cannot cost love. However, I take very firmly the points that the noble Baroness has made.

Baroness Lister of Burtersett (Lab): My Lords, I was heartened by what the Minister said about the Private Member's Bill, but what criteria will the Government use to decide whether to support it? Carer's leave should not be thought of as special leave. Caring is fundamental to human life, particularly the lives of many women. Under what circumstances would the Government not support the Bill?

Lord True (Con): My Lords, that is a matter for colleagues across the Government. I have reported to the House the current situation. It may be no accident that the Bill has come forward but I undertake, as far as I can on behalf of my colleagues, that we will be as accommodating as we can be to that Bill.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend accept that the reason we see ambulances stacked outside hospitals and people unable to get ambulances is that there is inadequate provision of care for people at home, whether from their family or from elsewhere? Would it not be a good idea for the Cabinet Office to look at how we resolve this problem, which is resulting in people not being treated, blocking beds and not being able to access emergency services?

Lord True (Con): My Lords, I think the Government should give attention to that. Regarding my being responsible for the Civil Service in this respect, it is a collective responsibility. The problem my noble friend refers to is one of which too many people are all too aware.

Lord Hunt of Kings Heath (Lab): My Lords, does the noble Lord agree that one of the problems with the national insurance hike, which was allegedly to pay for social care, is that most of that money in the first few years will go to the National Health Service and very little, if any, will support carers, who are doing such a great job?

Lord True (Con): My Lords, it remains to be seen how that policy goes forward. Obviously, as the noble Lord said, the Government are implementing a comprehensive reform programme and investing £5.4 billion over three years from April 2022. He has expressed a certain cynicism about it, but I hope it will lead to improvements in social care more broadly.

Lord Flight (Con): My Lords, there is one particularly difficult issue. If people are working and take time off, they expect their remuneration to be reduced accordingly. However, equally, if they were unable to be part-time carers, someone else would have to do the work. Care, particularly mothers' care, should be provided and not rationed according to the jobs that people do.

Lord True (Con): My Lords, I am not responsible for the degree of enlightenment or otherwise of employers, but I am sure that many people will have heard the words of my noble friend. The Government, in all humility, want to be a good employer and act as a model to other employers. That is why providing paid special leave for carers is part of a wider suite of employee benefits which helps us attract—and, more importantly, retain—good people in our great Civil Service.

Employment Rights

Question

2.48 pm

Asked by ***Lord Woodley***

To ask Her Majesty's Government what steps they are taking to improve employment rights for workers in Great Britain.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, the UK has one of the best workers' rights records in the world. As a result of government action, there are now more employees on the payroll than ever before, and the unemployment rate is close to record lows. We have raised the national living wage to the highest amount yet, and on Friday we supported the allocation of tips Bill and the Neonatal Care (Leave and Pay) Bill in the Commons.

Lord Woodley (Lab): My Lords, after last night's debate it is even clearer now that, far from improving employment rights, this Government are attacking them, even against the will of many employers. With

new taxes on trade unions, a nudge and a wink to fire and rehire, and changes in the law to let bad bosses break strikes with agency staff, this is an ideological and unwarranted attack on the trade union movement and it will come back to haunt this Government at the next election—at least, I hope so. I ask the Minister again: why are the Government launching an all-out war on the trade unions? Will he accept responsibility for poisoning industrial relations across this country, as many employers are warning?

Lord Callanan (Con): I could not disagree more with the noble Lord. Given his record it is understandable, but the noble Lord is obsessed with trade unions, which, as I keep reminding him, represent only a minority of workers. The best workers' right is the right to a job, and this Government are delivering record levels of employment.

Baroness Ludford (LD): We have a national shortage in the workforce of hundreds of thousands, which is a crisis for future growth. Just yesterday we saw a new report from the Recruitment and Employment Confederation, which has found that the UK economy could potentially lose up to £39 billion a year from 2024 if we do not resolve labour and skills shortages. Does the Minister agree that improving employment rights is an important way of attracting people back into the workforce and retaining those already in it?

Lord Callanan (Con): The noble Baroness makes some valid points. We are very proud of our record on workers' rights. It is about getting the balance right between a flexible economy and allowing employers to manage their workforces. That is what results in the record levels of employment we now have.

Lord Bridges of Headley (Con): My Lords, if the Minister is proud of our record of employment rights, would he agree with me that IR35 has created unfairness in the workplace by taxing 500,000 freelancers and contractors as employees for tax purposes while denying them employment rights? Is it not now time to fundamentally rethink IR35 and, as the Conservative manifesto promised, implement what was contained in the Taylor review?

Lord Callanan (Con): I have some sympathy with the points that my noble friend has made, but, if he will forgive me, I will leave this for the Chancellor to sort out.

Lord Collins of Highbury (Lab): Let us stay on this point. The Minister talks about the record of this Government. Paul Scully, in the other place, said that we will see employment measures come forward in both this Session and before the end of the Parliament. Apart from the statutory code of practice on dismissal and re-engagement, do the Government have a timetable to legislate on the 51 recommendations they agreed to and accepted from the Taylor review? When will we see a timetable for implementation?

Lord Callanan (Con): We have said that we will legislate when parliamentary time allows. Many of the proposals are being taken forward in Private Members' Bills that the Government support, and some do not require legislation or can be done through secondary legislation.

Lord Balfe (Con): My Lords, it seems to me that we have come some way from when David Cameron asked me to do what I could in the House of Lords to help trade unions. When will we have an employment Bill? Does the Minister not think it a good idea to do a bit of love-bombing of the trade unions, to try to get them, as they always are, to work in the national interest alongside the Government? That will get us the best level of co-operation. They may be not highly unionised jobs but some areas are, particularly in the public services, and we need them on our side.

Lord Callanan (Con): My noble friend did a good job of working with the trade unions, and of course we are willing to talk to and work with all those who are willing and prepared to work with us.

Lord Touhig (Lab): My noble friend Lord Woodley made an important point about workers' rights, but if you are disabled, the chances are you are not in work at all. That is why we need to close the disability employment gap. In a Written Answer to a Question asked on 7 March, the noble Baroness, Lady Stedman-Scott, told me that the Government have a £151 million Access to Work budget encouraging employers to take on people who have disabilities. Can the Minister say how many disabled people have secured jobs through this scheme?

Lord Callanan (Con): I am afraid that those figures are not available to me, but I am very happy to write to the noble Lord.

Lord Watts (Lab): My Lords, it will come as a great shock to many workers that the Government believe that their legislation gives workers the best protection in Europe. Would the Minister like to take the opportunity to spell out some of those measures, because I do not think many Members on this side understand what he is talking about?

Lord Callanan (Con): As I said, the best right that workers can have is the right to a secure and well-paid job, which is what we are providing. I have also outlined during previous debates that we have employment rights in this country far in excess of most of the EU standards and which were retained under the Brexit withdrawal Bills. We have an excellent record of workers' rights, and we should be proud of it.

Baroness Altmann (Con): My Lords, would my noble friend agree that one of the big crises facing the labour market at the moment is the withdrawal of many older workers from the workforce altogether? In the context of employment rights and the previous question, would the Government consider paid leave for carers of elderly loved ones or relatives who need to take some

[Baroness Altmann]
time off, just as mothers with young children need paid maternity leave? Would the Government consider facilitating the return of older workers to the labour force in that manner?

Lord Callanan (Con): My noble friend makes an important point. It is vital, particularly if we are suffering shortages in some sectors, to get as many members of a productive workforce into work as possible. We will keep all these matters under review to see how we can ensure getting more carers back into work.

Baroness Lister of Burtersett (Lab): My Lords, we were hoping that the mythical employment Bill would include a form of the failed shared parental leave scheme, under which only 2% of mothers who started maternity leave in 2021-22 transferred some shared parental leave to the father. It is now more than four years since the Government started their review of shared parental leave, potentially so important to gender equality. When will they finally produce the outcome?

Lord Callanan (Con): That study is still going on, and I am sure we will let the noble Baroness know as soon as we have a conclusive statement to make on it.

Lord Hain (Lab): My Lords, does the Minister see any contradiction between cheering key workers during the pandemic and then condemning them when they strike to get the decent pay rise they have been denied for many years?

Lord Callanan (Con): I do not see any contradiction. This is about getting a balance between those workers who have the right to go on strike and all those other workers who have the right to go to their hospital appointments, take their exams and go to their place of employment.

Baroness Smith of Basildon (Lab): My Lords, I wonder if the noble Lord could help me. In answer to an earlier Question, the noble Lord, Lord True, explained why the Government have not yet introduced their promised unpaid leave for carers. If I understood correctly, in answer to the noble Baroness a moment ago, the Minister said that he was sympathetic to paid leave for carers. Can he explain the Government's thinking on this and tell us when we are likely to see some action?

Lord Callanan (Con): I do not think that those answers are contradictory at all. It is always nice to go further in these matters. We keep all of these employment rights issues under review. As I have said, we have an excellent record, and we will go further when it is possible to do so.

Lord Oates (LD): My Lords, is the Minister aware of the comments of the noble Earl, Lord Howe, in response to a question in February 2020 on thresholds for constitutional ballots. He said:

"If one had a threshold related to voter turnout, the inflexibility of such an arrangement could easily prove counterproductive and have the paradoxical effect of equating non-participation with no vote, because low levels of participation can void a given result."—[*Official Report*, 12/2/20; col. 2265.]

In the light of those comments, what plans does the Minister have to review the trade union legislation which imposes just such ballot requirements on trade unions?

Lord Callanan (Con): We keep all these matters under review but I do not think there are any specific plans to change those thresholds at the moment. It is very important that, before any strike action, there is proper consultation with employees and a proper secret ballot takes place, so that we can make sure that strike action has support from the workforce.

Airports and Airlines: Staff

Question

2.58 pm

Asked by ***Lord Dubs***

To ask Her Majesty's Government what steps they are taking to ensure that (1) airports, and (2) airlines, in the United Kingdom have enough staff to ensure that British holidaymakers do not have their holidays cancelled or delayed this summer.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, on 30 June, the Secretary of State announced 22 measures which the Government are currently taking to support the aviation industry to help recruit and train staff, ensure the delivery of a realistic summer schedule, minimise disruption and support passengers when delays and cancellations are unavoidable. The Government recognise that these issues are primarily for industry to solve, but this series of targeted measures will support its efforts.

Lord Dubs (Lab): My Lords, I wonder if the Minister saw last night's "Panorama"—not that I instigated its being shown before my Question or its being about this issue. A list of things is responsible: Covid, staff shortages, security, air traffic control, baggage handling, check-in staff, passport control, even Brexit. A lot of people in this country are planning to have holidays but are worried about the insecurity and uncertainty. Just on my way in, I was talking to a Member of this House who said that he and his family want to go on holiday, "if we can get away". Surely we can do better than that.

Baroness Vere of Norbiton (Con): I did not manage to see the "Panorama" programme last night, but I saw some highlights today and I recognise some of the issues that the noble Lord pointed out. As I said in my Answer, this is for the private sector to resolve. However, we have been working with the aviation industry on this for months to make sure that we are giving it all the support we can, so that it can offer consumers the sorts of timetable that can actually be delivered.

Lord Londesborough (CB): My Lords, does the Minister agree that the Heathrow monopoly is in the hands of owners who put the interests of shareholders far ahead of customers? Dividends of £4 billion have been drawn out in the last 10 years and the airport has been saddled with £16 billion of debt. Now it wants the regulator to approve hikes in passenger charges of well over 50%, in the midst of the most abject and abysmal service.

Baroness Vere of Norbiton (Con): I reject the noble Lord's comment that London Heathrow has a monopoly. There are eight slot-restricted airports in England and many other airports beyond that. I simply say to airlines: if you do not like Heathrow, go elsewhere.

Baroness Northover (LD): My Lords, is the noble Baroness aware that airline staff flying into the EU now need their travel documents to be stamped? I am sure she is, but is she aware that staff are reporting a potential crunch coming down the track in August, as their documents will be full of stamps and will therefore have to be renewed, with consequent delays? What are the Government doing to expedite that?

Baroness Vere of Norbiton (Con): I thank the noble Baroness for raising that. I am not aware of that issue, so will take it back to the department.

Lord Geddes (Con): Apropos the previous question, does my noble friend agree, as was my recent experience, that flying from and to Bournemouth international airport is perfectly wonderful? It works like clockwork.

Baroness Vere of Norbiton (Con): I have heard my noble friend wax lyrical about the wonders of Bournemouth Airport, and there are many other airports like that around the country. I encourage everybody to look at those smaller airports; you often might get a better service.

Lord Tunnicliffe (Lab): My Lords, the noble Baroness often says, as she said today, that this is for the private sector. Heathrow is ultimately a monopoly licensed by the state. There is not lots of competition out there; everything that is capable of managing significant international traffic is full. The Government are responsible for Heathrow's performance. They are responsible for the common good; that is what Governments are for. They seem to agree with me: as of 12 July, the strategic risk group has met five times, the summer resilience group four times, and the ministerial border group four times. According to its chief executive, Heathrow is improving. This shows that the Government have intervened and had a benign effect. I congratulate them, but why did they not intervene sooner and save passengers from the misery they have suffered?

Baroness Vere of Norbiton (Con): I am incredibly happy to accept the congratulations of the noble Lord, Lord Tunnicliffe. We have worked with the aviation sector incredibly hard to try to minimise the disruption that happened at half-term as we go into the summer period. He asked why it took so long, but we have been working on this for months. For example, we changed the law so that training could start before certain checks had been completed. We laid that statutory instrument on 29 April. Statutory instruments do not just appear in order to be laid; they are the subject of weeks of work. We have been working very closely with the sector, and the Civil Service has been working extremely closely and very hard on all these measures. As he said, they are having an impact.

The Earl of Clancarty (CB): My Lords, while there are pandemic-related staff shortages across the whole of Europe, is a large part of the problem in the UK not Brexit-related, as evidenced by the piece in the *Times* last week by the head of Menzies Aviation? He added his voice to that of the head of easyJet, which has had to turn down thousands of job applications from EU workers. The Minister says she is not responsible for the free market, but the Government are responsible for Brexit.

Baroness Vere of Norbiton (Con): A cursory glance at the aviation industry around the world will show that this problem is not specific to the UK. The US has had significant problems, as have Ireland, the Netherlands and France. The last time I looked, those three countries were members of the European Union.

Lord Kirkhope of Harrogate (Con): My noble friend is aware of the delays as a result of the need to look at security clearance for staff. This is particularly so with large numbers of new staff being required to fill these vacancies. That security clearance check is important, but those delays could be speeded up immensely.

Baroness Vere of Norbiton (Con): I reassure my noble friend that the Government cracked this problem many months ago and there are no delays within UK security vetting. Accreditation checks are currently taking five days; counterterrorism checks are taking 10 days. These are much better than they were pre pandemic.

Lord Teverson (LD): My Lords, I am lucky enough to be having a holiday in mid-Switzerland in a couple of weeks. In under a day, I can go from Switzerland back to my home in west Cornwall by train. Does the Minister agree with me that part of the answer to this might be to look for less carbon-intensive forms of transport?

Baroness Vere of Norbiton (Con): As the noble Lord may know, the Government published our *Jet Zero Strategy* today. We are absolutely focused on decarbonising the aviation sector, but we recognise that high-speed rail is also very attractive.

Lord Blunkett (Lab): My Lords, I draw attention to my entry in the register of interests. Would it not help passengers to fly if the Government could manage to sort out the renewal of passports? Also, would it not help if the Government were able to get the airports and airlines to work together, instead of criticising each other, given that check-in and baggage handling

[LORD BLUNKETT]
are handled by the airlines but the remainder of the journey through the airport is the responsibility of the airport itself?

Baroness Vere of Norbiton (Con): The noble Lord, Lord Blunkett, is completely right. When we and the CAA wrote to the industry at the beginning of June, we said that we wanted each airport to set up airport partner working groups, which would bring together the airport itself, the airlines, the ground handlers, Border Force and air traffic control. We are conscious that ground handling is an important part of the movement of passengers and their luggage through airports, so we will conduct a review of the sector to look at its quality and efficiency and at whether there are any opportunities for change.

Viscount Waverley (CB): My Lords, is it not the case that we need six free pages to accommodate stamps when travelling within the European Union, for example, if that passport needs to be stamped to enter the country? What can be done to discourage or even stop airlines from taking bookings on already overbooked flights? It creates additional, questionable revenues on seats that are known not to be available, before placing additional misery on those affected.

Baroness Vere of Norbiton (Con): The Government have been absolutely clear with the aviation sector: we do not want short-notice cancellations or overbooked flights. We have done everything that it has asked us to do with the slots hand-back, the legislation for which went through your Lordships' House recently, as noble Lords may have seen. In return, having done everything the aviation sector would like, we do not want passengers being treated in the way in which the noble Viscount explained.

Water Companies: Environmental Pollution

Question

3.08 pm

Asked by ***Lord Rooker***

To ask Her Majesty's Government what plans they have to change the penalties for environmental pollution by water companies.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Benyon) (Con): My Lords, the law currently allows Ofwat to issue fines of up to 10% of annual turnover and the Environment Agency to prosecute water companies and their directors, leading to court-imposed fines. We have been clear that regulators should not hesitate to bring the strongest enforcement action where companies have broken the law. The independent Sentencing Council has agreed to review guidelines to ensure that fines, applied by the courts, remain an effective deterrent.

Lord Rooker (Lab): Does the Minister support the call by the chair of the Environment Agency for prison sentences for chief executives and board members of the worst water company offenders and for their directors to be struck off, so they cannot simply alter their CV and move on to another role? The two water companies outlined last week as "terrible across the board" are Southern Water and South West Water. Is the Minister aware that the chairs and CEOs of those two companies—Keith Lough, Lawrence Gosden, Gill Rider and Susan Davy—have at least eight other roles between them? Should they not be removed from those external roles so they can concentrate on what they are being paid for—delivering clean water and cleanly getting rid of wastewater?

Lord Benyon (Con): The Environment Agency is part of Defra, so absolutely I agree with what the chair of the Environment Agency said in relation to a report that was published on Thursday. I shall read a section of it:

"The sector's performance on pollution was shocking, much worse than previous years … Company directors let this occur and it is simply unacceptable. Over the years the public have seen water company executives and investors rewarded handsomely while the environment pays the price. The water companies are behaving like this for a simple reason: because they can. We intend to make it too painful for them to continue as they are."

That report speaks for the Government.

Baroness McIntosh of Pickering (Con): Does my noble friend agree that there would be less environmental pollution if developers were not allowed to connect wastewater to inappropriate pipes? When will my noble friend enforce the provision to make sure that water companies will be allowed to invest in adequate pipes and force developers to create natural flood prevention schemes to stop wastewater entering rivers in the first place? It is an unacceptable situation and developers must be prevented from contributing to it.

Lord Benyon (Con): My noble friend will be pleased to know that we are undertaking a review of the case for implementing Schedule 3 to the Flood and Water Management Act. We will report on this in September, and I hope that will bring my noble friend to the realisation that the Government are determined to act on it.

Lord Oates (LD): My Lords, is the Minister aware that over the past two years water company bosses have paid themselves a staggering £27 million in bonuses, during which time they have been responsible for 772,009 spills of raw sewage over a period of 5,751,524 hours? Is it not time to outlaw these outrageous bonuses and make water company bosses pay the price of polluting our rivers and beaches?

Lord Benyon (Con): The fines, which have amounted to record sums in recent years, can be paid out of water companies' income only and cannot be downloaded on to the customer. The Government have taken unprecedented measures to bring into balance the remuneration of water company executives. Ofwat has made it clear that water companies must be transparent about how executive pay and dividends align to the delivery of services to customers, including environmental performance.

Lord Berkeley (Lab): Can the Minister answer my noble friend's Question? When will the directors and chairmen of these companies be sent to jail for what they have done rather than the company paying the fines?

Lord Benyon (Con): I refer the noble Lord to my earlier Answer: the independent Sentencing Council has agreed to review guidelines to ensure that the sanctions we apply to water companies are appropriate.

Baroness Jones of Moulsecoomb (GP): My Lords, the Minister said just now that the fines are not downloaded on to the customer, but in fact that is what happens because companies pay the fines and do not invest in infrastructure. Having visited Cambridge at the weekend, I saw that it is not only sewage discharges but water abstraction, yet the Government had the choice to vote for the amendment moved by the noble Duke, the Duke of Wellington, on the Environment Bill and did not. They gave up any responsibility, which I think is appalling. Does the Minister agree?

Lord Benyon (Con): Strangely, no. The investment that water companies put into our water infrastructure is agreed with Ofwat. They cannot go away from that in their five-year plan. If the noble Baroness can give me evidence of where they have broken the requirements of the independent regulator, I will be very happy to take it up.

Baroness Altmann (Con): My Lords, I commend the Government on accepting much of the thrust of the amendment tabled by the noble Duke, the Duke of Wellington, to the Environment Bill, but I hope the Minister will agree with me that we need to go further and need urgent action. At a meeting with Ofwat, I was pleased that it seemed to be taking this issue more seriously. I would be grateful if my noble friend can confirm that, first, the scale of the fines needs to be larger so that it does not become an acceptable cost of doing business rather than a deterrent to bad behaviour. Secondly, might the Government support Fleur Anderson's Private Member's Bill to tackle upstream causes by banning plastic wet wipes which cause such problems for the sewage network?

Lord Benyon (Con): I thank my noble friend. She makes very good points. The independent Sentencing Council review will, I hope, tackle her first point. I entirely agree about the problems imposed on customers and us all by wet wipes. We have announced a call for evidence which will explore a possible ban on single-use wet wipes containing plastic. I am very happy to work with Fleur Anderson on that.

Baroness Hayman of Ullock (Lab): My Lords, the Government's response to the Environment Agency's report said:

"We are the first government to set out our expectation"—

expectation—

"that water companies must take steps to significantly reduce storm overflows and earlier this year we consulted—

they consulted—

"on a comprehensive plan."

They also said:

"We will not tolerate this behaviour and we will take robust action if we don't see urgent improvements."

Is now not the time to take robust action? The situation is getting worse, and the public have had enough. Will the Government support the Environment Agency's proposals?

Lord Benyon (Con): I would hate any noble Lord to be under the impression that our attempts to resolve this problem start here. We have record levels of investment in our water infrastructure. Between 2020 and 2025, £3.1 billion is being invested by water companies specifically in storm overflow improvements. We have set out target dates by which we want to see these improvements, and we will report by 1 September on precisely how they are going to be delivered.

Baroness Ludford (LD): My Lords, the term "storm overflow" was just used. In a debate last week, the Minister agreed with me that the term "storm overflow" is very misleading and said that he would look at it. Water companies love it because it sounds as if raw sewage is going into rivers and seas as an exceptional act of God. Can the Minister confirm that he is going to ban it from his department?

Lord Benyon (Con): I will have a look at the lexicon we use. The real problem is illegal storm overflows. There have been overflows from our sewage systems into our rivers for centuries. It has reached an unacceptable level, which is why we have set out a clear plan for dealing with it. Perhaps we need to use better terminology. There are permitted storm overflows and there are illegal storm overflows.

Lord Sikka (Lab): My Lords, Section 172 of the Companies Act 2006 requires directors to have regard to the interests of customers, the community and the environment. The UK does not have a central enforcer of company law, and Ofwat is not concerned with compliance with company law, so the buck must stop with the Government. Can the Minister explain when his department last investigated the conduct of water company directors and what the conclusions were?

Lord Benyon (Con): Ofwat is the main regulator in this area, as well as the Environment Agency. The Government give very clear directions to Ofwat. In our strategic policy statement for Ofwat, we set out an expectation on water companies, including making

"a progressive reduction in the adverse impact of discharges from storm overflows"

including reducing their frequency and volume. The noble Lord made a point about the existing sanctions. We recently saw a fine of £90 million against one water company. We want to make sure that continued sanctions are going to bear down on this problem. That is why we have asked the Sentencing Council to carry out this work.

Marriage Act 1949 (Amendment) Bill [HL]

First Reading

3.19 pm

A Bill to amend the Marriage Act 1949 to create an offence of purporting to solemnise an unregistered marriage.

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

Draft Mental Health Bill Committee

Membership Motion

3.20 pm

Moved by ***The Senior Deputy Speaker***

That the Commons message of 12 July be considered and that a Committee of six Lords be appointed to join with the Committee appointed by the Commons to consider and report on the draft Mental Health Bill presented to both Houses on 27 June (CP 699) and that the Committee should report on the draft Bill by 16 December 2022;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

Barker, B., Berridge, B., Bradley, L., Buscombe, B., Hollins, B., McIntosh of Hudnall, B.

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chair;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time;

That the Committee have power to adjourn from place to place within the United Kingdom;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee shall, if the Committee so wishes, be published; and

That the quorum of the Committee shall be two.

Motion agreed.

Airports Slot Allocation (Alleviation of Usage Requirements) (No. 2) Regulations 2022

Motion to Approve

3.20 pm

Moved by ***Baroness Vere of Norbiton***

That the draft Regulations laid before the House on 21 June be approved.

Relevant document: 6th Report from the Secondary Legislation Scrutiny Committee. Considered in Grand Committee on 14 July.

Motion agreed.

Extreme Heat Preparedness

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Monday 18 July.

"For the first time ever, the UK Health Security Agency has issued a level 4 heat health alert for much of the country. Temperatures are forecast to reach the low 40s. It looks probable that they will break the current UK record of 38.7 degrees Celsius, recorded in Cambridge in 2019, and they currently stand at 37.5 degrees in Suffolk.

I have just come from chairing the latest in a series of COBRA briefings that have been held since last week, including over the weekend, to co-ordinate the extensive preparation and mitigation measures being taken across the Government to face the next 36 hours. I am grateful to colleagues in the devolved Administrations and in local resilience forums around the country and our local authority and agency partners, which are keeping public services running and responding to any local issues that may emerge.

Thanks to our strong forecasting capabilities, the Government were able to launch a comprehensive public communications campaign ahead of the heatwave. This involved advice from, among others, the UKHSA, the Met Office, the Department of Health and Social Care, our Chief Medical Officer, Professor Chris Whitty, and the Deputy Chief Medical Officer, Dr Thomas Waite.

While we hope people will take notice of the advice on how to keep safe in the high temperatures, the NHS has made sure that all its operational capacity and capability are available during the heatwave. The 999 and 111 services have also stood up all available capacity. There are now more than 2,400 call handlers for 999, which is an increase of about 500 since September last year. On the detail, I will defer to my right honourable friend the Secretary of State for Health, who will make a Statement on the health system in this heatwave imminently.

While heatwaves are not a new phenomenon, we are adapting to temperatures not previously experienced in this country and to events such as this coming with increased frequency and severity. The Government have been in the lead on appreciating the impacts of climate change; indeed, it was a Conservative Government who enshrined net zero in law. Since the time of David Cameron, Conservative Prime Ministers have spoken passionately about the impact of climate change and the need to keep 1.5 degrees alive, notably at last year's COP 26 UN climate change conference.

As I say, we have long taken the lead on this issue. Over the past three decades, the UK has driven down emissions faster than any other G7 country, and we have clear plans to go further. We are showing the way on climate change, helping over 90% of countries set

net-zero targets during our COP 26 presidency—up from 30% two years ago. On cleaner energy, the UK is also forging ahead of most other countries. About 40% of our power now comes from cleaner and cheaper renewables. Our net-zero work is vital to create resilience. We must continue to drive forward the initiatives that help us curb the impacts of climate change and at the same time build systems that help us withstand extreme events as they arise."

3.20 pm

Baroness Smith of Basildon (Lab): My Lords, every season brings new weather challenges. We have had homes without power because of strong winds, devastation from floods and, this week, the chaos from extreme temperatures. But the Statement, which the Minister must be grateful he does not have to read out, is so complacent: we are "showing the way", "forging ahead" of other countries and have "taken the lead". That kind of complacency does not give confidence that the Government recognise the scale of what is needed, particularly when the Prime Minister does not even attend COBRA meetings. The noble Baroness, Lady Brown, the deputy chair of the Committee on Climate Change, said:

"We've been telling the government for over 10 years that we are nothing like well enough prepared … for the really hot weather we are seeing now".

I have one question for the Minister. In the unread Answer, there is a reference to the importance of the local resilience forums and the work they do. What has been the increase, or otherwise, in funding and support from central government in the last five years? If he does not have that information, will he place it in the Library?

The Minister of State, Cabinet Office (Lord True) (Con): I will certainly place it in the Library, because I regret to say that I do not have it in my folder.

Lord Harris of Haringey (Lab): My Lords, I refer to my interests in the register. Can the Minister confirm that the Civil Contingencies Secretariat in the Cabinet Office has been operating 30% under strength for a number of months and that, in addition, it was wound up last week? Who is minding the shop?

Lord True (Con): My Lords, so far as the management of the response to the heatwave is concerned, that is my right honourable friend the Chancellor of the Duchy of Lancaster. Overall responsibility for the longer-term net-zero objectives of this Government, which are greater than those of any Government before, is carried forward by Defra. The implication of the noble Lord's question is that there might be some failure. I pay tribute to all those involved in planning for this heatwave. The forward warnings and information for the public have been very clear, and the emergency services have responded extraordinarily well. I express my thanks to them.

Lord Forsyth of Drumlean (Con): My Lords, at the risk of making myself unpopular, does my noble friend not think that there is something of an overreaction to two days of extreme temperatures? I remember the summer of 1976 because that is when I proposed to my wife, who I have been married to for 45 years. We had two months of very extreme temperatures and somehow, we did not have people going out painting the rails white, people not turning up for work and airlines not operating, so should we not get a sense of proportion here and recognise that the people being held up at airports are all trying to get to countries where it is even hotter?

Lord True (Con): One of my neighbours said that to me only yesterday; he was just off to a hotter place. Of course, I remember the bloom of youth, and the summer of 1976 was wonderful and memorable in many ways. Let us not forget that many people, if they behave sensibly and reasonably, can enjoy those warm summer days that they dreamt of in the cold winter nights of November and December—but many people are vulnerable and need care, support and protection. That is the responsibility of the Government so, although I accept what my noble friend says, we should all be mindful that there is danger in excessive and exceptional heat. The Government, with the emergency services and others, are seeking to respond to it.

Baroness Pinnock (LD): My Lords, surely the issue is that the current heatwave is yet another example of climate change; I am sure the Minister will agree on that. But the Government seem to be acting Janus-like to net zero. One face is the leadership of COP 26. The other is, for example, the Prime Minister's positive support for a new coal mine in Cumbria and extending oil and gas licences in the North Sea. The International Energy Agency says that no new fossil fuel developments can proceed if net zero by 2050 is to be achieved. Which face of Janus will it be for the Government?

Lord True (Con): My Lords, there are several strands tied up in that question. We have some exceptional hot days in July. We must respond to that and are doing the immediate response. Then there is a separate strand when the noble Baroness talks about the longer-term threat of climate change. The party opposite was among those beating the tam-tam to remove from office my right honourable friend the Prime Minister, who has pushed through the strongest commitments and the most specific and active support for COP 26 by any Government in history. As for what the noble Baroness says about a coal mine, the Government remain absolutely committed to net zero. Does the noble Baroness not understand that we must balance the issues across the energy sector and the global economy caused by the illegal invasion of Ukraine? We must ensure that in the immediate future we have a diverse and resilient energy supply chain to withstand broader impact.

Baroness Ritchie of Downpatrick (Lab): My Lords, can the Minister indicate the exact work done with the devolved Administrations and Whitehall on meeting net-zero targets? My noble friend Lady Smith referred to all the serious extreme weather events that have taken place over the last year. Can the Minister outline the exact work being done to complement what happened in Glasgow last November?

Lord True (Con): My Lords, I know that information on the specific number of meetings that have taken place between Ministers and the devolved Administrations has been given to the House on a number of occasions. I can absolutely assure the noble Baroness that in these circumstances we are and have been working closely with the devolved Administrations, and we will continue to do so.

Lord Robathan (Con): My Lords, I have been banging on and boring on about climate change for 30 years—at first it was considered a rather eccentric obsession—but the Government's reaction to this is extraordinary. This is not a nanny state. Does my noble friend think there is anybody who does not understand that if you are getting dehydrated you drink water and if you are hot in the sun you get into the shade? Everybody knows that. We do not need an industry pursuing it. I agree entirely with my noble friend Lord Forsyth. Does the Minister agree?

Lord True (Con): My Lords, I agree with the common-sense advice that my noble friend gives. The British people are a wise people, just as they are a generous people, and I think they are perfectly capable of taking common-sense measures. But there is no harm in those in positions to advise, whether in the health service or elsewhere, giving health advice. For example, heat can be specifically dangerous for those with particular cardiovascular conditions. There needs to be a mix but ultimately, we rely on the common sense and good sense of the British people.

Lord Winston (Lab): My Lords, do the Government not consider that we should look at the other side of the coin? Over the last month we have seen a huge amount of energy wasted that we have not been able to secure or store. Should the Government not be doing much more to try to protect our storage and encourage investment and research in this very area? This energy is being completely wasted, to the detriment of humanity.

Lord True (Con): My Lords, the noble Lord takes me into a wider area of policy outside my responsibilities. In principle, obviously, I agree with the point that he makes. The conservation of good is something that every Government and person across the world should aspire to. I will certainly make sure that my colleagues in the appropriate department are made aware of his observations.

Baroness O'Loan (CB): My Lords, many of us in your Lordships' House are of a significant age. The message that has been given in the media and generally is one of serious danger to the elderly and excessive deaths. Could the Minister ensure that the message is reframed to put the emphasis on the simple things you can do, rather than frightening people into being unable to continue with their normal lives?

Lord True (Con): I strongly agree with that. I deplore "Project Fear" in any form when it comes up. The noble Baroness is right that we need simple measures that we do not necessarily need to be told about by the Government, such as walking in the shade and drinking plenty of water. These are the things that one can do to make things better for the individual. Ultimately, it comes down to the individual and how they cope, and older people do have difficulties.

I am conscious that, standing here as the Minister for heat, I am a successor to Mr Denis Howell, who was Minister for Drought not long ago, so I confidently hope that there may be some water tomorrow falling from the skies.

Energy Bill [HL]

Second Reading

3.31 pm

Moved by ***Lord Callanan***

That the Bill be now read a second time.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, I start by acknowledging the record temperatures that we have been experiencing over recent days. I hope your Lordships remain cool while in the Chamber—which is probably the best place to be at the moment, given the air conditioning—and of course while travelling to and from the Chamber. I recognise the wealth of knowledge on energy policy in your Lordships' House, which will no doubt be on full display in today's debate.

This landmark Bill comes at a critical time for our country. Record high gas prices, Russia's illegal invasion of Ukraine and the challenge of climate change all come together to highlight why we need to boost Britain's energy independence and security. To protect households from the full impact of rising prices, we are acting now with a £37 billion package of financial support this year. This includes the expansion of the energy bills support scheme so that households will get £400 of support with their energy bills.

Secure, clean and affordable energy for the long term depends on the transformation of our energy system. That is why we are bringing forward this Bill, the most significant piece of primary legislation for energy since 2013, delivering key commitments from the energy security strategy, the Prime Minister's 10-point plan and the net zero strategy. The Bill will help to drive an unprecedented £100 billion of private sector investment by 2030 into new British industries and will help to support around 480,000 clean jobs by the end of the decade.

I turn to the main elements of the Bill. It has 12 parts, which it will be helpful to consider under three key pillars. The first pillar leverages investment in new technologies, securing clean, homegrown industries that can help to reduce our exposure to volatile gas prices in the longer term. The Government have continually demonstrated our commitment to maintaining the security and resilience of our energy system. Investment in clean technologies is an essential part of the system transformation.

Deploying carbon capture, usage and storage—CCUS—and low-carbon hydrogen production will create new industries, helping to transform our former industrial heartlands. The Bill will introduce state-of-the-art business models for CCUS and for hydrogen. That includes provisions to establish an economic regulation and licensing framework for CO_2 transport and storage, and a new levy to fund hydrogen production. These will attract private investment by providing long-term revenue certainty to investors, putting the country on a path to grow these new clean industries and reindustrialise our economy.

The Bill will enable the delivery of a large village hydrogen heating trial by 2025, providing crucial evidence to inform decisions in 2026 on the role of hydrogen in heat decarbonisation. Building on policies such as the £450 million boiler upgrade scheme, the Bill includes provisions to scale up heat-pump installation, providing the powers to establish a market-based mechanism for the low-carbon heat industry to help build the market for heat pumps to 600,000 installations per year by 2028. Through the Bill, we will also make the UK the first country to address fusion in regulation, providing clarity on the regulatory regime for fusion energy facilities.

The second pillar in the Bill will allow for the necessary reform of our energy system. It will protect consumers from unfair pricing and decarbonise our energy system. By reforming the system, we will help to scale up the installation of key clean technologies for the future, ensuring that the system is more efficient in order to enable innovation and reduce the UK's dependency on global fossil fuel markets.

The Bill will enhance our network security by establishing a new independent system operator and planner, which will support system reform and boost energy system resilience. Working across the electricity and gas systems, the independent system operator and planner will also ensure efficient energy planning, enhance energy security, minimise cost to consumers and promote innovation.

The Bill will reform energy code governance, overhauling the way that the technical and commercial rules of the energy system are overseen and kept up to date. This will make the system more agile, enable innovation and gear our system toward net zero.

In line with our manifesto commitment, we are legislating to extend the existing energy price cap beyond 2023 if necessary. The cap is the best safety net for 22 million households, preventing suppliers over-charging consumers. The Bill also contains provisions to enable competition in onshore electricity networks, delivering up to £1 billion worth of savings for consumers on projects tendered over the next 10 years.

The provisions in the Bill about mergers of energy network enterprises will protect consumers from increasing network prices in the event of energy network company mergers. They will enable the Competition and Markets Authority to consider the impact on Ofgem's ability to carry out its role when reviewing energy network company mergers. We estimate that this could save energy consumers up to £420 million over 10 years.

The Bill will protect consumers and the grid from cyber threats, with new powers to regulate energy smart appliances. Provisions in the Bill will support continued delivery of the smart meter rollout, which will enable consumers to manage their energy use and cut their bills to help with the cost of living.

We will introduce multipurpose interconnectors as a licensable activity. The provisions will reduce the number of cabling points, landing points and substations. This will reduce the impact on local communities and the environment. It will also support the Government's ambition for 50 gigawatts of offshore wind by 2030, as well as providing certainty to investors in and developers of multipurpose-interconnector projects.

In line with the 2021 smart systems and flexibility plan, we are legislating to clarify electricity storage as a distinct subset of electricity generation in the Electricity Act 1989. This will facilitate the deployment of electricity storage, such as batteries and pumped hydro storage, and remove obstacles to innovation in this area.

As we committed to in the energy White Paper, we are legislating to enable the removal of obligation thresholds under the energy company obligation scheme, commonly referred to as the ECO scheme. We will do so without creating significant financial and administrative burdens for small suppliers by enabling the Government to establish a buy-out mechanism under the scheme for suppliers.

Through the Bill, we will kickstart the development of heat networks. By enabling heat network zoning in England, we will overcome barriers to deployment by identifying areas where they provide the lowest-cost solution to heating buildings. We will also ensure that families living on heat networks are better protected, by appointing Ofgem as the new regulator for heat networks in Great Britain.

The Bill will provide a replacement power to enable the UK Government to amend the EU-derived energy performance of premises regime. This will ensure that the regime is fit for purpose and reflects the UK's ambitions on climate change.

The third pillar in the Bill is about ensuring the safety, security and resilience of the UK's energy system. The Bill follows the British energy security strategy announced earlier this year and puts into law measures to boost long-term energy independence and security. We are clear that nuclear energy has a vital role to play in reducing our reliance on fossil fuels and in our transition to net zero, as reconfirmed in the British energy security strategy. That is why this Bill will enable UK accession to the international Convention on Supplementary Compensation for Nuclear Damage. This will make greater compensation available to potential victims in the highly unlikely event of a nuclear incident and improve the investment climate for nuclear projects.

To build our nuclear future, we also need to clean up the past. Therefore, the Bill will facilitate the safe and cost-effective clean-up of the UK's decommissioned nuclear sites. It will bring forward the final delicensing of nuclear sites, allowing more proportionate clean-up and earlier re-use of these sites. The Bill will also make it clear that geological disposal facilities located in or under the territorial sea require a licence and are regulated by the Office for Nuclear Regulation. The Bill introduces measures to enable the Civil Nuclear Constabulary to utilise its expertise in deterrence

[Lord Callanan]
and armed response to support the security of other critical infrastructure sites, helping to keep those sites safe.

The continuity of core fuel supplies and energy resilience has never been more important. As such, the Bill contains measures for downstream oil security, which will apply to facilities such as oil terminals and filling stations. These measures will prevent fuel supply disruption and reduce the risk of emergencies affecting fuel supplies, such as disruption from industrial action or malicious protest and emergencies resulting from wider national security risks.

As we all know, our oil and gas sector plays an important role in our transition to a cleaner energy system. The Bill will enable existing legislation to be updated, ensuring that the offshore oil and gas environmental regulatory regime maintains high standards in respect of habitat protection and pollution response. It is important that we ensure that the UK's oil and gas and carbon storage infrastructure remains in the hands of companies with the best ability to operate it. Therefore, the Bill will allow the North Sea Transition Authority to identify and prevent a potentially undesirable change of control before it happens.

In line with the polluter pays principle, and in order to protect taxpayers, the Bill introduces a provision on charging schemes for offshore oil and gas decommissioning. This means that the Government will be able to recover the costs of these activities more fully from the industry.

I also share with the House three amendments that we intend to bring forward in Committee. To meet commitments made in the British energy security strategy we will look to amend the Bill to include measures on offshore wind habitats regulations assessment and an offshore wind environmental improvement package. This measure will help to reduce the time it takes to get planning consent for offshore wind projects from up to four years down to just one year. We will also look to include a provision on the Energy Savings Opportunity Scheme, also known as ESOS. This measure will improve the quality of ESOS audits and provide powers to expand the scheme to include net-zero elements in audits and more businesses. Finally, we will look to amend the Bill to include provisions that will bring Nuclear Decommissioning Authority pensions in line with the majority of the rest of the public sector. The new scheme was agreed with unions, and includes provision for retirement on full pension before state pension age.

The Bill will benefit every part of the UK. Some measures of course touch on devolved matters. From the outset, the Government have sought to work closely with the devolved Administrations and are committed to the Sewel convention. Where the Government believe that the Bill is legislating in an area of devolved competence, they have, in good faith, highlighted these areas to the devolved Administrations ahead of their consideration of the Bill.

This is ambitious legislation and allows for the necessary reform of our energy system. We are charged with a great responsibility to ensure the security, affordability and decarbonisation of our energy supply for many generations to come. We are also presented with huge opportunities to leverage investments in new, clean technologies that will reinforce the UK's position as a global leader in delivering net zero. I hope noble Lords will recognise the exciting opportunity that this Bill represents to facilitate the necessary reforms, boost investment in clean technologies and ensure the security of supply in the longer term. At the same time, it will stimulate economic growth and job creation in support of our levelling-up agenda. I beg to move.

3.45 pm

Baroness Blake of Leeds (Lab): My Lords, I am grateful for the opportunity to debate this Bill today. I look forward to the contributions that will be made from across the House, and in particular to the closing comments from my noble friend Lord Lennie.

As the Minister mentioned, it is hard to think of a more appropriate day than today to hold this debate. That, together with the illegal Russian invasion of Ukraine, now approaching the end of a fifth month, means this is a very important moment for us to consider the sheer scale of the task ahead of us. It is clear that the Energy Bill is needed, and in this regard it is very welcome. However, we will need to consider what is missing from the Bill.

For the millions of families facing the catastrophe of soaring energy bills, I am afraid the Bill is another missed opportunity as it does not tackle the scale of the issue. It is a missed opportunity to tackle the cost of living crisis; a missed opportunity to bring forward the emergency energy efficiency measure we so desperately need; and a missed opportunity to deliver the green energy sprint that could bring down bills while creating tens of thousands of skilled jobs for future generations if the necessary training programmes and supply chains are developed.

Long-term reform of the energy market is of course necessary, but it must come alongside urgent action to cut bills, strengthen our energy security and tackle the climate crisis now. This Bill will do nothing to buck the Government's record of failure on these issues as it stands, but perhaps there is an even bigger issue at hand: the Government who presented this Bill already no longer exist. By the time the Bill is in Committee, they will have been entirely replaced. While the leadership selection is still weeks away, we have already heard candidates putting internal politics ahead of science, evidence and the future of the country, at the same time as we experience the dangerous impact of climate change first hand. The country needs to know urgently what their commitment to net zero, for example, really is. I am pleased that they have all finally, publicly committed to net zero, but I have to say that it took a very long time for some of them to get to that point. I cannot ask the Minister to commit to what a future Government will do, but it is important to make the point regardless.

A decade of failed energy policy has left energy bills too high and the UK's energy system too weak. This Government simply cannot answer the biggest challenges our country faces. While there is a lot in the Bill—243 clauses, as we have heard, covering three pillars, much of which we welcome—what really stands out, as I have said, is what is missing. Where are the

urgent measures to help families with soaring energy costs that the Government could be offering, such as delinking the low price of renewable energy from the high price of gas? Where are the desperately needed measures for a green energy sprint that can bring down bills over the years to come? Where is the end to the effective ban on onshore wind—the quickest, cheapest way to reduce reliance on insecure international gas supplies, so starkly exposed by the current crisis in Ukraine? Where is the much-needed extension and upgrade of the national grid?

Where is the long-term mission for home insulation, beginning with the insulation of 2 million homes this year? The UK's record on energy efficiency in housing is woeful. We need changes to planning law and building regs brought in immediately to stop the building of substandard homes and start closing the gap between our performance and that of other European countries—where, I am afraid, we rank among the lowest.

The Bill is simply not up to the problem at hand. Clauses 1 to 111 and Schedules 1 to 5 address leveraging investments in clean technologies. This sounds great, until you realise that 97 of these clauses and all five schedules relate to carbon dioxide and hydrogen, and that only 14 relate to new technology. Of those 14, 10 clauses are dedicated to low-carbon heat schemes which the Secretary of State "may" make provision for. I am afraid this hardly feels like the sprint to green energy that is needed.

The next six parts of the Bill relate to a pick and mix of energy system reform. There are some welcome and interesting ideas here. The *Future System Operator* consultation, published earlier this year, set out what we already knew—that the current approach towards delivering net zero was lacking—so the establishment in Part 4 of an independent system operator and planner, ISOP, for the electricity and gas supply sectors is particularly welcome. An expert, impartial body with the duty of facilitating net zero is exactly what is needed. As the pre-existing electricity system operator, which is expected to be at the heart of this new body, has pointed out, it is vital to ensure that ISOP is independent and free from actual or perceived conflicts of interest. It is further welcome that it will be established as a public corporation with operational independence from the Government. Can the Minister expand on the scale and timeline for implementation?

Also found in the second pillar are small pushes in the right direction on the energy company obligation, smart meters and heat networks, but, as is the theme with the Bill, these positive steps are just too timid. We welcome the regulations introducing ECO4 just last week but they are little more than a small step in the right direction on efficiency, and a small step in the wrong direction on bill prices. The provisions expanding the powers in this Bill, while positive for smaller suppliers, appear to be even less significant. Where is the wholesale movement on efficiency that is needed?

As for smart meters, we have heard again and again how their rollout is being developed, facilitated or extended. The provisions in the Bill do not seem to change anything. This is a major consumer issue that could be fixed through the Bill, especially if proper attention is given to using gathered data effectively. That is exactly what we need right now. Why will the Government not mandate the rollout of this legislation, rather than continuing to dither?

The provisions on heat networks are the most welcome in this area. Heat network consumers are currently woefully unprotected; regulation offering much-needed safeguards to the 480,000 consumers who currently use them is long overdue. With the number of heat networks, and the number of consumers they will supply to, expected to grow significantly in our efforts to reach net zero, this is even more pertinent and so we welcome them. However, that perhaps makes the legislation even more disappointing, in a way. It does not encompass the reality and misses yet another opportunity. These systems are poorly funded and poorly maintained; they should be renewable but are not; and they are not covered by the price cap. The legislation fixes none of these much wider issues and it is hard to see this as anything but a failure in the grand scheme of things. Where is the overhaul that heat networks really need?

The third pillar of the Bill contains provisions on maintaining the safety, security and reliance of energy systems across the UK. At this time more than ever, any additional risk of fuel shortages would be most unwelcome. Ensuring that the Government can take steps to maintain or improve fuel supply resilience, if they are needed, is welcome. It is important, however, that any powers introduced are not overextended or misused. I note the factsheet response but would be keen to hear more from the Minister on how far the powers can go—an area I am sure we will discuss at later stages of the Bill's passage.

There are other welcome provisions in this pillar. There are also a number of provisions in Part 12 on the civil nuclear sector, including on waste storage, decommissioning and more. I would be keen to hear more from the Minister on decommissioning, where I understand we will be reducing ONR regulation as set out under the 1965 Act, which is now deemed unnecessary. The benefits of this have been clearly set out and I understand aligning with international law but, given what is at stake, the more reassurance from the Minister on this being a safe move, the better.

Those are just a few of the areas that need to be addressed, and we will look to do so at later stages if the Government do not. However, I need to ask when a coherent, cross-cutting communication strategy will be ready and when the promised energy advice service will be up and running. Taking public opinion with us and delivering through local networks will be critical to achieving the changes in behaviour that will underpin progress. We have seen from earlier versions of the energy security strategy that agreement on a number of areas is possible, not least onshore wind and solar. We hope the new Prime Minister will not abandon the ambition to deliver.

I am grateful for the amendments that the Minister shared with us this morning. We will be looking at them in greater detail. But the point, running through the Bill, is about not abandoning ambition to deliver when that is exactly what is needed now—ambition and a real commitment to urgency. The scale of the challenge will not be met with anything less.

3.57 pm

Lord Bruce of Bennachie (LD): My Lords, I thank the Minister for his introduction and will comment briefly on his three pillars. The first, of leveraging investment, particularly in carbon capture and storage and in hydrogen, is in principle welcome but we have been talking about it for a long time. The question is whether the Bill will make a material difference and galvanise action and progress.

On the second pillar, of reform for pricing and decarbonisation, the Government must acknowledge that the price cap, essential as it is in the present crisis, is evidence of failure. A market that requires a price cap is clearly a dysfunctional market, yet the Government, right from the days of privatisation, have said throughout that competition would deliver efficiency and price competition. What it has actually done is encourage companies into the market that were not fit for purpose and have subsequently collapsed, leaving a few major players in the field—one of which has had to be wholly nationalised by its Government, as it was otherwise nearly bankrupt—so there are some issues there about how the Bill will change things for the better.

On the third issue of safety, security and resilience, a whole load of issues are of concern. The fact that the Government acknowledge that a cyberattack against the network is a very serious potential threat to the country is important, I guess, but we need to know that we have effective protection and countermeasures. The actual state of the network, speaking as somebody who has experienced it in the north of Scotland this year, is abysmal. We experienced four consecutive days without power and then, a month later, three consecutive days without it. There was no information, communication or telephones—clear evidence that the infrastructure was not fit for purpose and for a changing climate, so it is interesting that these things are all referred to in the Bill. As it progresses, I will look forward to seeing how the Government believe that this legislation will change things significantly, and for the better.

It is nearly 50 years since we experienced the first OPEC-led oil price crisis. I remember it because I was a young official with the local development authority in Aberdeen and it was the very early years of the oil boom. Although I was delighted that the UK had oil and gas reserves to develop, it was also clear to me that the world was far too dependent on fossil fuels and that we needed to use energy more efficiently and diversify our sources of energy. We also knew from a practical point of view that the quality of oil in the North Sea required it to be blended with oil from other regions; it was not usable in its raw or immediately refined state.

At that time, I wrote and co-wrote pamphlets advocating large-scale investment in energy efficiency—50 years later and I think I am still waiting for that. I also advocated 50 years ago for investment in renewable energy, especially wind and solar but also wave and tidal. I remember there were two by-elections in Paisley in 1990 and we held a press conference with a model of a wind turbine which had been developed by shipyards in Glasgow. Our pitch was that Britain could lead the world in this technology. We did not win the by-election. We failed to persuade the Government, Denmark decided to do exactly that trick and we were left behind. It would also have transformed the workforce in many of the Scottish shipyards at a time when they were facing real difficulties.

On the issue of nuclear power, I am not viscerally opposed to it. However, it has always seemed very expensive and has a very challenging legacy of radioactive waste. I am certainly not comfortable with the idea of an undersea repository for such waste. The Government need to explain how that could be done safely, if at all.

Speaking, as we are, on a day of extreme heat—regardless of the intervention of the noble Lord, Lord Forsyth—is it impossible to deny the accelerating impact of climate change and the need to take action urgently. I think the noble Lord would be well advised to look at the graphs that have been produced of the global heat measures of 1976 and this year and see what a fundamental, radical change has taken place. I regret to say that, had the policies I have been talking about been applied 50, 40 or even 30 years ago, we would be much better placed to face the crisis we are facing now.

Faced with soaring oil prices, in the 1970s the Government stampeded into rapid development of the North Sea. That led to waste, inefficiency and, for a few years, limited opportunities for UK companies. However, 50 years on there is a strong UK involvement in the sector which has made a huge contribution to the economy over decades. This has taken the form of balance of payments benefits, high levels of consistent investment, hundreds of thousands of jobs, technical innovation by operators and over 1,000 companies in the supply chain. The challenges of the North Sea have made the UK current world leader in subsea technology.

The UK continental shelf nevertheless is a mature province. Regardless of the requirements of net zero, production and activity are declining and will continue to do so. I can tell the House that the local economy in Aberdeen experienced this only too clearly with a sharp downturn and a complete collapse of the local housing market. This has now been partially reversed by the increased oil price and the growth in investment in net-zero transition technologies.

Offshore Energies UK, the industry's trade body, held its first parliamentary reception for two years on June 20 and made it clear that the industry was determined to be part of the solution and not just be demonised as the problem. I would like to pay tribute to Deirdre Michie, who will be standing down as the chief executive at the end of this year, almost eight years into the role. She is, of course, the daughter of a former Member of your Lordship's House, the late Baroness Michie of Gallanach, who herself was a daughter of a former Member of this House, Lord Bannerman of Kildonan.

Deirdre and her predecessor Malcolm Webb have played a key role in promoting the importance and achievements of the industry and its supply chain over the decades, and the key role it must play in driving the transition to net zero. This is a really important point. Unsurprisingly, the reception here in Parliament was interrupted by a staged protest. Sadly, the protesters were not prepared to stay and debate or engage with us, which is a pity because the war in Ukraine has

presented us with a dilemma. We need to move away from fossil fuels as fast as possible while recognising that switching the taps off now will increase the cost of living crisis and impose economically and politically unacceptable constraints.

I have reservations about windfall taxes, but no doubt the comments and actions of our two biggest oil and gas companies, Shell and BP, rather brought the roof down on themselves over that. It needs to be recognised that all plans of achieving net zero include continued, although declining, use of fossil fuels. We need to ensure that the capital and expertise of the industry is diverted to transition through investment in renewable energy, carbon capture and storage and developing hydrogen and alternative uses of $C0_2$.

All these things are being increasingly prioritised by the industry, but they need to be accelerated. Finding alternatives to Russian oil and gas means faster transition is needed. Will the Government allow such investment to be offset against the windfall tax as long as it is a genuine investment in transition and carbon reduction? The north-east of Scotland was extremely disappointed that the Acorn Project for carbon capture and storage did not get government fast-tracking in the first round, although it is government approved. If we are going to meet those targets, it should get backing sooner rather than later.

Pushing back against net zero targets is, frankly, irresponsible. I am concerned that some of those contending to become our Prime Minister seem to want to do just that; it is completely irresponsible. We need to intensify efforts to reduce carbon emissions both nationally and globally. Shutting down the UK offshore industry will not achieve that. We need to intensify the development of and the switch to hydrogen, the investment in renewable energy and increased energy efficiency.

Have we really grasped the nettle of retrofitting homes? Heat pumps alone will not do it. For many older houses, the cost of heat pumps will be far outstripped by the unaffordable cost of insulation. I had a neighbour in a Victorian granite house who asked for the cost. To get heat pumps installed and have a viable temperature inside the house, he would have to spend £10,000 to £15,000 on heat pumps, but £340,000 on insulating his house—which clearly was not viable. There are other houses which are much easier to insulate and which we could do a lot faster. That is surely what we should do.

At the same time, how quickly can we achieve the switch to electric cars? Will there be enough charging points, rapid charging for longer journeys and enough battery capacity globally to meet that requirement?

Parliament voted last year that we agreed that we are facing a climate emergency, yet the Government and their prospective leaders show no grasp of that urgency. Protesters who just try to disrupt the economy to force action seem to want to remove fossil fuels immediately. The danger of such drastic action in this direction is that it will drive counter-protests from people who may share the concern for our overheated planet and shrinking biodiversity, but cannot simply phase out their fossil fuel use without existing alternatives. Fossil fuels and their by-products are also essential feedstock for materials on which we have come to rely. We have to find carbon-free alternatives.

Facing these challenges will require the resources of money and expertise equivalent to about 100 moon or Mars projects or more. Much as I appreciate the lure of space travel, this is far more urgent. This planet needs saving before we conquer another one. Enabling measures in this Bill may make a small contribution but they do not come near to the sense of mission required. I do not see where the government action is going to come from in a party obsessed with tax and annoying the EU, rather than saving the planet and the consequential threat to our own islands.

I look forward to the debate, the Committee stage and hearing answers that might be convincing from the Government as to how this Bill is really going to be transformational.

4.08 pm

Baroness Hayman (CB): My Lords, I declare my interests as a co-chair of Peers for the Planet and a director of its aligned organisation. The Bill has been a long time coming, and its arrival is welcome. It provides, as the Minister very clearly delineated, many of the frameworks necessary to achieve the Government's commitments set out in the energy security strategy: primarily, decarbonising our electricity system by 2035. As has been described already, we need to achieve that transition while ensuring security of supply and a price that people can afford. This is a task made much more urgent and challenging by the current energy price crisis and the conflict in Ukraine, issues which should have convinced even the most sceptical of the need to move away from expensive fossil fuels and to build up our renewables. Renewables are the cheapest form of energy; as well as increasing UK energy security, they would create high-skilled jobs and opportunities across the country. Therefore, the Bill is undoubtedly necessary, but even at some 360-odd pages it is not sufficient.

Both the Bill and the energy security strategy on which it is based lack the drive and focus—the mission that the noble Lord referred to—particularly on energy efficiency, where what we need is leadership and delivery. According to the CCC's recent progress report to Parliament, the energy security strategy

"is almost entirely supply-focused and … There remains an urgent need for equivalent action to reduce demand for fossil fuels to reduce emissions and limit energy bills."

It has been said that the cheapest form of energy is the energy that we do not use. Clear evidence that acting on both demand and energy efficiency brings positive outcomes, both short-term and long-term, is there for all to see. Providing funds for insulated properties would, alongside benefiting people and the planet, permanently lower bills and reduce the need for further subsidies in future. As the IFS has highlighted, it is simply not sustainable to continue this winter's £17 billion energy support package year after year.

While the measures in the Bill that help to scale up the heat pump market are welcome, I fear that, without a clear strategy and delivery plan, and by not facing up to the issues that still remain in many properties, the market may not be able to deliver what is needed on its own. I hope that the Government will introduce a comprehensive energy efficiency and retrofit strategy, as well as a road map for getting there. We need

[Baroness Hayman]
long-term solutions to the problems of our cold, stifling or leaky homes, not short-term fixes. There have been calls for Ofgem to have its remit amended to include net zero, so that it can play its part in a comprehensive drive for progress. I hope that the Minister will say today that the Government will take that suggestion very seriously.

My second area of concern relates to the need for a clear vision for delivering more renewables. The Government's ambitious target of 50 gigawatts of offshore wind by 2030 is extremely welcome, but despite the net-zero and energy security strategies recognising, on paper, that onshore wind has a key role to play in meeting net-zero targets, we do not currently have targets for onshore wind or other forms of renewables, such as solar. The Government have been urged by the industry to set a target for onshore wind of 30 gigawatts by 2030, with £45 billion of gross value added. This has strong public support; BEIS's most recent *Public Attitudes Tracker* shows that 80% of the public support it.

The CCC highlighted in its progress report that:

"There remain further opportunities to reduce fossil fuel consumption on a timescale that will help people cope with current very high prices. These include a sustained push for both energy efficiency improvements and electrification, especially in the buildings sector, as well as deployment of onshore wind and solar, which can occur significantly quicker than offshore wind deployment."

I ask again that the Government reconsider the 2015 ministerial Statement that has put an effective moratorium on onshore wind developments proceeding in England. This must be changed if we are to provide more of the cheap, renewable and homegrown energy we urgently need. If the Minister says in his reply that primary legislation is not necessary and that this does not need to be put in the Bill, I hope that he will commit today to altering the planning guidance to increase the contribution of onshore wind, therefore recognising both the need to put local communities in control and, more broadly—because I do not see it in the Bill—the crucial role of engaging and empowering local authorities if they are to bring their communities with them.

In their the energy security strategy, the Government committed to

"consult … on developing local partnerships for a limited number of supportive communities who wish to host new onshore wind infrastructure in return for benefits, including lower energy bills."

It was hardly the wholehearted and comprehensive measure that I had hoped for, but it was something. I hope that the Minister can tell us when this consultation will commence and ensure that it aligns with planning guidance, so that communities who want onshore wind can start to access these benefits. We also need to ensure that we do not lose existing onshore wind capacity due to the current rules on the life extension of onshore wind farms. Again, a consultation has been promised: when will we see it?

A related issue raised by Power for People is the need to support community energy, so that people can purchase cheap, clean electricity direct from a local supply company or co-operative, instead of the current situation where local groups have to sell the power that they generate to large utilities that then sell it back to customers. It is asking for changes to be made to the energy market rules to make it affordable, proportionate and simpler for community energy schemes to sell their power directly to local customers. I hope that the Minister will consider including provisions within the Bill to enable these changes to be made by Ofgem.

I will speak very briefly about the use of hydrogen for home and workplace heating. It is clear that the Government view hydrogen as a key part of the future energy mix. While green hydrogen will undoubtedly have a role in some of the hard-to-decarbonise areas, such as fertiliser, cement and steel production, the question of pursuing a role for hydrogen in home heating is much more nuanced and debatable. There are alternatives readily available, and the proposals for a hydrogen levy could potentially bake in subsidies and higher bills for years to come. I hope the Government will look very carefully at the costs and environmental impacts of pursuing the strategy for the use of hydrogen in home heating.

Finally, I will pick up a theme that I have raised before: the current lack of comprehensive governance mechanisms to ensure that we deliver on net zero and, specifically, the need for a net-zero test to apply to decision-making across the Government, which we know from many reports is extremely patchy. Over the last 18 months, calls on the Government to build net zero into the structures and processes that govern departmental spending, prioritisation and decision-making have been raised by business organisations such as the CBI, the Climate Change Committee, the NAO, the Public Accounts Committee and the Environmental Audit Committee. Energy UK has recently highlighted this as a strategic issue which the Bill should address.

I must stress that no one is advocating some kind of bureaucratic tick-box exercise; energy companies and wider industry see such a test as an important mechanism for providing business certainty and clarity of direction from the Government. This sector, along with the others on which delivery of our decarbonisation goals depend, is asking for the Government to be clear, consistent and transparent in the way in which they take decisions not just within BEIS but across Whitehall. Developing a test will give them the confidence to invest, will help the Government to explain their decisions, and, by being transparent and clear, will help bring everyone, including the public, along with the Government, even when decisions are more difficult.

I hope that the Government will raise their ambitions for an energy system that is sustainable in every sense, and one that is based predominantly on homegrown, rapidly deployed renewables. This would be a system that weans us off costly fossil fuels—although I recognise the need for transition—lowers bills, provides warmer homes and improved health, and brings tens of thousands of high-skilled jobs in the energy efficiency and retrofit sector across the UK.

4.19 pm

Lord Howell of Guildford (Con): My Lords, I declare my interests as a former Secretary of State for Energy, former Minister of State for International Energy Security, ex-president of the Energy Industries Association and of the British Institute of Energy Economics, chair of the Windsor Energy Group, and an adviser to interested energy companies.

The stated aims of the Bill are to increase the resilience and reliability of our UK energy system, deliver commitments to climate change and reform the system in various ways. Since the first two of these three aims depend heavily on outside and international trends and conditions and on close co-operation with international partners, I was looking in the Bill for any powers, laws or strategies in the international arena, but they are quite hard to find. That makes it somewhat limited and, frankly, a little disappointing.

We are now in the midst of the worst energy crisis for half a century, with inflation being driven by stratospheric increases in all fossil fuels to dangerous levels in already fertile inflationary soil here in the UK—not the other way round, as the Governor of the Bank of England seems to think. Further disruption of Russian energy supplies to the European oil and gas markets, whether initiated by Russia or European states, will accelerate this inflation, invite recession, impose impossible further hardships on half the families in our nation, and force business shutdowns in large quantities. There is now talk of energy rationing this coming winter and possible supply interruptions, with the worst, we are told, yet likely to come.

This is not security; it is insecurity on a grand and cruel scale, begotten of dismal lack of preparedness and a stream of policy errors going back decades—not just in energy decisions but in economic and monetary responses. It is against this background that the Bill before us must be judged.

Before I come to what the Bill purports to achieve, let there be no doubt that well before the Ukraine invasion, the global energy system, of which we are and will remain an inextricable part, was under severe stress. Ukraine now pushes us into a new world energy order. We were, and are, engaged in a mission of global decarbonisation to prevent climate disasters, which requires, but frankly has completely lacked, the most careful synchronisation of evolving fuel supplies, needs and demands, and as great a transformation as in the Industrial Revolution of the end of the 18th century—in fact much greater, given that since then there has been a sevenfold increase in population in the world and in this country. That is what the Bill aims to assist now.

We have to ensure that creative policy-making in the present crisis can help rather than hinder tomorrow's transition. One of the most depressing features of the current debate is the utter inability of many of those with the loudest voices to distinguish between the absolute necessity now of immediate relief measures and the long-term climate priorities. What does the Bill do to unravel this muddle and tangle? In the short term, I am afraid, very little. It is all very well to give powers to the system operator and planning office and to renew the energy cap, which the Bill does, but how does that avoid repeating the appalling policy mess which bankrupted numerous small gas suppliers at a cost of £3.2 billion? We talk about billions; that is £3,200 million, which all then had to be dumped on already overwhelmed consumers.

To start with the immediate—the here and now—we have to understand that the very frightening inflation is an energy-driven phenomenon. Being told in a resigned way, "Oh well, it's external, it comes from the gods"—or, to quote a former Prime Minister whom I rather admired, Jim Callaghan, that we have been "blown off course"—and that there is not much to be done, except some cushioning of the impact, is never adequate in many people's eyes and it is frankly not much comfort.

What has happened to our famed diplomacy and influence in managing and containing international crises of this kind? Rather, we are sitting here at home, struggling as we can, introducing this Bill but in fact not tackling the real international roots of the crisis. Was it not striking and chilling—I suspect it was to many watchers—that when last Friday's panel of candidates was asked what more could be done to fend off the forecast of a "horrific" autumn that we have been promised, they all just sat there and were silent? They had nothing to add.

In fact, of course there is a great deal more we can do, but it is not much helped, I fear, by the Bill. It is meant to be about energy security, which starts now but projects into the future. If the name of the game is security of supply—not 10 years hence but now—and at affordable prices, a lot more can indeed be done. That is just what President Biden was trying to do over the weekend in Riyadh; obviously he found it a little awkward, but he was there aiming to meet essential needs and demand with more oil production. Far from staying silent, we should wish him good luck.

Whatever we do, oil and gas are going to be with us for decades. The International Energy Agency says that they will provide 28% of world energy in 2045. The focus on what are called "core fuels" in the Bill, on which there is a whole part, reminds us of this basic fact. Eventually, of course, the energy gap will largely be filled not by the wind blowing—which it does for 60% of the time in the winter, and 25% in the summer—but by stored green hydrogen and ammonia, about which the noble Baroness, Lady Hayman, has just spoken. The powers, incentives and regulations—although, please, not too many—in the Bill will one day help us to get there. We are not there yet, but this is good; it is the right way to go, and we should back it in every way we can.

In the meantime, there is a crisis at the forecourt spreading through transport costs and affecting the price of everything. How do we stop that happening again? How do we convince ourselves that we are providing the security of the future unless we can answer that question?

First, the Gulf-state members of OPEC, whom we often describe as our friends, could be induced by the right approach to pump at least another half a million barrels a day right now. Although they have at last moved a little way towards that, they could quite easily do a lot more with their remaining spare capacity, although some of them deny that it exists. Also, the gas producers could ship more gas.

Secondly, Iran could put another million barrels a day into the market, if only the US Congress would let up and move to the nuclear agreement we once had. Perhaps we should point that out to our American allies.

Thirdly, we must encourage a crash programme of refinery-capacity building and resetting, which I do not see all that much of in the Bill. This is often said to

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be holding up supplies of petrol and diesel products and pushing up oil prices. Powers to rebuild the gas storage that we once had and should never have been allowed to run down—I do not know why it was—are also one of the immediate needs, and the present Bill helps there a bit.

Fourthly, of course, as many others have said in many debates, we need a constant increase in user efficiency and home insulation and a decline in oil intensity—that is, using less oil per unit of output.

Our UK net-zero goal, which is very much in evidence in the Bill, is admirable but everyone knows that it is not nearly enough. It has to be asked whether we, the British, with all our skills, are making the best contribution in the right way to rescuing the situation. Is the prioritising of a rather modest 1% reduction in global emissions, which is what we would achieve if we got to net zero, anything like adequate? Of course it is not. We proclaim climate leadership, but this has to be through a vast uplift in carbon capture and recovery from the atmosphere to prevent the world boiling. This requires us to raise our sights from narrow insularity to accelerated international action everywhere we can, working with like-minded friendly nations.

Greenhouse gases will not stop at the white cliffs of Dover just because we have done quite well with our net zero so far. Somehow we must be at the forefront in off-setting the millions of tonnes of carbon which the thousands of coal-fired stations across Asia and Africa are continuing to puff into the atmosphere, with more stations being added and old ones renewed.

The twin challenges of security now and tomorrow and freedom from appalling and crushing volatility and inflation, and at the same time finding an honest and effective way forward on climate change—the path we are not now on—are right before us, staring us in the face, and they are inextricable; they cannot be separated. I agree that many proposals in this Bill are needed and overdue, from opening the way back to a realistic nuclear replacement programme, to encouraging heat networks—I think that is a grandchild of what we used to call combined heat and power, like on the famous Pimlico estate—and to halting the huge scams associated with carbon offsetting arrangements. Anything that speeds up heat pump installations and makes them cheaper is very welcome: at 600,000 houses a year, which is the proposed aim, it will take four decades to retrofit 24 million homes, and goodness knows how many hundreds of billions of pounds.

All this amounts to only a tiny fraction of what is needed. For example, the whole nuclear replacement programme is on very shaky foundations. The current proposal is to build eight more large-scale replicas of Hinkley, or similar. The one now being constructed by the French and Chinese at Hinkley is already 10 years behind time, well above budget and facing component problems to boot. I know about these sorts of initiatives and the inevitable decades-long delays which ensue, having myself launched, in the other place in 1979, a programme of eight new pressurised water reactors, of which only one ever got built, and that took 15 years. A secure nuclear future has got to rely on much smaller 300MW to 400MW reactors which can be built quickly and which are privately financeable, a prospect now made easier by the sensible EU decision to register nuclear and gas investment as ESG approved; that is, labelled as green energy sources. Does the Bill open up that pathway, or take account of the international dimension? The Bill has also given a helping hand to fusion, which is good, but of course that is still years ahead and is again a completely international project.

Finally, unless we embark on new initiatives in almost every area of our current energy and climate policies, I see insecurity and failure ahead on all three counts: failure of reliability and security; more failure of affordability than now, and we could not go much further than now; and failing to combat the much hotter, much colder and much wetter climate violence ahead. Instead, we should now be learning the lessons and building and adapting better, far better, for ourselves, for our children's children and for the whole planet. That is what I would like to see a really focused energy security Bill do. This one, frankly, is only a start.

4.32 pm

Lord Whitty (Lab): My Lords, I begin by thanking the Minister for his cogent explanation of the Bill. I also very much appreciate following the very substantial intervention of the noble Lord, Lord Howell, where he really underlined the gravity of the short-term and long-term problems we face. The fact is that this is the first supposedly cross-sector Bill we have had for 10 years and it does not measure up. It follows detailed government statements on energy strategy, energy security and energy efficiency, on hydrogen, and also all the pronouncements on the path to carbon net zero, but the Bill, despite its size and its complexity, frankly, deals with only a small and limited part of those strategies.

It began life, of course, as an energy security Bill, but the "security" has been dropped and it now conveys, as I think the noble Lord, Lord Howell, was suggesting, very little sense of direction on energy security in either the national and global sense of energy self-sufficiency, nor in the domestic sense of affordability and reliability for the British economy, for households and for businesses here. I say to the Minister that, given the pressures on the legislative programme, it might have been better to have a more comprehensive Bill now; otherwise, we will be faced with further Bills in the next couple of years, dealing with the areas which this Bill, broadly speaking, omits. In default of a comprehensive Bill, perhaps he can give us an indication of what additional Bills, in both senses, we are expecting over the next couple of years. What is the programme of statutory instruments and policy statements that will be necessary to deliver the intentions of the Bill and the rest of the Government's programme?

But let me give the Minister some comfort and say what I broadly approve of in the Bill first. I agree with the concept of a future systems operator and putting it on a new basis. We need some degree of operational controlling mind in the electricity and other markets, and I think this moves us in the right direction. We still need to see how this role is developed and precisely what its operation and structure will be. How will it relate to the existing National Grid functions and to the potentially extended role of Ofgem, which is implied by the Bill but not really spelled out in any great detail?

I also very much welcome the resurrection of a commitment to carbon capture and storage, and the provision for support for that sector. It has been a serious failure over the last 10 years: the failure to endorse the outcome of the first competition in this area and then to completely abandon the second competition in 2015. So, we have not been on the path we should have been. It is clear from what the Climate Change Committee says that we will need to have a very heavy contribution, particularly in the period up to 2035, of carbon capture and storage if we are to get anywhere near the path we have set ourselves in getting to net zero by 2050.

It is true that there has been little progress on carbon capture and storage in the rest of the world as well as here, but we need to make a new start, and the UK is probably one of the best places in the world, in that we are able to store carbon in abandoned oil and gas wells in the North Sea and the Irish Sea. Indeed, if we move away from the original idea of carbon capture and storage—that we would put it on the end of a large emitter or a power station—and look at it at the centre of or serving a hub of industries, then actually the economics work out and probably the complexity is much less. I think the commitment to carbon capture and storage is very important.

I also welcome, to some degree, the support for increased decentralisation through heat networks and district heating. In particular, I welcome the commitment to consumer protection regulations for users of district heating, because although I absolutely buy into the concept of district heating, and it will be part of any future energy system in this country, the fact is that consumers—the households that rely on district heating—are not able to switch or to change provider or in many cases to change the tariff and the way in which they are charged. We need some protection for those consumers built into any increase in district heating.

As to what is not in the Bill, we all know that energy efficiency needs to be in the Bill. I appreciate that the other day in the Moses Room, the Minister introduced some improvements in the ecosystem for delivery of that; they were very minimal, but I welcome them as far as they go. The commitment to energy efficiency needs to be much more structured and widespread, so that it is not all delivered through the ecosystem but is delivered by the kinds of schemes we used to have; the commitment from the Government and government-induced measures to improve energy efficiency has reduced by more than 80% over the last 10 years. That really needs a new approach. Some of the systems that are still in operation in Scotland and Wales would be helpful here.

Two other things need to happen, because we have had two disastrous attempts to introduce energy efficiency programmes for the able-to-pay sector, and we need to have one that actually works and ensures that the owner-occupiers, particularly those who can afford to do so, are attracted to increasing the energy efficiency of their own homes. That also requires an effective household advice scheme. The downgrading of the Energy Saving Trust over the past few years has been unreasonable and it needs to be revived in some sort of form, so that businesses, individual households and landlords can get the best advice on energy efficiency.

The long-term objective of energy policy must be pretty clear: to get away from fossil fuels. Here, I disagree with the noble Lord, Lord Howell, at least in the immediate term. The answer to the dependence on Russian oil and gas is not for Europe, Britain and the United States to switch to other gas and oil suppliers. Frankly, it is a bit sickening to see that the response of Johnson and Biden to get away from the dependency on Russian supplies because of its treatment of Ukraine is to go cap in hand to another dictator in Saudi Arabia, which has been bombing and committing war crimes against its own neighbour, Yemen, for several years.

Nor is the response of the climate sceptics—that we simply reopen North Sea oil and gas or start fracking here—right. The fact is that gas is a world market and the electricity market is still linked to that gas price. Hence, the huge hikes that we have seen in consumer prices here are caused by the world gas situation. We need to reduce global dependence on gas, not enhance it.

We need a system that will divert investment, and hence dependency, away from fossil fuels through lower carbon investment and fuel sources. Part of this legislation helps that, and part will help the transition. But I return to the carbon capture and storage provision because the large-scale carbon users, particularly those which supply the building industry with steel, glass, cement and so forth, are not going to get away from carbon use in production very easily or rapidly. We therefore need a proper system of carbon capture and storage, of the sort now being advocated.

That requires a change in approach, one which will encourage investment in that sector. The Government are now committed to it. One of the major propositions of this Bill is to support it, but the Minister will probably recognise that in order for that to happen and be delivered in practice, a support system is required similar to the one we gave to offshore wind after the last major energy Bill. We need a development programme, a clear timetable and a clear indication of the regulations and statutory instruments required to enforce the legislation which will be applied to carbon capture and storage.

I was at a very useful briefing the other day from the Carbon Capture and Storage Association. Its chair was there: my noble friend Lady Liddell. She would be here were it not for the heat of the day preventing safe transport from Scotland, and she would undoubtedly be participating in this debate. We are a point where we can turn around a failure to implement carbon capture and storage over the last 15 years. There is interest out there, nationally and internationally, and we need to ensure that we deliver that. That will require more than the bald provisions of the Bill and a follow-up from the Minister's department to ensure it gets properly developed.

There are a few short paragraphs on hydrogen in the Bill. One of the difficulties with hydrogen is that it is touted as the solution to almost every sector's problem—heavy transport, heavy industry, domestic heating—yet we do not yet have the ability to produce green hydrogen without serious problems. The Government have, of course, produced a hydrogen strategy but it gives rise to a number of questions that still have to be fully addressed.

[LORD WHITTY]

I support many of the senses of direction of this Bill, but a lot more will be needed to deliver the outcomes the Government want. Here we are today on the hottest day of the year, with the temperature increase being the opposite of what we normally talk about, and which is required to transform the heating of homes in this country. We also need air cooling in our buildings and homes, and the technology exists to do that. To meet those kinds of challenges we need a very strong sense of direction from the Government. While the Bill goes some way in that direction, I fear that there will be many other Bills and we will require many other statutory instruments and policy statements from the Minister before the direction is properly set.

4.45 pm

Baroness Sheehan (LD): My Lords, it is a pleasure to follow the noble Lord, Lord Whitty; we agree on so very much. There may be some small differences of emphasis, not just with the noble Lord, Lord Whitty, but with others who have spoken today, that I hope I can add and bring to the debate.

I wanted to speak in this debate because I am concerned about what is happening to our planet. I do not believe the Government have seized the opportunity in the Bill to go to the nub of the issue. Before continuing, I register my interest as a director of Peers for the Planet. I think it is worth saying a few words at the outset about the fundamentals of climate change because that is the reason why many of the measures in this Bill have been brought forward. The question for me is: does the Bill move us in the right direction with a laser-like focus, at the speed needed to address climate change?

My noble friend Lord Bruce of Bennachie spoke about the mission of climate change, and that is what I really want to know: does this Bill address that mission? Energy is at the very nub of climate change, because the mass production of energy by burning fossil fuels to power the Industrial Revolution has led to the most rapid build-up of carbon dioxide in the atmosphere that our planet has ever experienced.

Today has seen the UK hit a temperature of over 40 degrees Celsius—imagine that—for the first time ever. What we need to do is to move the energy sector away from oil and gas and into the modern era. In May this year, the Mauna Loa Observatory in Hawaii recorded a concentration of carbon dioxide in the atmosphere of 421 parts per million. This is the highest ever recorded and has a direct bearing on the extreme weather events we see with increasing frequency.

For me, this figure has a particular relevance and significance. It was the last part of the discussion I had in 1989 with my fellow master's degree students at Imperial College when we were doing a master's in environmental technology. I will just put out there that I graduated with a distinction. The reason I bring this up is that, as a group of young scientists learning about the science behind climate change more than three decades ago—and in two decades' time I will be able to stand here and say "five decades ago", as my noble friend Lord Bruce did when speaking of his efforts to move forward energy efficiency—we were hugely concerned about the rise in carbon dioxide due to the Industrial Revolution. In the short period in geological time between 1850 and 1989, the concentration of carbon dioxide rose substantially: from 280 parts per million, its level for the previous many hundreds of thousands of years, to 350 parts per million—in the blink of a geological eye.

There was consensus that going over 400 parts per million would be a catastrophe and that mankind should do all it could to keep it under 400 parts per million. Well, that figure has been well and truly breached; the concentration of carbon dioxide is rising by 2 parts per million every year, and accelerating. We talk a lot about tipping points, but as we look at the extreme weather events we are witnessing, we can see that they are happening with greater and greater frequency and becoming more and more extreme. Who before last year had heard of the heat domes that engulfed north-west America, or atmospheric rivers? We really do need to sit up, take heed and realise that we have to act with speed. That is crucial. Are we doing that in this Bill?

It is important to dwell on why this Bill is a disappointment to so many of the people who really care about climate change, and raise their voices and act with conviction on it. It is a missed opportunity. As many previous speakers have said, it is a missed opportunity to tackle our demand for and waste of energy, as well as energy efficiency in households. Energy efficiency is universally acknowledged as an absolutely necessary first step in our fight to keep global warming to within 1.5 degrees centigrade. It must be absolutely essential given the temperature and weather extremes that we are already seeing; we have already reached a global climate rise of 1.1 degrees centigrade. It is our ambition to keep it to within 1.5 degrees centigrade, but even if all the promises made last year at COP 26 are realised and kept, we would still see a rise of 2.4 degrees centigrade by the end of the century. We are not doing enough; we have to do better.

I go back to energy efficiency. The Minister has said:

> "The cheapest energy is that which we do not use."

He is on board, but there is nothing in the Bill on energy efficiency. Perhaps I can put to the Minister the same question that I did in the debate on the IEA's report, *Net Zero by 2050*:

> "A 2015 report from the Association for Decentralised Energy states that 54% of energy of energy produced in this country is wasted, equivalent to more than half the average UK annual electricity bill, or about £592, in 2015. The report said that the amount wasted was equivalent to the power generated by 37 nuclear plants. Maybe the situation is better now than it was in 2015. If so, can the Minister update the House? If the data are not to hand, can he write to me and place the letter in the Library?"—[*Official Report*, 15/6/22; cols. 1657, 1646.]

I have not yet received a response to my question, but I hope that the Minister will take this further opportunity to reply and, if the data are still not to hand, write to me; that would be very welcome. Perhaps he could include information on how the reforms of the UK's energy systems in the Bill will address this issue.

Can the Minister say whether there are any plans to incentivise the upgrading of owner-occupied properties, which have fallen woefully behind those in other sectors? Does he think that the minimum efficiency standards are enough?

I also want to ask about the local authority delivery scheme, which is coming to a close. Local authorities are going to play a central part in meeting our net-zero targets, and this is one small way in which they could do so. I am sure that they would welcome more information on how they can play their part.

A major barrier to retrofitting for energy efficiency is the lack of a skilled workforce. It is one of the reasons behind the failure of the green homes grant. I wonder whether addressing this shortfall in skilled labour will be a priority for the Government. We are going to need a skilled workforce, not just in retrofitting our homes but if we are to deliver a just transition. We speak so much about it, but we really need to give the people who work in fossil fuel industries and the oil and gas sector the opportunity to retrain so that they can transfer their skills to other energy sectors. Some polling has been done showing that this is what they want to do—they want to stay in the energy sector. They understand the energy sector and would like to be able to contribute further to energy provision.

I have dwelt on tackling energy waste and making homes more efficient because this is low-hanging fruit. Frankly, it is astonishing that so little has been done to date to tackle it. I hope that the Minister will work with those of us who want to rectify the situation. I am sure that he will; I know he thinks that energy efficiency is something that ought to be tackled.

The future technologies in carbon capture, usage and storage that the Government are focused on are unproven at scale. There is nowhere in the world where it is working. Denmark has some small projects but there is nowhere in the world that we can point to and say that that is what we want to do. Gas will of course be a transition fuel. No one is suggesting that we turn off the taps today. I challenge the Minister to find anywhere in *Hansard* where I have said that the taps must go off today. It is a transition fuel. We know that we have to move towards a fossil fuel-free future in a sensible way, but we must take hold of the opportunities that we have. We must look at what is working and at what our innovation and technology has already delivered: clean, green energy with zero pollution. These are the industries we ought to be looking at.

Presumably a vast proportion of the £100 billion investment that will be unleashed by this Bill will go towards carbon capture, usage and storage. However, we are misdirecting our efforts and incentivising the wrong industries. Carbon capture, usage and storage may be useful in mitigating the miniscule amount of fossil fuels that we will need as we transition to net zero, but that will be an ever-diminishing amount. I am not sure that the Bill in this form recognises that gas will not make up a vast amount of our energy needs—that is a fact. Perpetuating the future of fossil fuels by investing in big projects for carbon capture, usage and storage is not the right way to go and is very short-sighted.

I want to say something very quickly on stranded assets. Russia's invasion of Ukraine has left us all reeling, but two wrongs do not make a right. It would be a mistake to use the short-term Russia-Britain gas issue to decelerate progress on the move away from fossil fuels. To use this as an excuse to invest billions in new fossil fuel infrastructure would be a crime, but this is what the Government are proposing to do—for example, by opening up a new round of licences for exploration in the North Sea this autumn. These new fields would not come online until long after the window to act to keep the global temperature rise within 1.5 degrees centigrade has passed. We are trying to limit global temperature rises to 1.5 degrees centigrade. How will the opening of new fields that come online after the date by which we need to do this has passed help? Much-needed investment in wind and sun will be diverted, and stranded assets would proliferate.

In the debate I tabled last month on the International Energy Agency's report, *Net Zero by 2050*, the question of stranded assets was raised. The noble Lord, Lord Lilley, who I am sorry to say is not in his place, dismissed stranded assets, saying that the cost would be borne by those foolish enough to be saddled with them. Although I acknowledge that the noble Lord, Lord Lilley, is far more au fait with the workings of the fossil fuels sector than I, I am pleasantly surprised to hear he thinks it will be the investors in new fields who will be saddled with the losses. Can the Minister confirm that the costs of stranded assets will be picked up by those who seek to profit by them and not by the UK taxpayer?

5 pm

The Lord Bishop of Carlisle: My Lords, I take many of the cogent and very well-informed points that have already been made in this debate, not least the one made by the noble Lord, Lord Howell, on the need for international co-operation. Even so, I welcome all three pillars of this Bill. Its stated direction could offer at least a step forward towards the goal of net-zero carbon.

I suggest in particular two rather domestic but, I hope, practical areas that could, in my view, do with further development in the Bill; namely, local renewable energy generation, as raised by the noble Baroness, Lady Hayman, and carbon capture, which has been addressed by the noble Lord, Lord Whitty, and the noble Baroness, Lady Sheehan.

In both cases, I hope noble Lords will forgive special reference to Cumbria, where I live. It is currently engulfed in a very contentious debate about the Woodhouse Colliery near Whitehaven that is not nearly as straightforward as it might first appear. Cumbria also has the "energy coast"—originally coal, then nuclear and now, increasingly, renewables. It has the Walney Extension offshore wind farm, which has more than 20% of the UK's wind farm generating capacity. What is more, as a county, we have more than 50% of all the potential small-scale hydropower generation in the north-west.

I must declare an interest here, since my own diocese, the diocese of Carlisle, has developed two local hydro schemes: one at Rydal, which powers, among other things, our diocesan retreat and conference centre, and one at Scandale.

There has been little or no growth in community-led energy generation schemes over the last six years, and we need more of them. Such schemes currently provide about 0.5% of the UK's electricity generation but, as we have been reminded by some of the many briefings

[The Lord Bishop of Carlisle]
that we have all received, no doubt, they have the potential to provide as much as 10% by 2030. The Church of England's vision for net-zero carbon for its own buildings and operations by that date involves a very considerable increase in on-site renewable energy generation.

We need an enabling mechanism, such as that outlined in the previous Session's Local Electricity Bill, which makes it possible for community energy schemes to sell power directly to local consumers. Current energy market rules make that very impractical at present. Those rules need to be changed. The benefits of more community schemes are considerable. They include a significant contribution to greenhouse gas reduction, greater energy security, more job creation opportunities, lower local energy bills, and better community ownership of the transition to net zero. Local involvement and empowerment really matter, as the noble Baroness, Lady Hayman, reminded us.

In Cumbria, community participation is already taking place through, for example, the Zero Carbon Cumbria Partnership and the Kendal Climate Change Citizens' Jury. Of course, there is a cost to all this. In the Church of England, nationwide, as we encourage all our suitable church and school buildings to install on-site renewable energy generation, we need to mobilise both private and public investment, including public sector funding—we hope—in order to reduce our carbon emissions.

With regard to carbon capture—and much more briefly—there is no doubt that the Bill will enable much-needed further development of carbon capture, utilisation and storage, but perhaps it needs to be more clearly targeted in two areas in particular. One is that of industrial processes, such as the production of gravel and cement. The other, which again brings me back to Cumbria, involves reshaping agricultural subsidies to enhance natural capital through carbon storage in peat. In the Lake District, peatland already holds about 23 million tonnes of carbon. The intentional management of peatland across the country could make a valuable contribution to carbon capture and storage.

I look forward to the Bill's further progress.

5.05 pm

Lord Moylan (Con): My Lords, it is a privilege to speak after the right reverend Prelate and to hear of the encouraging things happening in his diocese. We also heard him mention the fact that they have a cost. He is possibly the first speaker in this debate who has drawn attention to cost; I shall spend quite a lot of my time talking about exactly that.

This is a technical Bill but it has a simple purpose: to give effect to the British energy security policy. In my view, that means ensuring that energy is available abundantly and affordably to the British people and to British industry and businesses, and also that energy is, as far as possible, secure against external shocks. That is how we maintain and enhance our prosperity, and any other statement of the Government's objective would appear to me to be traducing the obligations we have to the nation.

Net zero is not an energy strategy but a constraint on how we might achieve our energy strategy. Nobody seriously thinks that the UK's commitment to achieve net zero by 2050 will have any significant effect on the heating of the planet, since we produce only 1% of global emissions. At best, it is setting an example to the world; its practical effect will be very small indeed. The core strategy for this Government has to remain abundant and affordable energy for the UK. If my noble friend on the Front Bench disagrees about that, I am sure he will say so when he winds up. The question is how the Bill and the energy strategy it effectuates measure up to that objective. It is a mixed bag and, like other speakers, in the interests of time I will be fairly selective about the parts of the Bill I choose to focus on at this stage.

One of the things the Bill does is encourage investment in wind power. Despite claims that the cost of wind power is constantly falling, that is simply not true. Although it has fallen from its early days, it is ceasing to fall; the fall is declining as a result of the maturity of the industry, as you would expect with any industry that matures. But even if the marginal cost of wind power can be brought down to something close to zero—in other words, that it is similar to nuclear power in that regard—none the less, the capital costs required would still require subsidies, in addition to the feed-in tariff, and these are very large indeed when it comes to offshore wind.

Moreover, despite providing in excess of 20% of our energy, there are many days when wind power falls close to zero, and much the same can be said of solar. This means that gas generation has to be available to take up the slack at those times. I heard the noble Baroness, Lady Sheehan, envisage a day when demand for gas would be zero. I do not understand what source of power she imagines will take up the slack when the wind is not blowing and the sun is not shining.

Baroness Sheehan (LD): I challenge the noble Lord to say where I said that the need for gas would be zero. I said it would be minuscule.

Lord Moylan (Con): I am happy to accept the correction from zero to minuscule because it does not change my argument in the slightest. I thought I had said close to zero, but either way I am more than happy to accept the word "minuscule". I was hoping when the noble Baroness stood up that it would be to tell me what fuel it was that was going to take up the slack in the place of gas.

To make demand for gas intermittent in order to match the intermittency of wind power is, in the words of Professor Sir Dieter Helm,

"devastating to the economics of gas generation and for two reasons".

First, it takes a much longer time to recover the capital costs, and, secondly, because the gas power is demanded only intermittently, the cost of producing that supply increases as well. So in addition to the high cost of wind generation, we have to take account of an inevitable increase in the cost of electricity generated by gas simply to match it and make up for the intermittency. Professor Helm is a great supporter and advocate of net zero. His complaint is that we are not being honest

with the British public about the costs of it. My noble friend the Minister will be able to say whether he thinks the Government are being honest with the British public and that Professor Helm has got it wrong, but net zero is not cheap and the Government need to level with the public. They need to show that their energy strategy is affordable.

Then we come to the question of abundance. The noble Baroness, Lady Blake, referred, as did other speakers, to Russia's illegal war in Ukraine. My worry was that she had not taken account of how radically that has changed our situation, but my worry on that score rather fell away when I heard my noble friend Lord Howell of Guildford. He explained very clearly that it is not some minor event; it is a radical change in the energy supply market, and it goes to the question of whether we are going to be able to maintain abundant supplies.

The noble Baroness called for three things to happen simultaneously as a result of the Bill: she wanted to cut bills, increase security and tackle climate change—I hope I have referred to her correctly. My point is that you cannot have all three. The second two require higher bills because the cost of them is largely borne by bill payers rather than taxpayers. Even if you take it out of the bills and put it on to the taxpayers, the taxpayers are of course the bill payers with a different hat on.

There are things in this Bill that I agree with. I was particularly pleased to see the reference to the promotion of nuclear fusion. It may be a very long way off—nuclear fusion as a solution has always been a long way off—and that makes one a bit sceptical, but I have confidence that something can be done. Nuclear fusion is of course an extremely clean form of energy, not like nuclear fission, and the UK Atomic Energy Authority is a leader in the field. At the moment there are half a dozen places throughout the country competing to be the home of the UK Atomic Energy Authority's spherical tokamak, which is going to take forward Britain's next step in developing the prospect of genuine nuclear fusion. If anything, I would encourage the Government to spend more money, as I am told that that would speed up the work; that is all very good. Nuclear fission will be core to providing our baseload, and I welcome the work the Government have done to promote that as well. But large amounts of gas will remain absolutely indispensable to our energy mix—all the more so the more we rely on wind and solar.

The gaping hole in this Bill and this strategy—not only the hole referred to by my noble friend Lord Howell of Guildford, in that we are not sufficiently encouraging increased oil production among the oil producers—is, as far as our domestic policy is concerned, its failure to put increased domestic production of gas at the heart of our energy strategy.

5.16 pm

Viscount Hanworth (Lab): My Lords, I am tempted to address some of the issues that the noble Lord, Lord Moylan, has raised, but I have other things to say. However, I welcome his support—if I understand him correctly—for a baseload of electricity generated by nuclear power. With regard to the recommendation that we should rely heavily on a revived supply of gas, I tend to agree with his critics.

As others have already observed, the Energy Bill is a massive document, spread across 330 pages of dense legalese. The Bill contains 243 clauses and 19 schedules which will deliver 26 separate measures of a very diverse nature. It is not possible at Second Reading to devote close attention to the details. Instead, it may be appropriate to discuss the wider context in which the Bill has arisen.

The harbingers of the Bill have been a flurry of White Papers emanating mainly from the Department for Business, Energy and Industrial Strategy. The most recent of these has been the *British Energy Security Strategy*, published in April 2022, which describes how Britain might generate:

> "Secure, clean and affordable … energy for the long term."

There should be no doubt about the enormity of the task facing this country in adapting to the realities of climate change and energy insecurity. Moreover, we are tardy in our preparation to meet these exigencies.

It is appropriate to compare our state of unpreparedness to that of the nation on the eve of the Second World War. In the previous decade, our politics had been dominated by a spirit of conservative laissez-faire, and during the crucial years from 1935 to 1937, the office of Prime Minister was occupied by Stanley Baldwin, who seemed to make a virtue of indolence. He was succeeded by Neville Chamberlain, who believed that the best way to ward off an increasing threat of warfare was by emollience and appeasement. We are facing threats to our prosperity, if not to our survival, with a similar lack of preparedness and concern.

What was remarkable about Britain's response to the demands of waging war was its abandonment of the laissez-faire ideology in favour of a co-ordinated, strategic direction, accompanied by a broad national consensus on the purpose and necessity of the endeavour. Despite the absence of any precedent for this, the wartime Government sponsored two generations of innovative military technology, the second being the basis of the post-war aviation, civil nuclear and native computer industries. We should hope that a similar strength of purpose and national cohesion would arise to confront the current threats. However, we are a long way from achieving this and are obstructed by some powerful legacies.

The first of these is a legacy that comes from a prolonged era of material aspiration and amelioration. Over much of the post-war period, the citizens of the UK have experienced continuous material betterment, and they have aspired to see this process continue or even accelerate. Occasionally, their aspirations have been frustrated, and then rising anger has threatened social and economic dislocations. We are due to witness something of this sort in the near future in consequence of the cost of living crisis and the escalating price of energy. The anger that is arising will be exacerbated by the realisation that the increasing inequalities of our society have ensured that the distress will be felt to very different degrees among the rich and the poor.

The second inconvenient legacy is the economic doctrines of Margaret Thatcher that still dominate the minds of the incumbent Administration. These doctrines are averse to centralised strategic direction of the economy. Such nostrums discourage the Government from taking the initiatives that would most effectively

[Viscount Hanworth]
address the emerging problems of energy insecurity. They have been largely responsible for our woeful lack of investment in our energy infrastructure. The ideology that led to the privatisation of our public utilities, including power and transport, has proposed that the private sector is best equipped to run and invest in such enterprises.

An adjunct of privatisation has been the creation of the economic regulators. According to a government document, their role is to monitor compliance with contractual obligations to the Government and users and to establish technical, safety and quality standards. This description of their role does not include ensuring that infrastructure services are delivered efficiently or that adequate investments are forthcoming. It is interesting to note that, in certain connections, the Energy Bill is proposing unprecedented interventions by agencies created by the Government. The proposed independent system operator and planner will have powers to raise levies to fund the hydrogen business model and to raise similar levies to support carbon capture and storage. These are minor departures from the true faith of conservative neoclassical economics.

The continued willingness to allow the private sector to determine the investments in energy infrastructure without significant central guidance has been largely a consequence of an experience that arose out of the privatisation of the electricity industry. This occurred at the time when the supply of North Sea gas was reaching a peak. The private electricity utilities were able to invest rapidly and cheaply in combined-cycle gas turbine generating plant, which displaced many of the ageing coal-fired power stations. This was a pre-existing technology that was easy to implement. The utilities have been able, subsequently, to invest in wind turbine generation, the technology of which has also been relatively undemanding, notwithstanding the progress that it has been making. The success of these episodes seemed to confirm the effectiveness of a policy of laissez-faire.

More recently, there has been a persuasive demonstration of the unwillingness of private industry to invest in infrastructure projects that cannot achieve immediate financial returns. This has been demonstrated by the successive failures of projects to build the much-needed nuclear power stations. For the purpose of constructing nuclear power stations, the Government are now hoping to mobilise the capital invested in pension funds. They intend to rely on a so-called regulated asset base that allows construction projects to impose levies on consumers of electricity during the course of construction. It is doubtful whether this will be a sufficient inducement to build nuclear power stations.

The first generation of civil nuclear power stations embodied a new technology, the development of which was fully supported by the Government, as were the costs of constructing the stations. The current Government have shown themselves unwilling to adopt such a role. They have been unwilling to offer more than a grudging modicum of support to assist the development of small modular nuclear reactors. Apart from the minor support that is hinted at in the Bill, the same is true of the development of the technology and infrastructure for hydrogen fuel, synthetic aviation fuel and carbon capture and storage.

There is no mention in the Bill of the technology that is required to be developed if we are to replace the use of fossil fuels in steel production, in manufacturing cement, glass and bricks, in surface transport and aviation, and in many other applications. It is assumed that this technology will arise automatically.

To meet the objectives of securing the nation's energy and of staunching its emissions of carbon dioxide, the Government must engage fully in a technological and an economic revolution; otherwise, their plans are bound to fail. The Energy Bill is a bizarre document. It contains detailed provisions to meet contingencies within scenarios which will not transpire unless the Government act very differently—and unless they do, we will be destined for economic misery and social discord.

5.25 pm

Lord Ravensdale (CB): My Lords, I declare my interests as a director of Peers for the Planet and as a project director in the energy industry, working for Atkins. I really welcome the Bill. It comes at a time of unprecedented challenge for energy, as many other noble Lords have alluded to. Any modern economy requires copious amounts of energy at a price that people, industry and business can afford; that is the economy side of the energy trilemma. But added to this are the other two sides of the trilemma: sustainable supplies that are secure. When considering alternative energy options, it is essential to consider all aspects of the trilemma and it is the resulting complexity of the modern energy system that makes a controlling mind so vital to delivering it. The noble Lord, Lord Moylan, made an articulate case for the issues in balancing the three sides of that trilemma.

Following on from that, most of all I welcome the establishment in the Bill of the future systems operator to be that controlling mind. I have consistently argued in this House over the last three years for an independent architect to oversee and deliver, on a systems level, the net-zero energy system. I was delighted to listen to Sir Patrick Vallance speak at a briefing organised by Peers for the Planet and the Climate Change APPG last week. He strongly made the point at that briefing about the importance of a systems approach to net zero, stating:

"This is a systems-wide problem; it affects virtually every part of every department, and therefore you need a systems approach".

The future systems operator is exactly what we need to implement that systems approach and deliver the energy system that we need.

However, there is really an elephant in the room regarding the energy system and the Bill: the build rate of new capacity. The noble Lord, Lord Howell, touched upon that in his powerful contribution. We have a world-leading target of decarbonising our electricity system by 2035 but my concern is about delivery. Atkins has undertaken a calculation of the build rate of new capacity required to hit that 2035 target. This is nothing complex; it looked simply at the total capacity required in the BEIS scenarios for 2035 and divided that by 12.5 years, allowing for an estimate of capacity that will need to be decommissioned over that timeframe. The results are eye-opening, to say the least.

From the BEIS scenarios, a minimum of an average of 12 gigawatts of annual installed capacity is needed every year between now and 2035 to hit the target. The next question is: what have we managed in recent years? In 2019, we managed 2.8 gigawatts; in 2020, we managed 1.1 gigawatts; in 2021, it was 1.6 gigawatts. If we go on like this, it is very hard to see how we are going to meet the 2035 target. A real step-change is required because the upshot is that to replace ageing power plants and ensure enough generation is built to meet the peak demand requirements, the UK needs to build a minimum of 159 gigawatts of new generating assets by 2035. That is the equivalent of building the UK's entire electricity generation system one and a half times over, in under 13 years. That illustrates the real scale of the challenge.

So I ask the Minister: at what point will the Government publish a clear national plan for achieving that 2035 target and move to a large-scale programme of delivery on a fleet approach for proven technologies such as offshore wind and nuclear generation to speed up the build rate and maintain security of supply?

Continuing on the systems thinking theme, another area I have highlighted previously that needs more attention is the role of local authorities in delivering net zero, building on the remarks of the noble Baroness, Lady Hayman, and the right reverend Prelate the Bishop of Carlisle. Local authorities know their areas best and so will play a key role in areas such as the rollout of clean heat and energy efficiency. Searching through this vast Bill, I was somewhat disappointed to see the word "local" used only 10 times. This is very welcome in the context of heat networks, but we need to do much more.

For example, the Bill could be changed to widen the focus of zoning to cover not only heat networks but also heat pumps and urgent retrofit. The Government already accept that local authorities will be central to decarbonising heat and local area energy planning in particular, but until recently councils have had to competitively tender for funding in these areas. This favours those well-organised councils that have the means to bid for funding, and the result is a patchwork which does not address the overall need. If the Bill could also define clean-heat zones, this would start to address on a systems basis one of the biggest challenges we face in decarbonising our economy. So can the Minister state what plans the Government have to take a wider look at defining the role of local authorities and zoning beyond heat networks to cover heat pumps and urgent retrofit?

I would also like to continue discussions with the Minister on the inclusion of nuclear within the energy sources that are eligible for RTFO—renewable transport fuel obligation—support, placing it on an equal footing with other low-carbon sources. There remains an opportunity here to kick-start the UK hydrogen industry in the near term through Sizewell C's construction. I look forward to exploring these and other issues in more detail when we return from the Recess.

5.32 pm

Baroness Bennett of Manor Castle (GP): My Lords, rising to speak at this point, I feel I need to respond directly to the noble Lord, Lord Moylan, who asked about what zero or a miniscule amount of fossil fuel in the global energy system or Britain's energy system by 2050 would look like. I am not going to address this in great detail, but I will point the noble Lord to a study published in 2019 by LUT University in Finland and the Energy Watch Group in Germany.

It mapped out in great detail what a 100% global renewable—no fossil fuels and no nuclear—energy system would look like. It would be economically competitive with the current fossil fuel and nuclear system. Before the noble Lord leaps up, he made much of the issue of intermittency of renewable sources. I point out that in this study 23% of electricity demand and 26% of heat demand is provided from stored sources to meet the need when necessary.

I will also address the suggestion made by the noble Lord, Lord Moylan, that net zero was a constraint on energy policy. The practical reality is—we are reminded of this fact today, as many noble Lords have noted—that we are now globally at 1.1 or 1.2 degrees above pre-industrial levels of warming. This is what 1.1 or 1.2 degrees looks like; 1.5 degrees would be much worse and beyond 1.5 degrees, as the world collectively agreed in Paris at the climate talks, is unthinkable. To sum it up, this is not politics; it is physics. It is the limit we have to meet, and that means not burning fossil fuels.

Coming to my main remarks, I declare my position on the advisory panel of Peers for the Planet and my positions as vice-president of the Local Government Association and the National Association of Local Councils.

I am delighted to see that my noble friend Lady Jones of Moulsecoomb is foreshadowing the future: by occupying what might be a Front Bench wrap-up position on this debate, she will provide an overview of this Bill. A Green in that position is something that your Lordships' House is clearly going to need more and more as the issues of the climate emergency and social justice, which are so central to Green political philosophy, become more and more pressing. She will be covering the utterly "inadequate and unlawful" state of government policies—these are not my words or those of my noble friend but the words of yesterday's High Court judgment—and the solutions already on tap, including the Climate and Ecology Bill introduced by the noble Lord, Lord Redesdale, that had its Second Reading on Friday.

I will focus on some very specific elements of the Bill, and the ways in which we, as Greens, will be working with others to improve it. On improvements, I will begin by identifying some of the missing elements, which I am delighted to say have all been highlighted to varying degrees by other noble Lords.

First, we need enabling legislation to establish local energy supplies, aimed at reigniting the growth of community-run renewable energy schemes that were just taking off when the rug was pulled out from underneath them. The right reverend Prelate the Bishop of Carlisle, among others, has highlighted the importance of this. In the last Session of Parliament, we saw 308 MPs, including 120 Conservatives and 119 Labour MPs, supporting a local electricity Bill that would have created a local energy supply mechanism, enabling smaller-scale renewable generation schemes to sell their

[Baroness Bennett of Manor Castle]
power directly to local people. This would have made many of these schemes more viable than they are now. I spoke about the rug being pulled out: we have seen hardly any growth in community energy schemes in the last six years. Those are not just six lost years in terms of cutting emissions but six lost years of local prosperity that could have been generated, particularly in those communities which are the subject of the Government's levelling-up agenda. Money is being taken from the pockets of people who can ill afford it.

We have also seen the impact on so many small independent businesses and co-operatives; solar installers and small hydro scheme designers will certainly not accept that the Conservative Party is any sort of supporter of their sort of business. My understanding is that the Government have said that they will accept the aims of the Bill and that there have been preliminary meetings with the Energy Minister and BEIS officials. So I have direct question for the Minister: why is this not already in the Bill? This is something that is oven-ready, to use a popular phrase.

Secondly, another point that noble Lords have picked up, including the noble Lord, Lord Ravensdale, is the crucial role of local authorities and local communities in delivering net zero. The Climate Emergency UK website—which I checked this morning—shows that 409 councils have declared a climate emergency. Action is being taken locally, where it is acknowledged that this is of great importance, and there is huge potential for municipal energy and, crucially, for energy saving schemes. It is crucial for policy in the energy area, as in so many other areas, to get away from the deadening centralism of Westminster and to unleash the energy, enthusiasm and knowledge of democracy in local communities. As the noble Lord, Lord Ravensdale, set out, the money that has gone out to local communities is still being doled out on the decisions of central government, which is hanging on to the purse strings and handing over money only to those who will jump through the hoops that Westminster wants them to jump through.

This is something that is recognised on the global scale: I watched over several COPs as the Green councillor Andrew Cooper drove an acknowledgment of locally determined contributions into the international COP agreement. I am sure that all noble Lords in this debate have heard of nationally determined contributions as a part of COP, but locally determined contributions are also recognised, and we as a nation should be making much more of them.

Thirdly, in terms of missing areas, as several other noble Lords have already pointed to, we must end the barriers to new onshore wind. According to the Government's own research, 80% of people in the UK now support onshore wind and only 4% oppose it. There is no relaxing of the planning rules around onshore wind in the recently published energy security strategy; the document says that the Government

"will consult this year on developing local partnerships".

In his response, can the Minister tell me how that is going, and why there is nothing in the Bill for onshore wind?

It is clear that those three elements that I have identified as missing are all interrelated. In this Bill, we have the Government privileging the large corporates, the gigantic multinational corporations and the lobbying-driven interests of the financial sector over the empowering of communities, small businesses and co-operatives and the interests of the planet. It is the role of your Lordships' House to turn that around.

I will briefly skip through some of the areas of the Bill and what could be improved. I very much agree with the noble Baroness, Lady Blake of Leeds, about the Bill's strange balance towards carbon capture and storage and hydrogen, even if you look just at the sheer number of clauses and words.

The planet does not give us a "get out of jail free" card from the climate emergency, but all too often it seems that carbon capture and storage is treated as that card. The sums for continuing to treat this planet as a mine and a dumping ground are made to add up with this magic, expandable—and unproven and uncertain at scale—addition, rather than there being any acknowledgement of the need to live within the physical limits of this planet. The maths gets particularly magical when it comes to biomass carbon capture and storage, where the trees that might, if they survive, store carbon in 100 years are treated as though they are delivered and locked down today. Part 2 of the Bill needs close attention from your Lordships' House.

Part 3 covers hydrogen, which no doubt has a place in our renewable energy future as a method of storage at times of high generation and for use in hard-to-decarbonise sectors such as ocean and land freight and steel production. But the Government have failed to clearly identify these as the place for hydrogen. The Bill seems to point towards its use in home heating, where it is grossly inefficient and definitely not the direction in which we should travel. Electrification is a more effective and far more energy-efficient method of displacing gas for most purposes.

I move on to another major part, Part 8 on energy-smart appliances and load control. We need to get away from thinking about the energy system as a tap that can carelessly be turned on and off at will. Indeed, we also need to think a great deal more about water conservation, addressing the ideas behind that metaphor. Energy use needs to be thoughtful. Is the energy we are using right now a good use of this scarce resource that, no matter how it is generated, will cause environmental damage? As many noble Lords have said, the best energy is the energy you do not need to use.

I will be interested to hear how many times we hear "world-leading" from the Minister, but where are the really simple measures in the Bill? I have talked about home energy efficiency and the energy efficiency of buildings so many other times, and I shall not run through that at length. In fact, with reference to Part 9 on the energy performance of new premises, all we need do is point to the healthy homes debate last Friday from the noble Lord, Lord Crisp. We could take that wholesale and put it into the Bill. Why do we have office buildings with nobody in them but lights blazing all night? Why do we have so many invasive, unpleasant video advertising screens blaring at us from every public space? Those are the kinds of things

that other countries have acted to control, to reduce energy demand for things we do not need. We need to see that happening.

Finally, skipping through even faster, Chapter 3 of Part 3 is on fusion energy. Oh dear. As long as I have been a grown adult, it has been only 20 years away, and I have been a grown adult for quite a long while. It is a noticeable contrast that this is in the Bill and onshore wind is not.

Clause 162 is on electricity storage; it is extraordinarily brief and sketchy. As I said in commenting on the references made by the noble Lord, Lord Moylan, this is a crucial area, which surely needs more work. I invite noble Lords, people watching this debate, interested NGOs and campaign groups to contact me about what more we need to do in this area.

Finally—and I shall not major on this today, because the debates will also be held elsewhere—Part 12 addresses the civil nuclear sector and the whole idea of undersea nuclear waste storage. I ask the Minister how this squares with the 1972 Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter—known, neatly enough, as the London convention—which acknowledges the limited capacity of the oceans to assimilate wastes and render them harmless and their limited ability to regenerate natural resources. Originally, it only covered high-level radioactive waste, but it was amended in 1992 to ban the dumping of low-level radioactive waste as well; that is known as the 1996 London protocol. I note the statement signed by the Minister on the front of the Bill about environmental law, so I ask him how this proposal squares with that convention.

5.46 pm

Baroness McIntosh of Pickering (Con): My Lords, I am delighted to follow the noble Baroness, who speaks with great knowledge and great passion. I refer to my interests on the register, in particular that I am president of National Energy Action.

I take this opportunity to welcome what is a significant Bill, about which our expectations are extremely high. We are looking to achieve security of supply with stable prices against the backdrop of the implications arising from the war in Ukraine. Clearly, the impact on households, families and businesses has been considerable, so I particularly welcome the package of measures to which my noble friend referred in introducing the Bill this afternoon.

I take this opportunity to ask my noble friend to what extent the Bill will encompass not necessarily new sources of energy but sources of energy that I believe we have not developed to the extent that we should. I am thinking in particular of energy from waste. The reason why I am firmly committed to energy from waste is that it solves two problems in one go. It not only takes waste that would otherwise go to landfill—in many instances, these sites are now full—or that cannot be reused or recycled, but it creates a new source of energy at the same time. One successful example is in North Yorkshire, in the heart of my old constituency of the Vale of York, at Flaxby. In that case, the energy that was created was fed into the national grid, which I think is a mistake. I believe that it should be fed to the local community, to enable it to feel the benefits from this locally sourced energy.

I believe that, as others have suggested this afternoon, we should learn from other countries. I am particularly pleased that just this week the EU has signed a memorandum of understanding with Azerbaijan, securing a more stable gas supply than from other unreliable and less dependable sources—let us face it, that means Russia. Gas imports from Azerbaijan will be doubled to 20 billion cubic metres by 2027. That has to be extremely welcome.

Others have referred to Denmark—and, being half Danish, it would be remiss of me not to refer to Denmark too. Denmark was completely caught out in 1973, in the original oil crisis. It did not have natural sources of oil or gas to the extent that Norway and other states did, but it turned that around in a short period and now relies almost totally on renewables, including distance warming and energy from waste. In Denmark, the local community benefits from the reduced cost of heating, energy and hot water in their homes. I believe that that immediately makes the community accept what in this country there can be huge resistance to, such as a chimney being part of a facility, as I found out to my cost.

I would like to take this opportunity to ask my noble friend the Minister a number of questions that arise from a first reading—on this occasion, a Second Reading—of the Bill, if I may. He referred to the part of the Bill that talks about offshore wind. What research has been done on the impact of offshore wind farms on marine mammals and wildlife? In its latter days, the Energy and Environment Sub-Committee took evidence in which we heard various academics state that they estimated the damage to marine mammals and wildlife to be considerable. I suggest that, before we consider having any further offshore wind farms, we consider what research lends itself to the damage that can be done.

I take issue with what the noble Baroness, Lady Hayman, said with regard to onshore wind farms. One of the dangers of both offshore and onshore wind farms that we are not necessarily told about when planning permission is first sought—I hope that, on a different occasion, there will be an opportunity to amend this in the levelling-up Bill—is that, once an offshore farm reaches shore and when an onshore farm is onshore, each relies on ghastly overhead wires and pylons to transmit the electricity to the national grid or, in the case of North Yorkshire, to some distant southern part. We must accept that 30% of the electricity is lost in transmission; it is utterly wasted. We have to look carefully at why we still rely on the overhead transmission of electricity. I remind your Lordships of the damage caused by Storm Arwen, when thousands of houses lost their electricity—for six days in some cases—last autumn. To a large extent, that was because we in the north are completely dependent on transmission via overheard wires.

On the role of Ofgem, my noble friend the Minister referred to it being appointed to regulate the heat networks. For what reason does the Bill not give heat network customers equal market protections as would apply to gas and electricity customers? For example, the Bill should include a price cap and rules to regulate customers fairly to ensure that debt is collected at a

[Baroness McIntosh of Pickering]
rate that is affordable to customers. If it is in the Bill and I have missed it, perhaps my noble friend could explain to me where it is.

As I am sure all noble Lords have, I have received a number of helpful briefings for this afternoon. I refer to one of them, from the Association of Convenience Stores. It points to the part of the Bill—Part 10, I think—on fuel retailers without a wetstock management system. Can my noble friend the Minister confirm that they will be requested to provide information on their fuel stock levels only in emergency circumstances? I remind him that the association includes more than 7,000 convenience stores that trade from fuel sites, which provide 88,000 jobs across the UK.

I also want to look at how the Bill seeks to empower the raising of new levies on customer bills, in particular the new levy on gas bills to fund hydrogen. Will my noble friend give the House an assurance today that these new costs will not be put on the standing charge? As he will recall from the statutory instrument that we debated in Grand Committee last week, I believe that standing charges have already been increased by too high a level and that any further increase should be seriously considered before being imposed on a standing charge.

I am delighted to see that Ofgem has raised an investigation into potentially unjustified increases in the direct debits of households by six energy companies. I am struggling to think which the other companies are—I thought we were down to about six major energy companies—so I look forward to the outcome of that investigation with great interest. With those few remarks and those few questions, I give the Bill, for the most part, a very warm welcome this afternoon.

5.55 pm

Lord Haworth (Lab): My Lords, this Bill, referred to as the energy security Bill in the Queen's Speech, must be one of the biggest pieces of legislation introduced in your Lordships' House in a very long time, if not the biggest. It comprises 13 parts, 25 chapters and 19 schedules and runs to 328 pages, not counting the 14 pages merely listing the contents, and weighs in at 1 kilogram on my bathroom scales. Will it make much difference?

The Bill's stated aim is to

"Make provision about energy production and security and the regulation of the energy market, including provision about the licensing of carbon dioxide transport and storage; about commercial arrangements for industrial carbon capture and storage and for hydrogen production; about new technology, including low-carbon heat schemes and hydrogen grid trials; about the Independent System Operator and Planner; about gas and electricity industry codes; about heat networks; about energy smart appliances and load control; about the energy performance of premises; about the resilience of the core fuel sector; about offshore energy production, including environmental protection, licensing and decommissioning; about the civil nuclear sector, including the Civil Nuclear Constabulary; and for connected purposes."

In addition to all this, it is worth noting that the accompanying Delegated Powers Memorandum, which clarifies and justifies the necessary powers and which has been prepared to assist the Delegated Powers and Regulatory Reform Committee in its scrutiny of the Bill, runs to a further 189 pages. This is truly a mammoth piece of legislation, and the above description was not complete, as there are three further sets of provisions to be added during the passage of the Bill, as the Minister mentioned in his opening speech.

It is the first major energy Bill for many years and has been long in gestation, though an added impetus to its scope and comprehensiveness has been given by the COP 26 commitments, which the Government have so far been keen to support, and the sharpened realisation of the vulnerability of our energy security in light of the Russian invasion of Ukraine and the ongoing war. The fact that it is deemed suitable for starting its passage in the Lords suggests that the Bill will not be seen as highly controversial, notwithstanding that it has now appeared as the Energy Bill, a much shorter title than the previous one: this must be the only thing that is shorter.

The Secretary of State and the Minister of State wrote to all Peers on 6 July, setting out the rationale for this "landmark legislation". The letter helpfully sought to simplify the description of the overall approach under three headings or pillars. To recap, pillar 1 is leveraging in private investment in clean technologies and building a homegrown energy system. Pillar 2 is reforming our energy system to protect consumers from unfair pricing. Pillar 3 is ensuring the safety, security and resilience of the UK's energy system. It is the provisions under this third pillar that I wish to briefly comment on and broadly welcome.

It has long been a feature of our energy system, and the effect of privatisation all those years ago, that it moved from being one that was nationalised and under central control to one in which the hidden hand of the market would be central. That was the whole point. Those who did not share the enthusiasm for this ideological approach tended to point out that trusting to luck and hoping for the best was not an adequate policy, but the zeitgeist of that era was dogmatic. Adam Smith's hidden hand must be allowed to prevail, and so it has for over 30 years, albeit, as the Minister is keen to emphasis, in a regulated market.

It was because of the Prime Minister's clear statement in the *British Energy Security Strategy* White Paper in April this year, saying that action would be taken to drive future energy policy rather than leaving it to market forces, that I welcomed the Bill in the debate on the Queen's Speech. Prime Minister Johnson committed in that document to establishing the "Great British Nuclear Vehicle". I have searched the Bill high and low and cannot find any mention of this very Johnsonian concept. What has happened to it?

The Bill does provide for the establishing of an independent system operator, apparently hitherto known as the future system operator. This is to be

"an independent, first of a kind body, acting as a trusted voice at the heart of the energy sector."

If that means what I think it means, there will at last be a strategic planning mechanism, and then I would be wholly in favour of it. The background briefing notes note that this body will provide strategic oversight across electricity and gas systems, though with no particular mention of nuclear. It will drive progress towards net zero, energy security and minimising consumer costs.

Confusing changes in terminology and the seeming disappearance of "Great British Nuclear", whatever it was, do need a fuller explanation. Nevertheless, I welcome this Bill and look forward to the Minister's response and to the on-going passage of this landmark —we hope—legislation.

6.02 pm

Baroness Boycott (CB): My Lords, it is a great pleasure to follow the noble Lord, Lord Haworth. I think everyone will agree this is a very substantial Bill indeed. Like most noble Lords, I welcome it; anything that will make the energy sector make provisions towards net zero and a stable future has to be welcomed. There are areas, as I say, where we can agree, but there are some conspicuous absences and some need for massive improvement.

There have been, as many noble Lords have pointed out, a lot of mentions of hydrogen. While everyone agrees that it will have a key role to play in decarbonising certain hard-to-abate sectors, the thought of having hydrogen pumped into people's homes seems at best really inefficient and at worse plainly dangerous. Would noble Lords want hydrogen pumped into their homes? This Bill will allow for a hydrogen village trial to be built, and the fact sheet states that:

"Low carbon hydrogen could be a key option for decarbonising heat in buildings".

However, 18 independent studies—and that includes the IPCC's and IEA's—have ruled out hydrogen as playing a major role in the heating of buildings. It is expensive, inefficient and it is high carbon. Research by the Hydrogen Science Coalition shows that delivering one unit of heat with green hydrogen requires six times more renewable electricity, which will also be hard to practically deliver, as we have heard from many noble Lords this afternoon, and is significantly less energy efficient compared to heat pumps. There is also a risk that, due to insufficient green hydrogen, blue hydrogen—that comes from natural gas with carbon capture and storage, emits methane and will lead to increased gas sales—could be used instead. This would maintain the use of the fossil fuel network into the future.

Just before I go on, I would like to make a point, as a journalist, about the use of green hydrogen, blue hydrogen and "natural" gas—there is no such thing. Natural gas might be natural, but we are not talking here about a safe, organic product. The fossil fuel industry has done a brilliant job with all these labels. We all, quite niftily, say "natural gas" as if, in some way, that is a perfectly okay thing to have around us.

As others have said, most notably the noble Baroness, Lady Sheehan, carbon capture is not working at scale, may never work at scale and we cannot plan an energy system on the basis that it will come to our rescue like a knight in shining armour. It sounds slightly as if the Government's policy on hydrogen is actually the oil and gas sector's future wish list for how it will stay relevant in our decarbonising world. The main reason, however, that noble Lords should be against this is the sheer cost. It is a cost that this Bill will put on consumers' bills via a levy. This is so not the time to add any additional costs to any household bills.

On the subject of unproven carbon capture and vast subsidies, I want to turn to electricity generation from biomass, which I have talked about before, which weirdly gets no mention in the Bill. I welcome that as it is a very controversial means of extracting energy. I understand that the Government are shortly going to publish their biomass strategy which will set out beyond 2027, when the current contracts lapse, and will say what kind of investment is going to go into the future. BECCS, which stands for "bio-energy carbon capture and storage" is entirely dependent on a technology that does not yet work at scale. Even if it did work perfectly, and all the trees that were planted to make the bioenergy carbon neutral did grow tall and were not encumbered by rising temperatures, like today, or disease, it would, according to briefings that we all had last week, take 140 years to become carbon neutral. We need to take into account the life cycle of emissions from biomass when we consider deploying it, as we do not have 140 years to play with. We barely have 30 years. There are many measures which seem to me to kick the can down the road, which we have been doing for ever anyway, and we must stop.

I shall focus on a couple of areas that I think are missing. The most glaring omission is taxing demand. There is a technology we have in abundance and know how to work: insulation. The Minister admitted last week during a debate on the energy company obligation that if the Government had spent the money that they will spend this winter to help households cope with the extra cost of gas, it might have been much more efficient in the long run. That makes the omission of something along the lines of a national retrofit strategy all the more puzzling, and it begs the question of whether the Government are able to learn from their mistakes. We are having this debate on what has already turned out to be the hottest day we have ever experienced, so it would be amiss not to remind noble Lords that, beyond this Bill, on the adaptation and mitigation measures we need to carry out to address climate change, if we do not pay for them now it will be far more expensive later. Noble Lords do not need to take my word for it; they can take the word of the ONS, the OBR or the CPC—they have all said it. If we do not act now, we will be in the position we are in with energy in the future, only it would be our entire economy.

On the specifics of the Bill, can the Minister enlighten me about why Clause 163, which will allow energy companies to buy out their ECO payments, is part of the Bill? We know that the ECO scheme has been a success. Energy UK told us that it has saved households £17.5 billion on their energy bills since 2013 and that, due to the high price of gas this autumn, an EPC C grade home will save £900 compared to an EPC D grade home. Can the Minister provide an assurance that this buy-out will not be set at a level that would have been lower than the money that the companies would have had to spend on upgrades? The Secretary of State can set the buy-out price, and I understand that we do not want to put a figure on it in the Bill, as it would become out of date, but is there something more that we could do to index-link it so that it cannot fall below the level it would otherwise be?

Finally, I reiterate the points made by my noble friends Lady Hayman and Lord Ravensdale on the need for local energy. I think that at the next stage of the Bill I will back amendments that allow local

[BARONESS BOYCOTT]
communities to generate their own electricity as people know this goes way beyond energy security, builds community cohesion and is good for all of us.

6.09 pm

Baroness Jones of Moulsecoomb (GP): My Lords, it is a pleasure to follow the noble Baroness, Lady Boycott. I agree with everything she said. My noble friend Lady Bennett of Manor Castle suggested that I would sum up other people, but she has done a better job of it than I could, so I am just going to rant about the Bill.

The Minister said in his opening remarks something about the weather. Of course, this is an extraordinary day for us to be debating this Energy Bill. The temperature when I came into the Chamber was 40.2 degrees at Heathrow, and it is quite possibly higher now. It is highest UK temperature ever recorded, and possibly not the highest this year or in many years to come. The roads are melting, outdoor workers cannot do their jobs and London is on fire. I do not know whether the Minister has seen pictures of the fires in London that the fire brigade is tackling at the moment.

Then there are the buses that our Prime Minister, Boris Johnson, put on the roads, which I said at the time were inadequate. They have terrible ventilation, and now they are stifling ovens. I invite noble Lords opposite to go and test one today and see what they think about them. They will find them extremely unpleasant.

Yesterday, the High Court ruled that, as many of us have said for so long, the Government's climate plans are barely worth the paper they are written on. The High Court ruled that the strategy was "inadequate and unlawful". That is quite strong language. What were the Tory leadership hopefuls promising until Alok Sharma, bless him, forced them to acknowledge previous government commitments? They were promising to rip up our net-zero targets so that we can cut taxes for the rich. It is incredible that they think that that will win them the general election at some point.

Clearly, the 2050 net-zero target is too little too late to keep the 1.5 degrees centigrade goal alive, and even then, the Government look set to miss it. The Bill could have been an opportunity to correct course and get the country on track to meet the targets, but the Government miss the mark again and again. We must limit our greenhouse gas emissions to no more than the UK's proportionate share of the global carbon budget. This emissions reduction has to be done as rapidly as possible. Yes, there are costs, but they are nothing compared to the costs of inaction and delay.

This transition must include an end to exploration, extraction and the trade in fossil fuels. As other noble Lords have mentioned, the Government talk of gas as a transition fuel. Although I reject this argument, if the Government truly believe it, they should put this transition status in the Bill, with a legally binding pathway to phase out gas entirely. However, they have plans for new UK oil, gas and even coal extraction. None of this is sustainable; none of it is transitionary. It is all damaging, destructive, and dooms any hope of keeping 1.5 alive.

Then there is the other energy source that is described as a panacea, as the future: nuclear. We hear of small nuclear reactors, thorium reactors, nuclear fusion; a never-ending wish list of science-fiction solutions to the very real crises that we face. I call it science fiction; my noble friend called it magical maths—I think I prefer that. Magical maths: that is what the Government keep trying to do. Of course, as with magic, it is not real—let us face it. Today we heard about "jet zero". I give it 10 out of 10 for the label, but minus 10 out of 10 for the concept of making aviation net zero.

The noble Baroness, Lady McIntosh, mentioned energy from waste. I am sympathetic to that, but we have found that when we have incinerators, recycling rates go down. The councils have a commitment to deliver a certain amount of waste to the incinerator companies, but they cannot supply all that waste because people are reducing—

Baroness McIntosh of Pickering (Con): My Lords—

Baroness Jones of Moulsecoomb (GP): I will not take any interventions. I am so sorry; we are all tired and we want to get going, but I am happy to chat to the noble Baroness outside.

Perhaps the most objectionable part of the Bill is the Government's quiet plan to bury nuclear waste under the sea—it is not quiet any more, of course. It is yet another example of passing on the burden of our terrible decisions to future generations. We will not solve the climate crisis by passing on a nuclear waste crisis instead.

As other noble Lords have said, insulation and energy efficiency are key to solving the crisis by significantly reducing our energy usage, but what does the Bill provide? A new energy performance certificate and a power—not even a duty—to make regulations about the energy efficiency of new buildings. It is inexcusable that new buildings are not meeting the very highest standards of energy efficiency.

One of this Government's worst legacies will be the hundreds of thousands of leaky new-build homes that were built in the years since they scrapped the zero-carbon homes policy in 2015. Since then, we have had five years of inadequate homes being built, almost all of which will require expensive retrofitting as a result of this Government's short-sightedness. This legislation should fix that mess, ensure that all new-build homes are zero carbon and set out a workable plan for deep retrofit of the entire UK housing stock, beginning with the communities that are struggling most in this cost-of-living crisis.

The Bill also misses the crucial role that local authorities and community energy must play in reaching net zero. Local government can be unleashed with new powers, new duties and the corresponding funding and fundraising ability to deliver. When the Minister comes back at Committee, will he table an amendment on community energy schemes? We can actually encourage people to go from "not in my backyard" to "let's have it in our area". That is a direct request to the Minister. It would be a real gesture of understanding what we need for the future.

The Bill has also missed the opportunity to align the UK's emissions reductions target and strategy to the all-important 1.5 degrees centigrade threshold.

Also, as others have mentioned, there is another catastrophic legacy from David Cameron's tenure as Prime Minister: the whole issue of onshore wind. Perhaps the Minister could also table an amendment on that as a gesture towards all those in this House who care so much about that issue.

Of course, the Energy Bill should also ensure that any proposed solutions to the climate crisis as far as possible minimise damage to ecosystems, food and water availability and human health. I do not believe for one minute that this Government can rise to that challenge—but I live in hope—and nor, it seems, does the High Court.

Your Lordships' House will work diligently, spending countless hours through countless days improving this legislation; then the Government will take it down the Corridor, as they always do, to undo all our hard work, whipping their MPs to do the wrong thing, no matter how obviously wrong it is. It is deeply disheartening and I can only plead to your Lordships that we put our collective foot down and insist on a realistic pathway to achieve that net-zero climate target.

However, luckily for the Government, who seem short of ideas at the moment, there are two Private Members' Bills going through Parliament at this very moment that will fix their problem and fix it for the rest of us. They supply all the ideas necessary to actually get towards a carbon-neutral future. There is the Climate and Ecology Bill, which would make up for the gaps in the Energy Bill and ensure that the UK plays its full role in the global effort towards achieving 1.5 degrees centigrade, with its science-led target that we emit no more than our fair share of the remaining global carbon budget. It addresses the full extent of the climate and nature crisis, in line with the most up-to-date science. It will ensure a comprehensive and joined up approach. The Bill was written by scientists, experts and campaigners, was first introduced in Parliament by Caroline Lucas MP in September 2020 and has just been introduced in this House by the noble Lord, Lord Redesdale, who is not in his place.

Noble Lords: Yes he is!

Baroness Jones of Moulsecoomb (GP): I am so sorry; my side vision was not working.

Secondly, there is my clean air Bill, which is a great piece of legislation and would aid the health of people and the planet by reducing fossil fuel pollution. Before there is any of this "whataboutery" that we hear so much of when we are outside this House about China and India doing their share and so on, we Brits rampaged and pillaged around the globe for a couple of hundred years as the British Empire and snatched what we could. It is time to give back. It is time to do our duty as British people and give back to the rest of the world. I really hope that on this issue we do our best.

6.19 pm

Lord Teverson (LD): My Lords, it is always a real pleasure to follow the noble Baroness, Lady Jones of Moulsecoomb, because of her rather special style in this House, which I think we genuinely welcome, and her plain speaking.

I must declare a couple of interests. I chair a company called Aldustria Ltd, which is into energy storage—I say to the noble Lord, Lord Moylan, that that is actually one of the answers to variability on renewables—and I am a trustee of the Green Purposes Company, which holds the green share in the Green Investment Bank.

I want to go back into history, not as far as the noble Viscount, Lord Hanworth, did, to Baldwin and Chamberlain, nor to the OPEC crisis that my noble friend Lord Bruce mentioned, but to 2013 and the last major energy Act, which was presented and introduced by Ed Davey as the Liberal Democrat coalition Secretary of State. It did a number of things but there were two key measures. First, it introduced contracts for difference, which were a major step forward at the time. Again referring to the noble Lord, Lord Moylan, to some degree, CfDs now produce money for both the contract company and, effectively, the Treasury; the present reference price is much higher than the strike price, so the taxpayer does really well at the moment in that area. We do not have to worry about levies on producers because it is a self-balancing mechanism that comes back to the taxpayer when energy prices are high. The second thing introduced by that Act was the capacity market; it had its issues, particularly with diesel generators, but a lot of that has been solved now.

The 2013 Act changed the way that the energy market worked in this country and it has been very successful. The Bill before us does not change that but is an evolution of it. The noble Lord, Lord Haworth, talked about the weight of the Bill. It might be a thick book but it is not a blockbuster in what it is trying to achieve. It does a number of things and it is a bit of a Christmas tree Bill; I hope we will not have thousands of amendments as we go through eight days of Committee, but there are a lot of areas where we can add things in.

I have referred a couple of times to the noble Lord, Lord Moylan, but I liked seeing decarbonisation and net zero as a constraint. That is an interesting way of looking at this issue and I do not disagree; it is an objective that we are dynamically moving towards but it is a constraint in how we move on energy.

We are looking at energy security, which is particularly important at the moment; decarbonisation of the economy; and, particularly at this time, the cost of energy and the effects that that has. Those of us who were involved in the 2013 Act remember that the big issue we were trying to solve was the energy trilemma of security versus price versus decarbonisation. Amazingly, over the nine years since then, there has been a convergence of those needs. It seems, practically and evidentially, that we can solve all three of them. By decarbonisation and the additional use of renewables and other technologies, we can solve security and decarbonisation, and help to bring down prices, literally, against the fossil fuel crisis at the same time. We have that ability.

We on these Benches welcome the Bill. It has a number of good parts, including on hydrogen—although I entirely agree that its use will be highly constrained. I was interested that the experiment involves gas heating, which is maybe not one of the best areas in which to do it. I shall come to the future system operator later, but it is much more of a strategic look, and I welcome

[Lord Teverson]
that. On heat networks, heat pumps and carbon capture, storage and usage, I am somewhat sceptical about their overuse but it is good that we move them forward. I also welcome the fact that we are going to continue our interest in fusion.

Let me talk about energy security. One thing that surprises me goes back to a point made by the noble Lord, Lord Howell. Part 10 talks about resilience and the core fuels. I went through that part of the Bill and—the Minister may correct me—it relates only to petrol and oil; it does not refer anywhere to gas. So we still have a resilience problem in an area of energy policy that is very important at the minute. Exactly as the noble Lord, Lord Howell, pointed out, in 2017 we effectively stopped gas storage in this country when the Rough storage facility was closed. To give the Government Benches their due, the cry went up from that side of the House asking why this was happening. I understand that there are now negotiations to try to reopen that facility. I would be interested to hear from the Minister how they are progressing and whether that will happen.

On the speed of transition, let us remind ourselves that we have a target to decarbonise electricity by 2035, which is only 13 years away, and the Prime Minister has said that we should have 40 gigawatts of offshore wind in eight years' time. That is really quite something. How do we go about meeting that? One of my criticisms is that there is nothing in the Bill to reduce gestation timescales—an offshore wind farm can take 10 years to go from start to finish. I am interested that the Minister said that one of the areas of amendment to the Bill is around trying to reduce approvals from four years, which was optimistic, to one year because of the change of environmental rules. I would be the first to say that the way that environmental regulation works around offshore wind is probably not the best way it could go. We will want to look at what those regulations will become to achieve that sort of level in timescale.

As other Members have mentioned, the objectives of the regulators get in the way on transition—partly the North Sea Transition Authority, but particularly Ofgem not having a zero-carbon objective. I know the Government feel that that is already covered in the remit but it is not, and it gets in the way. That is one area which it is important to change in the Bill.

The other area is the system operator, or ISOP. I read that long section through. The ISOP is called an independent operator, but there is nothing in the Bill guaranteeing its independence or how that regulator—or planner or operator—is appointed. I see no reason why it should have any real authority. It is unfortunate that this detail is not there. I think back to when the Labour Government put in the Strategic Rail Authority, which in the end did not manage to achieve anything because it did not have any real authority, and so it was abolished. I would like to understand how the ISOP will work and have authority, and not be just an animal of BEIS or the Treasury. I was going ask, "Is ISOP a fable?", but I decided that it would not work in the House.

A number of noble Lords have mentioned onshore wind. From my house in Cornwall I can see 35 wind turbines. That is fantastic. When I go out on my bike I can tell, as they move, whether I will be cycling against the wind or with it. Most people think that they add character to the countryside. The Government are just not brave enough in that area.

One of the areas completely missing in terms of transition, which I see as vital, is electric vehicle charging. We do not have the infrastructure to support the revolution which is happening through market forces as much as anything else. I know that is for the Department for Transport but, if we really want to transition, the Bill needs to achieve it, so let us not get too much into silos.

In terms of grid investment, we have had the announcement that National Grid is going to spend some £54 billion bringing offshore electricity to the mainland, but what about the money required to upgrade the grid in Great Britain? When it comes to getting access to the grid, whether for storage or renewable energy, we are running out of capacity.

I was speaking to one of the DNOs today, and of its 8 million households, only 2 million have smart meters—an appalling ratio. I am sorry, but that is what a DNO told me this morning on the figures for its area. If you include SMETS 1, the figure rises to 3 million. That is a fact.

I will talk about bringing costs down. Clearly this Bill does not deal with immediate issues, but it could be about the near-medium term. Demand reduction—particularly through energy efficiency, as many have mentioned—is really important.

The price cap is still an imperfect mechanism. It may have served its purpose to a degree, but should we not now be moving to something such as perhaps a social tariff? I would be interested to hear from the Minister about what the Government are looking at post the energy cap.

Many have mentioned local authorities and communities. I word-searched the Bill as well, and local authorities are mentioned in regard to heat networks, as obviously you can hardly do these at all without local authorities. They, and local communities, must be involved. Only through these means can we bring costs down in this industry in the medium term. Yet what have we got? We have already passed this year the Nuclear Energy (Financing) Act, which actually puts up energy prices for households. The new Prime Minister might consider scrapping that for a start.

As I said, the Bill is important, and there are many parts that I and these Benches support. It is not a blockbuster, but it is a big Bill. Let us make sure that the really important areas, such as energy efficiency and the systems operator being able to ensure we have a full and proper strategic view into the future, are actually achieved. There is a lot to do.

6.33 pm

Lord Lennie (Lab): My Lords, I thank the Minister for his detailed introduction and for the meeting we had yesterday about the Bill. I also thank all other noble Lords who have taken part in the debate.

We began with the noble Lord, Lord Bruce, who gave us a bit of a personal history. It is unusual to find a Scot who has not been elected opposing oil and gas in Scotland these days—that is the way it is. The noble

Baroness, Lady Hayman, talked about onshore wind, Ofgem having a net-zero remit and the local community generation of fuels, which we would certainly support.

We had a warning from the noble Lord, Lord Howell. With his international experience, he was disappointed in the Bill, warning of worse to come and the way in which renewables are seen to replace fossil fuels. The noble Lord, Lord Whitty, spoke of the gravity of the situation and of the Bill not standing up to that, while welcoming the ISOP and CCUS; and the noble Baroness, Lady Sheehan, talked of CCUS not working at scale and being insufficient to deal with the carbon capture issue.

The right reverend Prelate the Bishop of Carlisle welcomed the Bill—he was a bit of a sore thumb among those who spoke—and all three pillars of it, which is good news. He also talked about local generation and carbon capture. The noble Lord, Lord Moylan, reminded us that he is a big advocate for the gas industry, based on cost. I do not know about the detail of his analysis, but he warned that renewables will be more expensive and unaffordable. My noble friend Lord Hanworth predicted social unrest because of the price of fuel and energy costs. The noble Lord, Lord Ravensdale, talked about the trilemma he is in between the three parts of the Bill. The noble Baroness, Lady Bennett, warned about local suppliers, onshore wind, efficiency and fusion.

The noble Baroness, Lady McIntosh, talked about local sources of waste energy, generating for local use and transmission. She criticised the use of overhead lines for the transmission of electricity and the 30% waste it produces. My noble friend Lord Haworth reminded us of the Bill's size, expressed disappointment at its overall effect but welcomed the ISOP. The noble Baroness, Lady Boycott, welcomed the Bill but with a lot of reservations about the effects it will have and the high costs. She was very much anti-hydrogen, although the hydrogen pilot has yet to be gone into in detail. The noble Baroness, Lady Jones, gave us a rant: we are doomed, there is no support and there is nothing on onshore wind. Then we finished with the noble Lord, Lord Teverson, who thanked the former Energy Minister from the Liberal party, Ed Davey—what happened to him?—for giving us the 2030 Bill, and welcomed certain aspects of the Bill in his presentation.

The Bill has been a year in the creation so we welcome its publication, but despite its length—300-plus pages, 243 clauses, 13 parts and 19 schedules—it represents a bit of a missed opportunity to address the catastrophe facing millions of ordinary, hard-working families who face soaring energy bills. It does not meet the scale of the crisis. Having taken a year, it is a bit of a disappointment and misses the target of the cost of living crisis. The Bill does not go far enough in establishing new green energy sources, nor in its energy-efficiency measures, which are at best not a leap from where we are now.

The Bill should have had achieving net zero woven into every measure it proposes, not run away from it. One of the leadership candidates described net zero as "unilateral economic disarmament". I think she is no longer a candidate, but I do not know whether she has revised her view of net zero more in line with what policy should be.

The Bill is a missed opportunity to bring forward energy-efficiency measures, which are desperately needed and should be the starting point of the Bill. Never mind the green energy sprint towards net zero and helping with the cost of living crisis that my noble friend Lady Blake referred to in her opening speech—that sprint seems to be more of a gentle walk and the crisis merely a blip. A decade of failed energy policy has left energy bills too high and our energy system too weak.

What is remarkable in this long Bill, divided into three key pillars, is what is missing. It will not be a surprise to the Minister that this is how we feel, as these matters have been raised continuously over the recent past. Where is the urgent help needed to help with soaring energy costs, including the delinking of low-price renewables from the high price of gas? Where is any mention of onshore wind, the cheapest and most efficient form of our potential new energy sources? Where is the encouragement for a green energy sprint to help keep costs down? Where is the long-overdue upgrade to the national grid, as referred to by other contributors? Where are the simple efficiency measures for home insulation? How many more times will the Government assert that smart meters can play a crucial role in helping to bring down costs but then fail to make them mandatory?

There are some welcome initiatives, of course. The introduction of the independent system operator and planner for electricity and gas suppliers is very welcome and should help to facilitate delivering net zero. However, the key to becoming a successful ISOP will be establishing true independence from government. The unprotected heat networks, with their half a million customers, will benefit from being regulated by Ofgem, especially as that number is due to grow significantly as we move towards net zero.

As I asked at the beginning, what is missing? The Labour Party will concentrate its efforts on the next stages of the Bill. What measures should the Government bring forward to relieve customers from the immediate cost of living crisis? Why is there no mention of onshore wind farms in the Bill? How reliable is net zero, given the uncertainty about the leadership of the Conservatives and the country? The next leader must have a plan, as Alok Sharma said, or they will be off too. Unless the Government propose amendments of their own, the Labour Party will support and propose amendments on energy efficiency, onshore wind and solar, and seek to establish that net zero 2050 means net zero 2050—if not earlier.

I look forward to the Minister's response.

6.41 pm

Lord Callanan (Con): First, let me thank all noble Lords for their contributions to what I think has been an excellent, important and constructive debate. I will attempt to answer as many of the questions asked as possible, and of course, I look forward to debating many of these issues further as the Bill proceeds through Committee.

One of the most pressing issues facing many hard-working households and businesses today is the cost of living, particularly the cost of energy. Unsurprisingly, many noble Lords—including the noble Baronesses, Lady Blake and Lady Hayman, and my noble friend

[Lord Callanan]

Lord Howell—asked how the Bill will address this issue. The Government are acting now to protect households from the full impact of rising prices with a package of financial support worth £37 billion.

However, the cost of living crisis is not just about providing support today. It is also about ensuring that we have an energy system that is affordable for many years to come. This Bill will create a more cost-efficient energy system by increasing innovation and competition, for example by introducing competition in onshore electricity networks and attracting investment in a strong, low-carbon energy sector. The Bill will also help to reduce our exposure to volatile gas prices.

My noble friends Lord Moylan and Lord Howell and the noble Baroness, Lady Sheehan, touched on the important issue of energy security. It is an absolute priority for this Government. Thankfully, Britain benefits from highly diverse and flexible sources of gas supply and a diverse electricity energy mix, which ensures that households, businesses and heavy industry can get the energy they need. I am happy to confirm that the UK is in no way dependent on Russian gas. We have highly diverse sources of gas supply, providing us with one of the largest liquified natural gas import infrastructures in Europe, for which, I am happy to say, the EU is particularly grateful at the moment, as we support it. Natural gas has an important ongoing role to play in future as the UK decarbonises its energy system. However, how natural gas is used will need to change to eliminate the CO_2 associated with burning it.

In response to my noble friend Lord Moylan, affordability is of course absolutely key to delivering on our energy strategy. The value for money of the measures that we introduce is completely critical.

As many noble Lords have noted, this is a wide-ranging Bill. I welcome the many questions that were asked in the debate about the wider energy sector; most of them do not necessarily relate to the Bill but I will nevertheless attempt to address them anyway.

A number of noble Lords, including the noble Baronesses, Lady Blake and Lady Sheehan, and the noble Lords, Lord Bruce and Lord Whitty, raised the knotty subject of energy efficiency, which we have debated long and hard in this House. Let me say at the start that huge progress is already being made on the energy efficiency of UK homes. We are investing more than £.6.6 billion over this Parliament to improve energy efficiency. However, cost of living pressures mean that now is not the right time to bring in additional requirements for home owners regarding further regulations on minimum energy efficiency standards. However, we will bring forward measures at a more appropriate time.

The noble Lord, Lord Bruce, asked if the Government will introduce windfall taxes back into the oil and gas industry. The energy profits levy will raise around £5 billion in its first 12 months, which will go towards supporting people with the new cost of living measures announced by the previous Chancellor.

The noble Lord, Lord Whitty, asked about the programme of policy statements and secondary legislation. To implement the commitments in this Bill we will of course publish policy statements for the Lords Committee stage, helping your Lordships to understand the intention of the regulation-making powers in the Bill and the next steps which will follow that.

The noble Baronesses, Lady Hayman and Lady Bennett, and the noble Lord, Lord Lennie, asked about onshore wind. On consultation, we are going to introduce a clear route which enables local communities and authorities to work together to signal their support for onshore wind and for onshore wind developers to respond quickly to this. On planning guidance, while we will not introduce wholesale changes to current planning regulations for onshore wind in England, we have committed to developing local partnerships for a limited number of supportive communities which wish to host new onshore wind infrastructure in return for appropriate benefits, including, for example, lower energy bills.

The right reverend Prelate the Bishop of Carlisle, the noble Baroness, Lady Bennett, and my noble friend Lady McIntosh all spoke about community energy. Through the introduction of UK-wide growth funding schemes, the Government are enabling local areas to tackle net-zero goals in ways that best suit their particular community needs.

The noble Lord, Lord Bruce, asked if there would be enough electric vehicle charging points. We are committed to ensuring that an inclusively designed EV charging network is available that works for all consumers.

My noble friend Lord Moylan asked what will take up the slack when the wind is not blowing and the sun is not shining, which is an important question. The Government's long-term ambition is to increase our plans for the deployment of civil nuclear power up to 24 gigawatts by 2050, which would be around 25% of our projected 2050 electricity demand.

The noble Baroness, Lady Boycott, and my noble friend Lady McIntosh asked about the use of waste for energy. I can inform both that the forthcoming biomass strategy will consider evidence on the likely support for and sustainability of biomass feedstocks and the best use of biomass across the economy to help us achieve net zero.

I turn to some of the points made about measures in the Bill, starting with pillar 1. The noble Baroness, Lady Hayman, and the noble Lord, Lord Bruce, mentioned the cost and viability of heat pumps—a matter dear to my own heart. With the low-carbon heat scheme and other policies, we are confident that the instalment cost of heat pumps will come down significantly over the coming years as the market scales up, making heat pumps an increasingly attractive and affordable option for more and more UK households.

The noble Baroness, Lady Hayman, also questioned whether hydrogen was the appropriate technology for heating homes. Indeed, that is a very good question to pose. It has the potential to make a contribution to fully decarbonising heat by offering consumers a future heating option that works in a very similar way to natural gas, but without the carbon emissions. However, it is important to point out that hydrogen for heat is not yet an established technology. Much further work is required to assess the feasibility, costs and potential benefits. As part of that, a neighbourhood trial will

start next year, with a hydrogen village expected to go live in 2025. This is all part of the plan to work out the feasibility of the wide scale use of hydrogen for home heating.

The noble Baroness, Lady Sheehan, the noble Lord, Lord Whitty, and the noble Baroness, Lady Bennett, all questioned whether CCS was an appropriate technology for the UK. The Climate Change Committee has described carbon capture usage and storage—CCUS—as

"a necessity, not an option"

for the transition to net zero, which will enable the UK to deliver upon its global climate commitments. Contrary to what some noble Lords said, CCUS is a proven technology with CCUS projects operating safely globally, in countries such as Norway, the US and Canada. CO_2 storage is a mature and safe technology.

The noble Lords, Lord Bruce and Lord Whitty, spoke of the need to accelerate CCUS delivery and have a clear deployment plan. I agree with them; we remain committed to industrial decarbonisation across all nations and regions of the UK. As we work towards net zero, we are clear that CCUS will continue to play a key role in the process. In April 2022, the *British Energy Security Strategy* restated our commitment to support the deployment of four CCUS clusters by 2030. Following on from a process to select the first CCUS track 1 clusters to be deployed by the mid-2020s, we intend to bring forth further details on the outcome of phase 2 emitter projects in due course.

My noble friend Lady McIntosh and the noble Baroness, Lady Boycott, asked about the hydrogen levy. The detailed design of the levy is ongoing, including decisions on where it will be placed in the energy value chain. The levy design will reflect wider government priorities and policies to ensure that consumer energy bills are, of course, affordable and that the costs are distributed fairly. We anticipate some public engagement on options for the detailed levy design in early 2023.

I move on to some points that were raised on pillar 2 of the Bill. I thank the noble Baroness, Lady Blake, and the noble Lord, Lord Ravensdale, for their positive stance on the independent system operator. We are also seeing that across the energy sector. I was asked about the timeline for implementation. BEIS and Ofgem are currently working with National Grid and the electricity system operator on the next steps. Depending on several factors, including the passage of legislation and continued discussion with key parties, the ISOP could be established by or in 2024.

The noble Lord, Lord Whitty, asked about the interaction with Ofgem and National Grid. The Bill actually provides a power to set out a strategy and policy statement for the ISOP; that is where the Secretary of State will set out their direction for Ofgem and ISOP. The Bill also provides for Ofgem to license and regulate the ISOP, overseeing its activities in its capacity as the independent regulator.

My noble friend Lady McIntosh raised the important point about why heat network customers do not get protection equal to that of gas and electricity consumers. That is because heat networks typically buy their energy through commercial contracts, which are not covered by the existing default tariff price cap. However, I am pleased to confirm to my noble friend that the legislation provides the BEIS Secretary of State with powers to introduce a price cap, should it be necessary to protect consumers.

The noble Baroness, Lady Blake, asked whether the Bill provides the overhaul needed for the heat networks sector. I very much believe that it does. To address her points on poor design and maintenance, about which I agree, the Bill will include minimum technical standards. It will also introduce powers to regulate decarbonisation; as mentioned, it will also enable powers to set price caps.

The noble Lord, Lord Ravensdale, asked whether zoning, which will of course be run by local authorities as the most appropriate bodies, can be extended beyond heat networks. Our strategic approach in the *Heat and Buildings Strategy* follows, in our view, the grain of the market. Our policy levers are aligned to certain points of action; for example, when people are replacing their heating systems. Extending zoning to other technologies in our view risks removing choice for households and businesses when consumer choice over heating technology will be best for the transition.

The noble Lord, Lord Bruce, asked about the effectiveness of the price cap. That is a valid question. The price cap remains, of course, a temporary measure until competition in the market improves. BEIS is currently considering what reforms are needed for energy retail market regulation to ensure that the market is resilient and sustainable and continues to protect consumers.

On the points raised that come under pillar 3 of the Bill, the noble Baroness, Lady Blake, asked for more detail on the nuclear decommissioning measures. The proposals do not result in any relaxation in the standards for public protection. Former nuclear sites will continue to be regulated by the relevant environmental agency and the Health and Safety Executive, rather than the Office for Nuclear Regulation, which will regulate health and safety at work activities. She also questioned the reach of the Bill's core fuel resilience powers. These measures, also raised by the noble Lord, Lord Teverson, are intended to be used in a light-touch way to complement the additional voluntary approach. The Government will use these powers in a proportionate way, including providing for certain rights of appeal and consultation requirements.

The noble Lord, Lord Bruce of Bennachie, and the noble Baroness, Lady Bennett, raised a question in relation to the disposal of nuclear waste. The Bill makes provision in relation to geological disposal facilities which will encapsulate and isolate radioactive waste at great depths. Nuclear Waste Services, the developer of the geological disposal facility, is confident it can meet the additional requirements from new nuclear as set out in the *British Energy Security Strategy*.

Moving to the point raised by the noble Baronesses, Lady Bennett and Lady Jones, in their double act, about dumping radioactive waste in the sea, of course, disposal of radioactive waste in the sea is banned by international conventions and let me be absolutely clear that no part of a geological disposal facility will be in the sea. The waste will be isolated deep underground,

[Lord Callanan]
within multiple barriers, to ensure that no harmful quantities of radioactivity reach anywhere near the surface environment.

My noble friend Lord Howell and the noble Viscount, Lord Hanworth, both asked about small modular reactors. Through the nuclear fund, we are providing funding to support research and development for a small modular reactor design and we are progressing plans to build an advanced modular reactor demonstration by the early 2030s at the latest.

The noble Lord, Lord Ravensdale, asked whether the Government could make sure that nuclear power is eligible for the renewable transport fuel obligation, including hydrogen produced from nuclear power. I know this is something we have had exchanges on in the past. We believe this would be complex and would require firmer, further evidence for industry to understand how exactly it might be compatible with wider RTFO eligibility criteria.

I welcome my noble friend Lord Moylan's support for the promotion of nuclear fusion, and I also welcome the support from the noble Lord, Lord Bruce of Bennachie, for the continuation of North Sea oil and gas production. Perhaps he would like to have a word with his noble friend, the noble Baroness, Lady Sheehan, about this important point, although I welcome her confirmation that she is now apparently in favour of gas as a continuity fuel. My point, which I keep making to the noble Baroness, is that since we produce only about 40% of our own gas in the North Sea and we still import considerable quantities of LNG to be used as a transition fuel, it makes eminent good sense, in my view, to obtain those reserves from our own resources in the North Sea, which of course is of much lower carbon intensity than LNG. I am sure we will continue to have these debates going forward.

Baroness Sheehan (LD): Will the Minister address the point made by the noble Lord, Lord Whitty, as well as by me, that the gas we produce in the North Sea no longer belongs to us? It is a global commodity and has to be traded as a global commodity.

Lord Callanan (Con): It is produced by private sector companies under regulation, and there are interconnectors connecting us to the continent. I am sure that the noble Baroness would want us to support the EU in its time of need at the moment. With our energy terminals, those interconnectors play a crucial role in helping our EU friends with their current difficulties. It is of course a global commodity and the price is set globally. However, if the noble Baroness's question is about carbon intensity, the carbon intensity of domestically produced resources is much lower than imported LNG. As I have pointed out a number of times before, I fail to see why it is, in her view, more sensible to import gas through LNG rather than getting it from our own North Sea resources. I am sure we will have that debate many times again in future.

Finally, I will deal with the challenge from the noble Lord, Lord Teverson, regarding smart meters. I can tell the noble Lord that we have now installed 27 million smart meters in the UK, and the vast majority of SMETS1 meters have now been upgraded with software upgrades to SMETS2 standards, so that they operate exactly the same as SMETS2 meters and provide full smart meter functionality. Only this morning, I met the DCC to review the progress on that upgrade and was told that the number of meters still to be migrated is tiny—a few tens of thousands of early meters that the DCC will continue to attempt to migrate; if that does not work, they eventually may be upgraded to full SMETS2 meters.

I have addressed most of the points raised by noble Lords. I am sure that noble Lords will say if I have not covered all their points, but we will debate these matters further in Committee. Many of the points made were things that noble Peers would like to see happen separately and outside the provisions in the Bill. However, I think that most of the measures received a wide degree of support in your Lordships' House. I look forward to continuing this constructive engagement and detailed scrutiny as the Bill progresses through Committee.

Bill read a second time.

Energy Bill [HL]

Order of Consideration Motion

7.02 pm

Moved by ***Lord Callanan***

That the Bill be committed to a Committee of the Whole House, and that it be an instruction to the Committee of the Whole House that they consider the Bill in the following order:

Clauses 1 to 16, Schedule 1, Clauses 17 to 21, Schedule 2, Clauses 22 to 52, Schedule 3, Clauses 53 and 54, Schedule 4, Clauses 55 to 92, Schedule 5, Clauses 93 to 125, Schedule 6, Clause 126, Schedule 7, Clauses 127 to 130, Schedule 8, Clauses 131 to 151, Schedules 9 and 10, Clause 152, Schedule 11, Clause 153, Schedule 12, Clause 154, Schedule 13, Clauses 155 to 160, Schedule 14, Clauses 161 to 168, Schedule 15, Clauses 169 to 197, Schedule 16, Clauses 198 to 219, Schedule 17, Clauses 220 to 228, Schedule 18, Clauses 229 to 233, Schedule 19, Clauses 234 to 243, Title.

Motion agreed.

Ambulance Pressures

Statement

The following Statement was made in the House of Commons on Monday 18 July.

"Following the announcement by the Met Office on Friday of a red warning for extreme heat, I would like to update the House on the impact of extreme weather on health and care, the current Covid infection situation and our plans for Covid and flu vaccines this autumn.

This is the first time in its history that the Met Office has issued a red warning for extreme heat. The warning covers today and tomorrow. In addition, the UK Health Security Agency has issued its highest heat alert. Its level 4 alert, issued to health and care bodies,

means that the heat poses a danger to all of us, not just high-risk groups. Although for many the risk from this heat can be mitigated by simple, common-sense steps, the extreme temperature poses a particular risk in respect of cardiovascular conditions, including heart attacks and strokes. Level 4 does not change the contingency plans in place across the health system, only their likelihood.

We have taken a number of steps in response. COBRA has convened several times, including over the weekend and earlier today, to co-ordinate every part of the Government's response to this emergency, and I have held a series of meetings with the chief executives of ambulance trusts to discuss the specific measures that they are taking. Steps include increasing the numbers of call handlers; extra capacity for ambulances; and extra support for fleets, including the buddy system, so that calls can be diverted to another trust if there are delays in the area people are calling from. We have held numerous meetings with NHS leaders, including the chief executive of the NHS and her senior team, to continue to implement their long-standing heatwave plans. We had a further meeting again this morning. Meanwhile, ministerial colleagues have continued to liaise with our local resilience forums to co-ordinate across both health and social care.

Even before this heatwave, ambulance services in England have been under significant pressure from increased demand, just as they have across the United Kingdom. The additional pressure on our healthcare system from Covid-19, especially on accident and emergency services, has increased the workload of ambulance trusts; increased the average length of hospital stays; and contributed to a record number of calls. Taken together, that has caused significant pressures, which are now being compounded by this extreme heat.

We are taking action on in a range of areas. In May, NHS England published a tender for auxiliary ambulances to provide national surge capacity to support ambulance responses during the period of increased pressure. Alongside measures in ambulance trusts to assist with call handling and capacity, NHS hospital trusts are taking steps to address handover delays, in the interests of patient safety. On Friday, the NHS medical director, Steve Powis, and the Chief Nursing Officer, Ruth May, wrote to the chief executives of NHS trusts, ambulance trusts and integrated care boards setting out some of the urgent interventions we need to make; most significantly the focus was on improved ambulance handovers and increased hospital bed capacity.

On ambulance handovers, we are asking health leaders to look again at the balance of risks across the system. We know that leaving vulnerable people in the community would have serious implications for patient safety. Equally, we know that keeping people in ambulances for too long carries other risks, especially from heat. NHS leaders are therefore asking hospital trusts to create additional space for new patients in their units. That may involve the creation of observation areas or exploring ways to add additional beds elsewhere in hospitals, including by adjusting staffing ratios where necessary, as we did during Covid, and working to identify areas to mitigate additional workload, such as through greater support on wards with pharmacy and administration.

The NHS is executing its urgent and emergency care recovery 10-point action plan, which includes action across urgent, primary and community care to better manage emergency care demand and capacity. The NHS medical director and chief nursing officer both recognise that this will place an additional burden on some staff, so they are asking trusts to increase efforts on staff wellbeing and support. Alongside the measures being taken by the ambulance services and NHS trusts, the UK Health Security Agency is leading on public health comms to reduce the burden on NHS staff by making sure that we do not create unnecessary demand. We can do that by following the common-sense public health guidance and by looking out for others, in particular the elderly and the vulnerable.

With services under so much pressure, we must make sure that 999 calls are reserved for life-threatening emergencies. We must also consider what advice we can get through other services such as NHS 111, NHS online resources and local pharmacists. In addition to the immediate steps to mitigate the pressures on 999 calls, ambulance services and adult social care, we will keep building on our operational response, with particular attention to discharge and expanding on our pockets of best practice.

That is particularly pertinent, given the current levels of Covid, which continue to rise. The latest data from the Office for National Statistics shows that the percentage of people testing positive for Covid continued to increase across the UK. In England, an estimated one in 19 people tested positive in the week to 6 July, compared with an estimated one in 25 during the previous week, with more than 13,000 patients admitted to hospitals with Covid-19.

Given those pressures and the expected pressures this autumn and winter from respiratory viruses, we are taking important steps to further align our offers on Covid and flu. On Friday, I accepted the Joint Committee on Vaccination and Immunisation's recommendations for a Covid-19 autumn booster programme, focusing on vulnerable cohorts, including everyone aged over 50. At the same time, I took the decision that we should keep offering flu jabs to more cohorts than we did before the pandemic. Taken together, this will reduce the number of people getting seriously ill this autumn and winter, easing pressure on the NHS at a critical time. Vaccines have always been, and continue to be, one of the best protections we have, both for ourselves and for the NHS.

From this heatwave to the foreseeable pressures in autumn and winter, I will continue to work closely with colleagues across health and social care, as well as with Members across the House, to ensure that we can address the challenges ahead. I commend this Statement to the House."

7.03 pm

Baroness Merron (Lab): My Lords, the Statement suggests that everything is in hand. This was not the case before the heatwave, and it is not the case now. Just last week, in response to an Urgent Question, the Minister said,

"we fully acknowledge the rising pressures facing the service". —[*Official Report*, 13/7/22; col. 1489.]

[Baroness Merron]
She spoke of some of the contributing factors: near maximum bed occupancy, high rates of Covid admissions in hospital, pressure on the ability of A&Es to admit patients, an increase in the length of stays, delayed discharges and record numbers of calls to the ambulance service. I am glad that the Secretary of State also referred to these pressures. However, does the Minister acknowledge that the Government have allowed these unsustainable pressures to develop? If not, can she indicate where the responsibility lies?

To that list I would add the failure to provide a wraparound, long-term plan for social care, and insufficient planning and attention to the recruitment, retention and training of health and care staff. Can the Minister say what action will be taken to address these shortfalls, as well as the other pressures on the system, which Ministers themselves have acknowledged? All these pressures, along with a record 6.6 million people waiting for NHS treatment, often in pain and discomfort, were in place long before the pressure of an unprecedented heatwave.

The Statement talks of creating additional space for new patients in hospitals. Will this be in existing hospitals? How and when will that happen? What money, resources and staff will be allocated? What does additional space actually mean? Can the Minister give an assurance that this will not mean more patients being left in corridors on trolleys or in car parks?

The people about whom we speak today are those waiting in queues of ambulances outside hospitals, in soaring temperatures, unable to enter the very place that they need to be, while people with conditions triggered by excessive heat are struggling to get an ambulance in a timely fashion because ambulances are log-jammed outside A&E. What can the Minister offer to them and their families?

The situation is impacting mental health too. People attending A&E experiencing a mental health crisis may not be able to get a bed in a psychiatric hospital, and their wait in A&E can be more than three days. What assessment has been made of the impact of cutting a quarter of all mental health beds?

Last week, the Minister of State in the other place said that the Government had procured a £30 million contract for an auxiliary ambulance service, but in fact it was yet to be awarded. Can the Minister confirm whether a correction has been issued to this statement?

I wonder if it is possible to comment on why the Prime Minister did not chair COBRA yesterday, despite the country being in the midst of a national emergency and ambulances finding themselves on the highest level of alert.

On practicalities, has there been any discussion involving the military to seek its assistance at any time? What is being done to reduce injuries and discomfort for ambulance crews who need to have the right vehicles in place for them to use but find that they do not?

It has been 10 months since the Government closed their national resilience strategy consultation. Can the Minister tell your Lordships' House when we can expect the Government to publish their response?

I am sure we are all agreed that credit and thanks are due to all of the staff team, but if they are overworked in health and social care and do not have the time and resources to take care of themselves in this heat, the care that they give patients will be affected. Heatwave working poses new challenges for paramedics and all health and care staff, who may be wearing thicker PPE. Can the Minister outline any discussions the department has had about ensuring safe and comfortable working conditions?

In the midst of this unprecedented heatwave, can your Lordships' House be reassured that, when it comes to the pressure that winter presents, steps will have been taken to ensure no further crisis in the ambulance service and across the health and care sector?

I hope the Minister will acknowledge the need to build resilience and for us all to see urgent action.

The Deputy Speaker (Baroness Henig) (Lab): My Lords, the noble Baroness, Lady Brinton, is taking part remotely. I invite her to speak.

Baroness Brinton (LD) [V]: My Lords, I start by paying tribute to our ambulance and paramedic staff, as well as the ambulance call handlers. They are doing the absolute best they can despite the circumstances, and we owe them an enormous debt of gratitude.

There is no doubt that our ambulance services are at breaking point. Record-long ambulance waits are leaving vulnerable patients stuck in the heat outside hospitals, waiting for the treatment they need. There was a new first over the weekend, as temperatures rose, when patients inside ambulances were in a hospital car park for over 24 hours because A&E was full and there were no beds in the hospital.

This is not a recent crisis. Among many incidents reported in the press, a couple of months ago a senior NHS trust doctor in Gloucestershire rang 999 having had a suspected stroke, and was told to get a family member to drive her to hospital because no ambulance could get to her for at least an hour and there would then be a considerable delay after that. There are daily reports of people dying waiting for ambulances or in the back of an ambulance outside A&E.

Frankly, this Government have run ambulance services into the ground, with every single target being missed for the most severe cases. For months, they have failed to act on warnings that ambulance services are struggling to maintain a safe and timely service. The Government need to get a grip of this emergency. Even Liz Truss, one of the contenders to be the next Prime Minister and a very senior member of Cabinet, said in the ITV leaders' debate on Sunday that ambulance waiting times in her rural constituency were "appalling". Surely now is the time for Ministers to finally commit to commissioning the CQC to conduct an investigation into the causes and impacts of ambulance service delays, which would not just look at the very front line but take a whole, systemic approach.

One of the solutions proposed by the Secretary of State in the Statement is more use of 111 to ease pressure on call handlers receiving 999 calls, but there

is already a major problem with 111: it takes much longer to get through and sometimes calls are not even answered. Not getting through to 111 will exacerbate waiting times and not help get them under control, because it risks piling even more pressure on our ambulance services, as desperate people whose conditions have worsened struggle and then turn to 999 instead. Can the Minister say what extra staffing and training there will be for the 111 service? Specialist training will be needed, because staff do not receive the highly specialised training that the 999 service call handlers do.

We need to remember that this is not just about ambulances, but they are the very visible evidence of a broken health and social care system. We on these Benches, and others around your Lordships' House, have regularly been asking questions about our ambulance and A&E services, under pressure for well over the last six months. For years, we have also highlighted the shortage of hospital beds compared with other OECD countries. In 2021, the UK had 2.3 beds per 1,000 people, compared with France at 5.7 and Germany at 12.6. It was a mistake to cut so many beds. So will the Government undertake to fund thousands of extra beds to stop handover delays at A&Es, so that ambulances can get back on the road as soon as possible?

All of this is compounded by the lack of training and education places for doctors, nurses and other vital healthcare professionals, such as physios, occupational therapists, and speech and language therapists. Will any of the long-term plans to provide finance and support to enable hospitals to recruit and train more specialist healthcare staff be brought forward? Otherwise, we will just continue to lurch from crisis to crisis.

Finally, as the Statement notes, the Met Office has issued the first ever red warning for extreme heat, at a time when all 10 of our ambulance services in mainland England are already at the highest level of alert. The news this afternoon is of a number of serious fires in London and elsewhere; Hertfordshire, my local area, has had 240 calls to its fire service, which is many more than usual. Temperatures peaking at over 40 degrees centigrade just demonstrates that the pressure on ambulances, A&E and our wider NHS is likely to increase from injuries sustained by firefighters and those caught up in the fires.

The Statement talks as if the only effect is on people currently in hospital. The effects of climate change will make heat waves more frequent and intense in the future, so I ask the Minister what the Government are building in to help the NHS tackle the problems arising from these heat incidents, which sadly we must now plan for on a regular basis.

Baroness Penn (Con): My Lords, I thank both the noble Baronesses for their questions. I will do my best to address them. The noble Baroness, Lady Merron, first asked how these pressures had developed. It is fair to say that, while not all ambulance trusts were meeting their targets before the pandemic, there has been a significant shift in performance since the pandemic. The levels of service we are seeing at the moment are tied to that event, but I acknowledge pre-existing pressures in the system. There was a real change due to Covid, which has affected a number of factors, including staff absence, infection control and pent-up demand, where people might not have accessed health services during the peak of the pandemic.

The noble Baroness, Lady Merron, talked about the lack of a social care plan. The Government have been working to address social care over a number of years, putting in additional resources and measures to spread best practice and to increase the recruitment and retention of staff. There is more to do, and we are doing it. In 2022-23 the local government finance settlement made an additional £3.7 billion available to councils. Local authorities can make use of more than £1 billion of additional resources specifically for adult social care this year. That is part of £5.4 billion over the next three years to end increasing care costs and support the workforce. Specifically, £0.5 billion of that is to support and develop the workforce.

The noble Baroness asked me about the recruitment and retention of staff. Just to touch on two areas in terms of staff, we know that some of the delays are due to delayed discharge and its impact on social care, so we are making efforts to recruit more social care staff. Care workers are eligible for the health and care visa; they have been added to the shortage occupation list. There has been a national recruitment campaign in this area, and we are working with DWP to promote adult social care careers. We have also put in resources to increase the number of certifications that people can get if they want to train in this area.

To touch on another area of staffing, the paramedic workforce, the number of ambulance staff and support staff has increased by almost 40% since February 2010. The number of paramedic-qualified staff has grown year on year. Health Education England has mandated a target of training 3,000 paramedic graduates nationally per year between 2021 and 2024, further increasing our workforce.

The noble Baroness, Lady Brinton, also asked about the workforce. Of course we have our targets to increase the number of nurses and doctors in the NHS and the number of domestic training places for both those occupations, and we continue to make good progress on both those areas. We need additional staff in our NHS, and efforts are being made to train them.

The noble Baroness, Lady Merron, and the noble Baroness, Lady Brinton, I think, asked about the letter that went out about measures to reduce the handover times with ambulances. My understanding is that that will not involve new pieces of hospital estate but rather making better use of the existing hospital estate. I assure them that that is looking not at more corridor care but at how the estate is used more flexibly.

The noble Baroness asked what reassurance I could give to families waiting for ambulances or those in ambulances waiting to be transferred to emergency departments. That was the aim of the letter that has gone out from NHS England. We are looking at the balance of risks. We now need to reduce handover times and wait times in the community because, when people have been through the urgent care process, there is a lower risk of having to manage increased demand through additional flexibilities at that stage, rather than people waiting in the community not having been assessed by a paramedic, for example. That is the aim of what was in the Statement yesterday.

[Baroness Penn]

As the Secretary of State made clear yesterday in the House, a contract is being procured for auxiliary ambulance services. That is expected to be concluded shortly. The noble Baroness also asked about the process around the COBRA meetings we have held. It is the Chancellor of the Duchy of Lancaster's responsibility to chair the civil contingencies COBRA meetings, and that is what he has been doing. There were several meetings over the weekend, I think, and one yesterday. It will continue to meet as long as that is needed. I am afraid I do not have a response to her on the national resilience strategy consultation, so I will happily write.

The noble Baroness, Lady Merron, also talked about the support for staff working in the heatwave. That is absolutely part of NHS trusts' plans for this kind of scenario. It was also re-emphasised in the letter from NHS England and NHS Improvement to trusts yesterday. She is absolutely right that we need to take steps now to build more resilience in the system ahead of the winter, when we know pressures grow. That is absolutely a focus for the Department of Health and Social Care, NHS England and NHS Improvement and others.

The noble Baroness, Lady Brinton, asked about resources going into 111. We are further building the capacity of NHS 111. We are increasing staffing throughout this year, scaling up call handling across regional footprints while maintaining a focus on getting patients access to local services. Additional funding was also put into this—£50 million in 2022-23—to support increased call-taking ability. I think I have addressed her points on training places. In terms of extra beds, to stop the A&E delays we have talked about, we are looking to make efforts to reduce the handover time to 30 minutes. I know that in other actions on delayed discharge, initiatives have been made such as step-down beds to try to increase the flow of patients through A&E.

Finally, the noble Baroness, Lady Brinton, mentioned the fires, which are of course extremely concerning. The London Ambulance Service is currently supporting the London Fire Brigade in responding to several fire incidents across London. They are in attendance, on scene, at a number of locations. The DHSC and NHS England are monitoring the situation closely. That is quite a live situation, so that is the best update I can give at this time.

7.23 pm

Lord Young of Cookham (Con): My Lords, my noble friend will know that today the Government published the better care fund framework 2022-23, with some £7 billion to join up health and social care. Against a background of the problems that have been raised so far, particularly with delayed discharge, should not a bigger slice of that £7 billion go to increasing the capacity of places where people can be discharged to from hospital to complete their convalescence—to be assessed prior to going on, either back home or to a nursing home or residential care? We need more of those intermediate places to remove some of the blockages that have been referred to.

Baroness Penn (Con): My noble friend will have heard me refer to step-down beds or places in my previous answer. He is right that the better care fund framework has been in place for a number of years to improve delayed discharge and the link-up between health care and social care. I am sure the framework document published today was based on the lessons of the operation of that fund in previous years and will seek to use that best practice going forward.

Baroness Masham of Ilton (CB): My Lords, does the Minister agree that the hot weather will get colder, but this dilemma of patients waiting for or in ambulances will not until there are more beds in hospitals, better care in the community and enough trained staff? What are the Government going to do to solve this problem, and will it include more vaccines for coronavirus variants?

Baroness Penn (Con): The noble Baroness is absolutely right. Regarding the weather that we are experiencing at the moment, the latest operational feedback is that we have started to see some increases in demand in A&E and 999 calls with of heat-related illnesses, but the system is managing and is able to deal with them. But those pressures existed before the weather that we have had today; she is absolutely right. She also mentioned vaccines. As part of the Statement yesterday, my right honourable friend the Health Secretary confirmed that we will have Covid booster vaccines for all over-50s this winter, and we will continue the extended eligibility for the flu vaccine that we had in place last year to provide further protection this winter.

Lord Young of Norwood Green (Lab): My Lords, all the things that the Minister has said, and that noble Lords have raised, are worthwhile and valid, but they will not address the problem that we have at the moment: paramedics are wasting their time in hospital corridors. Even more ironically, when their shift is over, another taxi comes along and gets the next lot to wait for them. In the meantime, as somebody has already said, it does not matter whether you ring 999 or 111 when you have suffered a stroke—you are going to die. That is according to figures that have been released recently; it is something like 40,000. It is appalling. The Government must do something immediately.

I drew this to the attention of the noble Lord the Minister when I gave him the example of a system in Wolverhampton. But for now we need to put in somebody with an iPad who will send the paramedics back out again. All the patient notes are there. We need something immediately. It is no good talking about what the Government are doing in terms of recruitment and extra beds; that is all great, but they are longer-term things. This has been raised not once but at least half a dozen times in this House. I cannot believe that anywhere else in the western world the Government just say, "Well, it's difficult. We're doing something: we're going to try to provide extra beds", yet still—

Lord Sharpe of Epsom (Con): I am sorry but, with respect, is the noble Lord getting to his question?

Lord Young of Norwood Green (Lab): Yes, I certainly am. What steps are the Government taking to remedy the situation and get the paramedics back out there?

Baroness Penn (Con): The noble Lord might not have seen the Statement given by my right honourable friend the Secretary of State for Health yesterday. A large portion of it focused on exactly the point that the noble Lord made. We need to do long-term things to relieve these pressures, but also more immediate things: specifically, to reduce handover times to no more than 30 minutes so that ambulances are not queuing any more and can get back on the road, so that people who have called an ambulance are seen faster. That means changing the assessment of the balance of risk to ensure that hospitals look at different ways of managing demand once people have been through the emergency care process. That may mean finding extra space within their estate or looking at how they manage their staffing to address exactly the point that the noble Lord made about the delay in handover times for ambulances needing to be addressed in the very short term while we also put in place all the other points. I know that he gave the example of Wolverhampton the other week to my noble friend, who I know took it away and relayed it back to the department to follow up on.

Lord Bellingham (Con): My Lords, further to the question asked by the noble Baroness, Lady Merron, we have heard some really quite shocking stories of mental health patients ringing ambulances every week or so. They are not facing emergencies; they have not had accidents. Surely it is imperative that such patients, who have an ongoing condition, are looked at away from A&E. Can my noble friend be very diligent and kind and answer the opposition spokesman's question, and maybe say a bit more about this acute problem?

Baroness Penn (Con): My noble friend is right that I did not address that point earlier, and I apologise for that. We are putting more funding into specialist mental health services to address some of the points that both the noble Baroness and my noble friend have made. On the number of psychiatric beds available, I will have to write to my noble friend.

Lord Walney (CB): I want to ask the Minister about an issue that was raised in the Health Secretary's response at Questions yesterday. He mentioned a sprint review of delayed discharges, which have been referred to a number of times today. He suggested that it started on 1 July. Who precisely is doing the review, to whom is it reporting and will it be made public?

Baroness Penn (Con): I think the noble Lord is referring to the national hospital discharge taskforce, which is running a national 100-day discharge challenge, which I think will be the sprint review. It is working across the health and social care system to address all the different pinch points. One of the associated aspects is that integrated care systems can now become discharge front-runners to share good practice and ambitious ideas, so that those who are doing best in this area can share best practice quickly with those who might need more support.

Baroness Bennett of Manor Castle (GP): My Lords, I note that the Statement records that an estimated one in 19 people tested positive for Covid-19 in the week up to 6 July, compared with one in 25 the previous week. I am sure the Minister is aware that this week there has been a joint leading article from the editors of both the *British Medical Journal* and the *Health Service Journal*, entitled "The NHS is not living with covid, it's dying from it". The article suggests that the Government are "gaslighting the public" about the threat of Covid, and says that

"the epidemic is far from over".

I should perhaps declare an interest here as someone who is in week seven of a Covid infection and still suffering symptoms.

The article suggests four measures that the Government should be carefully considering: masks on public transport and in health service settings, the return of free testing, working-from-home recommendations and gathering limits. Can the Minister assure me that the Government are at least giving consideration to that recommendation from such a serious source?

Baroness Penn (Con): The Government keep our response to Covid under review and take advice from many sources, but there is also a huge breadth and depth of expertise within government. The noble Baroness is right that very high rates of Covid are currently circulating. We take matters such as long Covid very seriously, and we have put additional resources into making sure that there is support for people who suffer from it.

However, we are in a different position from when we had to have significant restrictions on people's lives—the vaccine has been very effective in that regard—so the Government's focus is on learning to live with Covid. The noble Baroness is right that it has not gone away, so we need to make sure that in our response we are well adapted to ensuring that we can continue to deliver good healthcare services while Covid is in circulation in the population.

Building Safety (Leaseholder Protections) (Information etc.) (England) Regulations 2022

Motion to Approve

7.34 pm

Moved by ***Baroness Bloomfield of Hinton Waldrist***

That the draft Regulations laid before the House on 7 June be approved.

Relevant document: 9th Report of the Joint Committee on Statutory Instruments (special attention drawn to the instrument)

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, these regulations were laid before Parliament on 7 June and were debated in the other place yesterday, 18 July. They are a key part of the implementation of the leaseholder protection provisions in the Building Safety Act 2022, which your Lordships debated at some length. The regulations are made using powers

[Baroness Bloomfield of Hinton Waldrist]
in Part 5 of, and Schedule 8 to, the Act and introduce the necessary detail to implement the leaseholder protection provisions.

I will start by providing some context and background to the regulations. Before the relevant sections of the Building Safety Act came into force on 28 June, many leaseholders were liable for the costs of historical safety defects in their buildings. They were landed with bills they could not afford to sort out problems not of their own making. Now the provisions have come into force, all leaseholders in buildings that are 11 metres or at least five storeys in height are protected from all remediation costs, whether cladding related or not, where their building owner or landlord is the developer or is connected to the developer.

In addition, qualifying leaseholders in those buildings are protected from all cladding remediation costs. Any non-cladding or interim measure costs—for example, waking watches—will be firmly capped. Where the landlord has a net wealth above £2 million per relevant building or the flat is worth less than the specified amount, £325,000 in Greater London or £175,000 elsewhere in England, they are protected from all historical safety remediation costs. Any costs paid out in the last five years will count towards the caps, and qualifying lease protections will pass on to subsequent buyers.

The House will be aware that the Joint Committee on Statutory Instruments has drawn attention to the content of these regulations. I would like to address the committee's concerns, but first I will set out some of the background that influenced the Government's approach. The House will know that the underlying statutory provisions, the leaseholder protections, were added to what is now the Building Safety Act about half way through its passage through Parliament, in recognition of the unfair and intolerable position that many leaseholders found themselves in. They were facing bills often running into many thousands of pounds to fix problems they had played no part in creating.

The leaseholder protections were devised and drafted at pace, drawing on expertise in a number of fields, including proposals put forward by parliamentarians from both Houses. I record my thanks for their time and engagement on this. The Act received Royal Assent at the end of April, and the protections came into force two months later. It was therefore both important and urgent to prepare the two sets of regulations that will enable the protections to take practical effect. That urgency meant that we were not in a position to share the regulations in draft with the Joint Committee, as is the usual practice. That meant the committee and its staff had limited time to get to grips with both the regulations and the underlying primary legislation in what is, in many ways, a ground-breaking piece of law.

None the less, we have engaged with the committee in two rounds of correspondence, culminating in the memorandum and response set out in the appendix to the committee's report. Some noble Lords will have read the report in full and seen the detail of the committee's concern and the Government's response. To summarise, the committee raised a number of technical and legal issues with the instrument in respect of both its drafting and its vires. The Government have considered these issues carefully, including working closely with the First-tier Tribunal about the way it will deal with appeals, and are satisfied that, notwithstanding the committee's concerns, no issues with the regulations will prevent the process operating successfully.

As I have described, the Government consider it imperative that these regulations come into force before the Summer Recess to alleviate the issues facing leaseholders in defective blocks. We will, of course, monitor closely the progress of cases. If it becomes apparent that changes are necessary, we will come back to Parliament with those proposals. I therefore ask the House to consider the important effect of these regulations and to approve them.

To go into more detail on the instrument, the Act does not set out how leaseholders will demonstrate that their lease qualifies for the protections, nor how liability for historical safety defects will be shared between multiple landlords. That is what these regulations do. They set out the essential detail needed to implement the leaseholder protection provisions in the Building Safety Act. Their effect can be considered in three parts.

The first is the leaseholder certificate. These regulations make provision for leaseholders to provide information relating to their qualifying lease status—that is, the number of properties they own—their property's last sale price and their shared ownership status. The regulations provide a template certificate, which the leaseholder must complete and which needs to be done just once. The certificate and evidence requirements are intended to be as simple as possible for leaseholders, while also being robust enough to prevent fraud and to assure landlords and lenders of the lease's qualifying status.

The regulations also set out two trigger points at which the landlord must notify the leaseholder of the need to complete the certificate. These are when a defect is found or the leasehold property is to be sold. But any leaseholder may submit a certificate voluntarily once the regulations are in force—hopefully later this week—and they have the information to hand. These provisions will allow leaseholders to demonstrate whether they qualify for protections under the Act and, if so, what their maximum cap would be.

Secondly, these regulations make provision for the landlord to identify who is liable to pay for the remediation of historical safety defects and how much they are liable for, and to enable them to recover these amounts. They set out formulas which the responsible landlord must use to apportion liability where more than one landlord is connected to the developer or where remediation costs are not recoverable from leaseholders. The effect is that the landlord may recover some costs of remediation from other landlords with an interest in the building, in accordance with the Act.

Finally, these regulations provide detail on what a person making an application for a remediation order to the First-tier Tribunal must provide as part of their application. Applicants, who can be anyone connected with a building, along with enforcement bodies such as the new building safety regulator or a fire and rescue authority, will need to state under which provision the application is made. They will also need to state the building, its landlord, and the relevant defect. The

First-tier Tribunal will then be able to determine whether to require a landlord to remedy particular defects in a building by a specified time.

To summarise, our overall approach to these regulations is entirely consistent with the policy and legal intent of the Building Safety Act and gives full effect to the leaseholder protection provisions in the Act. These regulations serve a very specific purpose, which is to provide the detail needed to implement the leaseholder protection provisions in the Building Safety Act. This will then enable leaseholders to benefit fully from the protections, which came into force last month.

This instrument is necessary to provide the detail needed to implement the leaseholder protection provisions in the Building Safety Act, which are already in force. I hope that your Lordships will join me in supporting the draft regulations. I commend them to the House, and I beg to move.

Lord Young of Cookham (Con): My Lords, I am grateful to my noble friend for introducing this statutory instrument. I appreciate that she was engaged on other government Bills when the legislation was going through earlier this year. As she explained, the context of this instrument are the clauses in the Building Safety Act which were introduced at a relatively late stage to protect leaseholders from remediation costs following the Grenfell tragedy. That protection was improved during the passage of the Bill, though not as far as some of us would have liked. However, it is good news that the secondary legislation is now being passed to give effect to it.

I have a number of issues to raise about this SI and will quite understand if my noble friend writes to me in response. First, looking at the schedule, there is a form headed "Evidence", and a leaseholder who believes that he has protection under the SI has to provide a number of documents. One is to show that the dwelling, which is usually a flat, is his or her only principal home on 14 February. Most people have only one home. I wonder what document they must provide to satisfy the landlord that they do not own any other property. Is it a simple assertion, or will the landlord be entitled to expect something else before he accepts liability, and, if so, what? It is quite hard to prove a negative. This is important, because if the landlord can say that the leaseholder has not completed the form properly, the lease is no longer a qualifying lease.

Secondly, during the passage of the Bill, on several occasions I raised the question of leaseholders who had enfranchised and then bought the freehold. I was invited to read the Minister's lips. Other noble Lords in Committee will remember the exchange. I was assured that they would be treated as leaseholders and not as freeholders, and that they would get protection under the Bill. My noble friend Lord Greenhalgh said:

"They are effectively leaseholders that have enfranchised as opposed to freeholders. I hope that helps."—[Official *Report*, 28/2/22; col. GC 262]

That would have been consistent with the policy of successive Governments to encourage leaseholders to enfranchise, and it would be perverse to penalise those who had done so.

Without resurrecting old arguments, when the Bill completed its passage, they were treated as freeholders and not as leaseholders, and so they got no protection under Section 117 of the Act and no protection under the SI. My noble friend Lord Greenhalgh was concerned about this, and I ask my noble friend the Minister whether any action was being taken by the Government to fulfil the commitment that was initially given. I recall that my noble friend Lord Greenhalgh mentioned some consultation on this issue.

Thirdly, related to that, there will be problems where some of the leaseholders are freeholders and others are not. Can my noble friend the Minister say whether, under those circumstances, leaseholders who do not own a share of a freehold can pass on their share of the remediation bill to those who are freeholders? Again, that would be a perverse consequence. Do the Government intend to make regulations under Section 117(3)(d) to deal with any situation of some residents being freeholders and others not?

7.45 pm

Fourthly, it seems from the way the SI is drafted that resident management companies and right-to-manage companies can serve notice on landlords without first pursuing the developers. That is contrary to the waterfall we were assured about in Committee. Developers do not seem to be mentioned at all in the statutory instrument, although they are the ones who are meant to be first in the frame. The way the SI is drafted might provide a legal loophole through which developers can escape. I am sure that this was not intended. Can my noble friend provide reassurance on that?

Fifthly, there seems to be a circular process in Regulations 3(4) and 4(3). The former says that a remediation amount claimed under Regulation 3 cannot include amounts that could be included under Regulation 4. However, Regulation 4(3) says that an amount claimed under Regulation 4 cannot include an amount that could be claimed under Regulation 3. Some claims can be made under both or either regulation but, as drafted, they would simply cancel each other and go round and round from Regulation 3 to Regulation 4.

Finally, we need clear advice for leaseholders about bills that they have for service charges that include remediation measures but may not now be payable because of the Act. They are being threatened with court orders and repossession; they need to know whether they should pay their bills.

I will leave others to mention the issues raised by the Joint Committee's report, but the Explanatory Memorandum says that guidance will be issued. In view of the speed with which the SI has been prepared, and in view of some of the issues that I have raised and other noble Lords may raise, guidance will be essential if the ambiguities and uncertainties in the statutory instrument are to be addressed. Can my noble friend the Minister give a date for when the guidance referred to in the Explanatory Memorandum will be produced?

Subject to those remarks, I hope that the statutory instrument receives approval.

Baroness Pinnock (LD): My Lords, it is always a pleasure to follow the forensic approach of the noble Lord, Lord Young, to the details of any piece of legislation but particularly this statutory instrument.

[Baroness Pinnock]
It is important, as he pointed out. At this point, I again remind Members of my interests as a councillor and a vice-president of the Local Government Association.

The principle of this SI is positive news for leaseholders. As we have heard, in blocks of five or more storeys or above 11 metres, the news is good. I want to ask the Minister something, although I appreciate that she may not be able to answer all our questions; perhaps she could just write and confirm. Can she confirm that the very different funding packages, which are outlined partly in the Explanatory Memorandum and in more detail in the impact assessment, will fund all the work that is going to be required? The impact assessment makes it clear that the Government have no idea of the extent of the non-cladding remediation work that will have to be done. That is not a surprise because, until you take the cladding off, it is not clear what needs to be done. It would be good to know that all that work is covered by the various funding packages that have been put together. I am pleased to see that the measures include protecting leaseholders from having their service charges raised to fund some of the remediation costs. So there is positive news in this SI but, as the noble Lord, Lord Young, has said, there are questions that remain.

I will continue to raise questions about those leaseholders and tenants in blocks of four storeys or fewer, or under 11 metres. They may still have flammable cladding or fire safety defects in their blocks. What assurance can the Government give us, because they are excluded from this SI, that they will be able to sell their properties at a fair price even if no work is done, because that is what the Government are anticipating? The risks are low, and no work will be needed; therefore, they will still be able to have a fair price for their properties. We have never seen a risk assessment for those who live in properties below 11 metres in terms of fire safety. Again, it would be good to see that. We have been told the risk is lower, but how low is it? What is the risk?

The second big thing is the timeliness of this remediation work. My Twitter feed is full of concerns from leaseholders as cladding is removed, plastic sheeting is put round and then no work is done for six months. That is not acceptable. It has been five years since the dreadful Grenfell tragedy exposed all these construction failures. Leaseholders and tenants have been living in a state of anxiety and concern since then through no fault of their own, as I and many others have constantly said.

The impact assessment published alongside the SI makes it clear that there can be no assessment of the value of fire safety remediation to be done as there is no adequate data. What then can the Minister say to leaseholders and tenants about how quickly the Government anticipate the work being concluded? If the Minister is able to provide regular updates of remediation work, that would be very welcome.

Finally, there have been some reports of some developers challenging the extent of their liability. What assurance can the Minister provide on the deals with the 45 developers referenced in the impact assessment? If the developers take that to court, are the Government fully assured that they will lose? Otherwise, the whole funding package for remediation work will fall apart. I hope that the Minister, who has been put in this impossible position, can perhaps write and let us have some answers to those questions.

Lord Khan of Burnley (Lab): My Lords, the Building Safety Act made provisions for the remediation of certain defects to buildings following the Grenfell tragedy and, in certain circumstances, gave protections to leaseholders from the costs. The regulations before the House make provisions for how leaseholders can secure those protections. Labour welcomes these regulations and, throughout the passage of the Act, called for leaseholders to be better protected from the costs of fixing historic defects to their homes.

I must say to the Minister that just as the noble Lord, Lord Young of Cookham, the noble Baroness, Lady Pinnock, and the Joint Committee have raised concerns, we are concerned about the rushed nature of these regulations today. It spells chaos, but when you have had 60 Ministers resign, including the Minister for this department, I understand what is going on here.

We want to ask the Minister to be more clear about how the scheme will operate. Given that many leaseholders are still living in buildings with extensive defects, this should include urgent information on when it will be fully operational. There are also still technical questions remaining over how retrospective protections will come into force, especially given that the Cabinet Office guidance makes it clear that you cannot implement retrospective law unless the Attorney-General and Solicitor-General have both approved it.

As leaseholders continue to suffer without any real guidance or information, Ministers must act with great urgency to give people security in their homes and ensure that there are no further delays. We on these Benches support this measure today. However, we have concerns about the rushed nature of bringing it through. What continuing conversations and consultations will the Minister have with the Joint Committee to ensure that its concerns are addressed?

Baroness Bloomfield of Hinton Waldrist (Con): I thank noble Lords on all sides of the House for their contributions and their kindness in suggesting that I might like to write if I find that I cannot or have not answered anything when I have had a look at *Hansard* tomorrow. However, I shall take this opportunity to provide further detail on some of the points that have been raised.

I go first to the noble Baroness, Lady Pinnock. She asked whether non-cladding remediation work would be covered by the provisions. The various apportionment provisions in the regulations will apply to non-cladding remediation works. She also asked what happens when developers might challenge the extent of their liability. We are confident that the provisions will survive any legal challenge, but the department may indeed take forward some court cases itself in order to prove this.

The noble Baroness also asked me what happens with buildings under 11 metres, and I know this is a common concern of many. We remind your Lordships

that building owners should ensure that residential buildings of any height are safe, as it is their long-standing legal responsibility to do so. We have no evidence of systemic risk in low-rise buildings, and although we recognise that height should not be the only factor determining the level of risk in buildings, experts generally recognise that height is an important factor. Any mitigation work needs to be appropriate and proportionate to the level of risk. Less expensive mitigating measures, such as fire alarms, are likely to be more appropriate and proportionate for buildings under 11 metres.

My noble friend Lord Young asked a number of questions that I would like to respond to. He asked first how leaseholders will be required to prove that a flat is their sole or primary residence. Leaseholders will be required to provide information in the form of a short deed of certificate in relation to their qualifying lease status, their property's last sale price and their shared ownership status. As my noble friend said, proving a negative for other properties is a challenge; that is why the certificate itself carries a formal legal status. This one-off process will enable landlords to calculate their liability for historical safety defects under the Act. The certificate is set out in the schedule to these regulations and will be available to download from the GOV.UK website in the next few days. We will also be issuing comprehensive guidance and digital tools for leaseholders that set out this process in further detail.

My noble friend asked about enfranchised buildings. I remind the House that there is a distinction between resident-managed blocks, which are protected, and resident-owned blocks, which are not. As flagged up during debates in this House, it does not help leaseholders in enfranchised buildings if the leaseholder protection provisions in Part 5 of the Building Safety Act apply to leaseholder-owned and commonhold buildings. This is because leaseholders, in their capacity as freeholders, would still have had to pay the remedy for the safety defects in their building.

Following this, my noble friend asked about buildings where only some of the leaseholders own the freehold. This scenario was one of the reasons why we did not include leaseholder-owned buildings in the protections, as doing so would be unfair to those leaseholders, as my noble friend described. I remind the House that the Building Safety Act 2022 provides other routes for redress, which apply equally to leaseholder-owned buildings for buildings with relevant safety defects, enabling them to pursue those directly responsible for defects through the courts. These are now available for longer and in a far greater range of circumstances, including a course of action relating to product manufacturers and the provisions enabling associated companies to be sued. On next steps, I assure the House that the Government will very soon launch a call for evidence to understand better the particular issues facing leaseholder-owned buildings and their residents.

My noble friend also asked about resident-managed buildings and whether we have in some way let developers off the hook. I can categorically say that we have not. Developers will be liable to pick up historic building safety costs in resident-managed buildings, just as in other buildings. We have agreed with over 47 residential property developers that they will fix life-critical fire safety defects, including cladding, in all buildings above 11 metres that they had a role in developing or refurbishing in the past 30 years. The provisions relating to resident management companies and the like ensure that building owners are in the loop when it comes to getting work done. It will be up to them rather than the residents to pursue developers where the pledge does not apply.

My noble friend then asked if regulations 3(3) and 4(3) create some sort of loop. I can reassure your Lordships that they do not. There cannot be a circumstance whereby amounts could be claimed under both regulations. Under regulation 3, if the landlord is or is associated with a developer, they will be required to pay all remediation costs. If that is not the case, regulation 4 will apply to test whether the landlord or building owner meets the contribution condition. If they do, again, they will be required to pay all remediation costs, so a situation simply cannot arise where claims could be made under both regulations, because if a building owner were to meet the requirements of regulation 3 first, there would be no need to make a claim under regulation 4, and the same applies in reverse.

Finally—I am glad to say—in answer to my noble friend's question about whether the Government will be producing guidance, as the Explanatory Memorandum does indeed suggest, to support the operation of these regulations and the leaseholder protections as a whole, subject to the House approving these regulations, the Government will be publishing on Thursday, to coincide with their coming into force, a comprehensive package of guidance for leaseholders, landlords and building owners. The draft package of guidance, which has been shared with the leaseholder groups to ensure its usability, will be accompanied by an online tool that will use the data from the certificate in the schedule to these regulations to enable qualifying leaseholders to determine the maximum they will have to pay in respect of non-cladding costs.

If I have not answered any questions, I will of course get back to noble Lords in writing, but in conclusion, these regulations are vital to ensure that the leaseholder protection provisions in the Building Safety Act are fully implemented, enabling landlords to apportion historical safety remediation costs and leaseholders to demonstrate their qualifying lease status, so that leaseholders can fully benefit from the protections that the new legislation affords them. I am glad that noble Lords are joining me in supporting these regulations and I beg to move.

Motion agreed.

House adjourned at 8.02 pm.

Grand Committee

Tuesday 19 July 2022

3.45 pm

Arrangement of Business

Announcement

The Deputy Chairman of Committees (Lord Haskel) (Lab): My Lords, if there is a Division in the Chamber while we are sitting, this Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes.

Remote Observation and Recording (Courts and Tribunals) Regulations 2022

Considered in Grand Committee

3.46 pm

Moved by ***Lord Bellamy***

That the Grand Committee do consider the Remote Observation and Recording (Courts and Tribunals) Regulations 2022.

Relevant document: 9th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, the statutory instrument before us regulates the remote observation of court and tribunal proceedings across our justice system. Essentially, this instrument builds on the very positive experience of remote observation during the pandemic and extends and makes permanent powers that were originally contained in the emergency coronavirus legislation.

The instrument was made using the "made affirmative" procedure on 28 June 2022. It is fair to point out that the scrutiny committee of this House has been somewhat critical of the use of the "made affirmative" procedure in this case, as distinct from the normal draft affirmative procedure. My understanding of what has happened is that the enabling legislation, which is the Police, Crime, Sentencing and Courts Act 2022, was already delayed in Parliament. The department felt that we should move away from the emergency legislation as soon as possible. The emergency legislation then in force in any event did not cover certain tribunals, including employment tribunals, the Court of Protection and certain other jurisdictions, so the decision was made to press on using the "made affirmative" procedure. None the less, the comments of the scrutiny committee have been duly noted and I have reminded the department of the importance of ensuring full parliamentary scrutiny of all legislation, including legislation such as this.

The Committee will be aware that, at the outset of the pandemic, our courts and tribunals moved swiftly to holding hearings remotely using audio and video technology. I can take this opportunity to pay tribute to HMCTS for its work in enabling that to happen and the principle of open justice to be maintained.

The legislation permitting remote observation was very well received, especially by court reporters, legal bloggers and others who do valiant work in reporting what happens in our justice system. It allowed the courts to offer, in effect, the digital equivalent of the public gallery.

The Government have therefore taken the decision to make remote observation a permanent feature of our justice system and expand it to all our courts and tribunals, save for the Supreme Court and certain devolved courts and tribunals, and to any type of hearing, whether remote, in person or hybrid. The order is made, with the concurrence of the Lord Chief Justice and the Senior President of Tribunals, by the Lord Chancellor.

The overall aim is to strengthen the transparency, openness and accessibility of the justice system. It is hoped that it will also have the incidental effect of strengthening the sometimes struggling profession of court reporting by providing modern, digital solutions, although public galleries of course continue to be available.

Various safeguards are contained in the enabling legislation which prevent participants making unauthorised recordings or transmissions of the proceedings. It is important to note that at the heart of the provisions is the principle of judicial discretion. It will be for judges, magistrates, coroners and tribunal members to decide on a case-by-case basis whether to provide transmissions of proceedings to members of the press and public.

This does not enable indiscriminate broadcasting or live streaming of proceedings, although that occurs in certain jurisdictions, such as the Supreme Court and the Court of Appeal. It enables transmissions of proceedings to be made to individuals who have requested access and have identified themselves to the court or, in certain circumstances, to designated live-streaming premises. There is no obligation on judges to allow transmissions to be made to remote observers during a traditional in-person hearing, but it is hoped and assumed that this technology will greatly facilitate access to justice for many. Around 7,000 hearings a week now rely on audio and video technology. That is one of the reasons why this statutory instrument was brought forward as early as it was. The Government seek to strengthen and support the principle of open justice and to increase the accessibility and transparency of our justice system as part of our wider programme of modernising that system.

Lord Hope of Craighead (CB): My Lords, I am sure this instrument will be widely welcomed. As the noble and learned Lord has explained, this builds on experience, which it is good to do, in two beneficial ways: it is making a temporary arrangement permanent and it is spreading the technological discretion right across the whole system, which is a very good idea. One does not want gaps in an exercise of this kind.

I have a point to raise on the detail of Regulations 3 and 4, simply to try to understand how this system will work. As the noble and learned Lord has explained, this will be an exercise of a discretion. Regulation 3 gives two very sensible matters on which the court must be satisfied, particularly sub-paragraph (b) on technological arrangements and so on, before the discretion is exercised. I have no problems with that,

[Lord Hope of Craighead]
because it is very obvious that this needs to be done. I imagine that, if the court is being invited to exercise a discretion, it would be up to the advocate asking for it to provide the material the court needs to be satisfied with the points set out in Regulation 3.

Regulation 4 is trickier. It is a list of very sensible points which we are told the court must take into account. This is another example of something that has been happening over the years; in the Judicial Review and Courts Bill in particular, there was a list of things that the court must take into account, which caused some concern—some said the word "must" was wrong because it opened the door to criticism of the court if it perhaps failed to take something into account that it should have done. That problem lurks under Regulation 4. How will one be satisfied that the court has taken all these points into account without the court going through the entire list and saying that it has looked at sub-paragraphs (a) to (f)? Have the Government any thoughts on how this will work in practice? Is it simply to be assumed when the court exercises discretion that it has done this, or should it be transparent and laid out in some kind of understandable practice that these points will all be addressed and that the public will be told why and how the court has been satisfied on them?

I raise this not to tease the noble and learned Lord; it is just that somebody, somewhere, might start complaining that, let us say, sub-paragraph (a) has not been taken into account because the magistrate or the judge did not say so. One needs to be a bit careful with these lists to be sure how the thing will actually work in practice. I simply throw that out for the noble and learned Lord to consider. Maybe a definitive answer cannot be given today, but somebody needs to think about it, and maybe guidance needs to be given to those who are exercising the discretion so that they do not fall into a trap.

Lord Ponsonby of Shulbrede (Lab): My Lords, we support these provisions. They will replace and extend the temporary emergency provisions included in the Coronavirus Act 2020 which allow for certain proceedings to be observed remotely and recorded. We believe in the principle of open justice and think this goes a step towards that and should be welcomed for that reason. However, we are aware that sometimes legal proceedings are very sensitive and painful, and attending a court or tribunal can be a difficult experience for people. For that reason, decisions regarding which types of proceedings should be broadcast or available to different people to observe should not be taken lightly. I am very aware that different jurisdictions will have different considerations in that respect.

Just for the record, I sit as a magistrate in the family, youth and adult jurisdictions, and I sat all the way through the coronavirus pandemic. I started off in the family jurisdiction doing court hearings by BT MeetMe and we graduated to MS Teams. We were making extremely difficult decisions which we felt we had no alternative but to make because of the circumstances which we found ourselves working in as a court.

Of course I agree with the objectives behind this statutory instrument, but I wanted to make one substantive point on the level of technology in these courts. It is highly variable between jurisdictions. When one is dealing with litigants in person, it is not unusual for them to be trying to do things on their mobile phones. Sometimes they have poor signal and all sorts of handicaps if they are trying to take part in court proceedings remotely. In my experience, when a court is 100% remote —that is, everybody is remote—it can be made to work. However, it is more difficult when it is hybrid—when some parties are in the room and others are not. Whether it is fair to go ahead with a hearing is ultimately a matter for judicial discretion, but certainly in my experience, hybrid hearings in various jurisdictions can be detrimental to people who are not physically in the room, and the court needs to be aware of that when it is deciding whether to go ahead with a case. Nevertheless, having said that, we welcome this statutory instrument and we will be happy to support it when it is put to a vote.

Lord Bellamy (Con): My Lords, thank you. On the point raised by the noble and learned Lord, Lord Hope of Craighead, I am not sure that I have an answer off the cuff that I am able to give, and I entirely understand the point he makes as to the difference between "must" and "may" or similar expressions. I think the presumption, which I do not have the confidence to reproduce in Latin but which is to the general effect that everything is presumed to be regular unless the contrary is shown, would kick in here, and it would be a matter for the Lord Chief Justice to decide whether some further guidance is made necessary. I hope that those two points will at least accommodate the observation of the noble and learned Lord. However, the overall point is understood.

4 pm

The points regarding the general broadcasting of legal proceedings, and the sensitivity of particular proceedings, are also fully understood. The statutory instrument does not permit general broadcasting but leaves it to the discretion of the tribunal whether to permit this at all—and it will be a difficult discretion sometimes. Thirdly, as to the level of the technology, its variability and the difficulties faced by people on mobile phones, this is also recognised, in particular by HMCTS. It is expensive and challenging to equip courts to conduct legal proceedings remotely. To an extent it has got better as time has gone on, but we are still in a learning phase. Again, I will take that comment back and see what we can do to improve the efficiency and fairness of hybrid proceedings, in particular, which the noble Lord, Ponsonby, mentioned.

Having made those comments on the points raised, I commend the instrument.

Motion agreed.

Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022

Considered in Grand Committee

4.02 pm

Moved by ***Baroness Penn***

That the Grand Committee do consider the Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022.

Relevant documents: Instrument not yet reported by the Joint Committee on Statutory Instruments. 6th Report from the Secondary Legislation Scrutiny Committee.

Baroness Penn (Con): My Lords, I begin by emphasising that this Government recognise the threat posed by economic crime to the UK, and we will continue to do whatever it takes to combat money laundering and terrorist financing at home and abroad. The UK has played a pivotal role in tackling illicit finance internationally by building political commitments, championing global standards as a founding member of the Financial Action Task Force and pioneering domestic powers, which are being replicated around the world. The international standards set out by the FATF are at the heart of the UK's approach to fighting money laundering and terrorist financing. We are also clear that global leadership must be underpinned by strong domestic action.

Although our domestic action must be strong, it must also be proportionate to ensure that we minimise the burden on legitimate customers and businesses. In January 2020, we transposed the EU's fifth money laundering directive, which provided for the addition of art market participants, letting agents and crypto asset businesses to the regulated sector and set out discrepancy reporting requirements to ensure the accuracy of the UK's beneficial ownership registers. We also made separate changes to the money laundering regulations earlier this year in relation to high-risk countries and trusts. These changes give us the opportunity to debate the latest economic crime risks and help us target strategies to better protect the UK from overseas illicit finance flows.

Despite that progress, we know that there is more work to be done to deter money laundering and terrorist financing actively and effectively in the UK in a way that is proportionate and manages burdens on businesses. As part of that work, we are making further necessary updates to the money laundering regulations through the secondary legislation we are discussing today.

It is vital that AML regulation keeps pace with the rate of technological change so that no part of our financial system is prone to exploitation by criminals. This instrument therefore extends FATF recommendation 16, known as the travel rule, for crypto asset firms. The travel rule requires that information on the identity of the originator and beneficiary of a transfer of funds or assets is sent and recorded by the firms making the transfer. This means that transfers of crypto assets will become subject to the same rigorous AML requirements as bank transfers, allowing money laundering and terrorist financing to be detected and investigated effectively.

We are also closing the gap in the regulations by requiring proposed acquirers of already-registered crypto asset firms to notify the FCA ahead of such acquisitions, allowing it to object to such acquisitions or changes in control before they take place. This will stop unregistered firms gaining access to the UK market, ensuring further robustness of the regulations. We would like to implement this important change at the earliest opportunity, 21 days after the SI is made.

This instrument also makes several other discrete, targeted changes which are intended to ensure that the regulations are aligned with the updated risk assessments and new international standards. I will highlight just a few of them. For example, to ensure we are aligned with FATF standards on proliferation financing, this instrument will introduce a requirement for supervised persons and the private sector to identify and assess the risks of potential breaches, non-implementation or evasion of the targeted financial sanctions related to proliferation financing. Her Majesty's Treasury will also be required to carry out further national risk assessments of proliferation financing, and financial institutions and relevant persons must complete proliferation financing risk assessments and take steps to mitigate risks identified.

This instrument will go further by strengthening and clarifying how the AML regime operates, and by ensuring that the UK's AML supervisors have the right powers available to respond to new and emerging threats. That is why the instrument will also expand the requirement in the regulations to report discrepancies between the information gathered by regulated firms and that held at Companies House, both in the course of ongoing business relationships and in respect of entities in scope of the new register of overseas entities. Not only does this change address concerns raised by industry that the discrepancy reporting provision in the regulations provides insufficient clarity but it will enhance the accuracy and integrity of the companies register, closing a clear gap in the current system.

We are also amending the definition of a trust and company service provider, or TCSP, to cover the formation of all business arrangements, not just companies, that are required to register at Companies House and ensure that customer due diligence must be conducted on these business arrangements when they are the customers of TCSPs. This change will support the objectives of BEIS-issued proposals on limited partnership reform and improving the transparency and integrity of the companies register.

It is also important that we improve the information and intelligence-sharing gateway in the regulations, which was an important focus in the first economic crime plan and a key ask from industry. Therefore, we are expanding the information-sharing gateway to allow for reciprocal sharing from relevant authorities, including law enforcement, to supervisors. We are also expanding the list of relevant authorities in the regulations explicitly to include key government agencies, such as Companies House. This instrument also makes several technical and clarificatory changes to the regulations, to ensure that they are up to date and continue to work in the best way possible.

Noble Lords will be aware that the Secondary Legislation Scrutiny Committee raised the regulations as an instrument of interest in its sixth report, published on 30 June. Noble Lords will have hopefully also had sight of the statutory instrument's impact assessment, published on 14 July. Unfortunately, the impact assessment received a red rating from the Regulatory Policy Committee. Despite this, I support the SI proceeding given the time-sensitive nature of some of these measures and the impact of choosing not to address the loopholes and changes in risk where we have identified them.

[Baroness Penn]
Her Majesty's Treasury is undertaking further analysis this summer to improve the data available for future impact assessments.

I thank noble Lords for their examination of this important legislation and hope they will join me in supporting the instrument. I beg to move.

Lord Tunnicliffe (Lab): My Lords, I am grateful to the noble Baroness, Lady Penn, for introducing this SI, following last week's postponement. Let me say from the start that we support these revisions to the money laundering regulations, or MLR. Any proportionate measures that strengthen our hand in the fight against illicit or terrorism financing are a good thing.

It could be argued that some of these measures should have been introduced earlier. In recent months we have discussed the Government's mixed record in relation to tackling money laundering and fighting financial crime. However, rather than trying to score political points today, I instead wish to ask the Minister a series of questions about the Treasury's approach.

First, can the Minister tell us about the process underlying the accompanying impact assessment? She very kindly wrote on 14 July to inform me that the assessment had been rated red, or "not fit for purpose". Nevertheless, the Treasury wanted to push ahead with the debate as planned. Despite that correspondence saying that the IA had been published online, I was unable to find it on the legislation.gov.uk website last Wednesday afternoon. This debate was therefore delayed. This may be a fairly minor concern in the grand scheme of things, but legislative processes are important.

Although we have concerns about the IA achieving a red rating, we will nevertheless support the regulations' passage. As I said earlier, many of these changes are sensible and technical updates. The technical nature of the money laundering regulations, however, gives rise to another question. The success—or otherwise—of MLRs relies on formal guidance for individual sectors. These documents need to be updated and get final approval from the Treasury before dissemination. When is that process expected to begin and how long is it likely to take?

Turning to other issues, could the Minister go into a little more detail on the Government's approach to crypto assets. It seems sensible to extend the so-called travel rule, as well as the power of the Financial Conduct Authority in relation to annex 1 companies dealing with crypto assets. Since the Russian invasion of Ukraine, we have seen the exploitation and movement of crypto assets as a means of circumventing international sanctions. We are also seeing more and more criminal funds funnelled into different forms of digital assets, as there is a perception that using such avenues carries significantly less risk of intervention by law enforcers and regulators. If the new measures help to tackle these realities, that is welcome, but does the Minister agree that the need for wider regulation in this area is becoming ever more urgent?

The previous Chancellor was a big supporter of crypto. He stated his ambition for the UK to become a "global hub"—indeed, this will be the subject of a Question on Thursday. Can the Minister confirm that the new Chancellor shares Mr Sunak's enthusiasm, or are we likely to see a change in both ambition and regulatory direction?

We are, of course, in the midst of a wider review of the UK's anti-money laundering regime. According to the Explanatory Memorandum, that review is

"intended to shape the UK's broader direction on AML for the coming years".

If I am not mistaken, completion of that review was expected in June. Can the Minister confirm that it was completed as planned and, if so, might she be able to commit to a timescale for the publication of its outcomes?

Given the UK's participation in the Financial Action Task Force, just how much flexibility do the UK Government have? We are free to deviate from the FATF in instances where there is minimal risk, but will the Government want to threaten getting a cleaner bill of health as part of the body's 2025 UK review?

4.15 pm

This SI makes minor changes to the Economic Crime (Transparency and Enforcement) Act to ensure that discrepancies in company records are reported in a timely manner. Can the Minister provide an update on the implementation of the register of overseas entities? Enabling SIs are gradually being laid and debated, but do we have a firm date for enactment?

In addition, do we have an update on what has become known as the economic crime Bill part 2? The noble Lord, Lord Callanan, stated on multiple occasions that the Government aimed to deliver that Bill early in the new Session. I am not aware of its impending publication, but I hope the Minister can set me straight on that. Central to that Bill will be Companies House reform. These regulations do not go that far, but they give that agency and its parent department greater access to information about suspected money laundering. Can the Minister set out exactly what rights Companies House has at present? If these have long been deemed insufficient, why are changes being made only at this point?

I appreciate that I have bombarded the Minister with a variety of questions, so perhaps she could use the early portion of her Summer Recess to write.

Baroness Penn (Con): My Lords, I thank the noble Lord for his questions. I will attempt to answer them now as best I can so that, hopefully, we can both enjoy a quieter Summer Recess. If I do not manage to, I will write on the outstanding ones.

He asked first about the process underlying the impact assessment. The Treasury sought to collect quantitative data on the costs and impacts of the proposed amendments to the money laundering regulations through extensive stakeholder engagement and the SI's consultation period, but it did not obtain as much data as anticipated. Further attempts were made by officials to gather urgent evidence to rectify some of the data gaps that were identified, but unfortunately efforts were limited by the need to deploy resource on to pressing issues arising from the Russian invasion of Ukraine.

I am assured that the impact assessment was published on legislation.gov.uk on 14 July and on the GOV.UK page, where the consultation and government consultation

response for the instrument were also published. I have not navigated those websites myself, so they are perhaps not as user-friendly—

Lord Tunnicliffe (Lab): I wonder whether the Minister could accede to my ageing years and inability to get these funny things out of that funny website and just send them to me.

Baroness Penn (Con): I will happily do that. Skipping ahead slightly to the money laundering regulations review that the noble Lord referred to, the Government published their review on 24 June, which I will send to the noble Lord along with the impact assessment I referred to. On that review, the report sets out the future direction of anti-money laundering policy, including reforms to the UK's supervision regime and potential changes to the money laundering regulations to ensure that they remain proportionate and effective.

The noble Lord asked about guidance. The guidance to support firms in their compliance with the money laundering regulations, as he noted, is drafted by sector-specific expert bodies and then approved by the Treasury. Updates to the guidance to reflect the changes brought in by this SI are already under way. The Treasury will commence its approval process to ensure accuracy and consistency once it has received that draft guidance. I do not have an end date for the process but I can reassure the noble Lord that it has already begun.

On crypto, I cannot speak for the new Chancellor, but I can speak for the Government's position in terms of both being ambitious for the UK as a market for crypto currency but within that making sure that it is well regulated. Those two things go hand in hand. We will see measures in the forthcoming financial services and markets Bill relating specifically to the regulation of stablecoins, which are a form of crypto, as well as further consideration from the Government about the wider regulation needed in that area.

The Financial Action Task Force is the international standards setter for anti-money laundering and counterterrorism financing. Where members do not sufficiently meet their obligations to implement FATF standards, they are publicly identified by the FATF and subject to enhanced monitoring. All FATF members must report three times a year on the measures they are taking to protect against money laundering. As an FATF member, we are committed to maintaining those standards, particularly post EU exit, where the FATF is the international standards setter in this area. As I referred to in my opening speech, some of the measures here address some points from the FATF on proliferation financing.

The noble Lord asked about progress on implementing the economic crime Act part 1 and the register of overseas entities. During the Bill's passage through Parliament, the Government undertook to deliver the register as soon as practicable. The three UK land registries, together with Companies House, have been working at pace to ensure that we can get the register up and running as quickly as possible and that it works as intended. We had statutory instruments laid before the House in June and further regulations approved by the House last week. The register is planned to begin operating over the summer, with further instruments to underpin the register's operation made in the autumn.

On the economic crime Bill part 2—to use its unofficial name—I reassure the noble Lord that my noble friend's commitments still stand, and I believe that we expect to see the Bill introduced to Parliament shortly after the Summer Recess, which I think would still count as "early in the Session".

The powers of Companies House to investigate are narrowly defined under current legislation. Funding was allocated at the spending review to improve data-sharing capabilities and develop a system to verify identities of directors and deploy machine learning to identify suspicious activity. However, we need to go further through reforms proposed in the new economic crime Bill. That is why noble Lords have pressed us so hard on its introduction.

This is a complex area of law. The Companies House reforms amount to the largest change to our system of setting up and operating companies since the companies register was created more than 170 years ago, so we need to ensure that the proposals are effective and work coherently. As I said, the Government intend to introduce this legislation shortly after the Summer Recess.

I hope that I have addressed the noble Lord's points. I owe him a letter containing the documents we discussed anyway. If I have not addressed any of his points, I will make sure that they are included there. I commend these regulations.

Motion agreed.

Merchant Shipping (Additional Safety Measures for Bulk Carriers) Regulations 2022

Considered in Grand Committee

4.26 pm

Moved by ***Baroness Vere of Norbiton***

That the Grand Committee do consider the Merchant Shipping (Additional Safety Measures for Bulk Carriers) Regulations 2022.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, these regulations relate to the safety of bulk carriers: ships which are vital in the trading of world commodities. Bulk carriers transport, in bulk, unpackaged cargo such as grain, coal, iron ore and cement.

These regulations will be made under the safety powers conferred by the Merchant Shipping Act 1995. However, they are subject to the enhanced scrutiny procedures under the European Union (Withdrawal) Act 2018, as they will revoke the Merchant Shipping (Additional Safety Measures for Bulk Carriers) Regulations 1999—which I will call "the 1999 regulations"—which were subject to minor amendments made by Section 2(2) of the European Communities Act 1972.

As noted, these regulations will replace the 1999 regulations in order to implement the most up-to-date requirements of chapter XII in the annexe to the International Convention for the Safety of Life at Sea

[Baroness Vere of Norbiton]
1974—known as SOLAS—affecting bulk carriers. The regulations will further improve the safety standards for bulk carriers and will enable the UK to enforce these requirements against UK ships wherever they may be in the world, and non-UK ships when they are in UK waters. The amendments bring UK legislation up to date and in line with internationally agreed requirements.

The updated requirements of SOLAS chapter XII, which these regulations seek to implement, introduce restrictions on bulk carriers on sailing with any hold empty. This relates to stability because, should the empty hold flood, the dynamic effects of water in the hold could cause the vessel to capsize. The regulations also set the standards that an owner must meet for the inspection and maintenance of bulk carrier hatch covers, which is critical to ensure the watertight integrity of the ship.

The regulations require bulk carriers that are less than 150 metres in length to be fitted with a loading instrument capable of providing information on the ship's stability, assessed against the ship's design limits, to ensure safe loading. This requirement is already in place for bulk carriers of 150 metres or greater in length but is now extended to all bulk carriers.

The regulations require bulk carriers of double-side skin construction to comply with the same damage stability requirements as single-side skin constructed bulk carriers. Previously, and in the current 1999 regulations, there were no set damage stability requirements for double-side skin bulk carriers, as their design was less prevalent than it is now.

The updates also include requiring these double-side skin constructed bulk carriers to comply with requirements to have sufficient strength to withstand flooding of any single cargo hold to the water level outside the ship, as well as providing technical details regarding the construction standards for these ships, and an amendment to the survey reference to recognise the enhanced programme of surveys for bulk carriers.

The regulations also include standards and criteria for side structures for bulk carriers of single-side skin construction. These standards include requirements for the thickness of the side of the ship.

All the updated requirements are important for ensuring the safety and stability of bulk carriers and they increase safety standards to be in line with these international requirements. Introducing the requirements in these regulations will enable the UK to enforce them on bulk carriers that sail within the UK's waters and do not meet these important safety standards.

4.30 pm

The regulations apply to seagoing bulk carriers of 500 gross tonnes or more. They make some direct references to the provisions of SOLAS chapter XII. These references are made ambulatory so future updates to the referenced provisions will be given direct effect in UK law when they enter into force internationally. This assists in keeping UK legislation up to date with international requirements in this area.

To conclude, approval of these regulations would ensure that the UK meets its international obligations. The UK has already agreed to the amendments in the International Maritime Organization and these regulations will ensure that the UK is able to enforce the requirements. Ultimately, the regulations improve the safety standards for bulk carriers. I beg to move.

Lord Berkeley (Lab): My Lords, I am grateful to the noble Baroness for introducing this very important instrument. It is quite complex and long. The problem which caused these new regulations to be introduced was the tragic sinking of the MV "Derbyshire" in 1980—the noble Baroness is shaking her head, but I think that is what it says in the briefing—and it is now 42 years later. What has happened in the meantime? I hope this is not another of the potential regulations from the marine section in her department which seem to have been delayed and which we have discussed before. These regulations are very important and I would like to know what has taken so long. I am sure the Brexit negotiations have had something to do with it.

The noble Baroness is absolutely right in what she says about the need for stability, double-skinned vessels and fixed covers. I would be grateful if she could confirm whether the regulations apply to what are generally towed barges—I would call them barges, but I suppose they are vessels, technically—such as those used for disposing the Crossrail spoil down the Thames about five years ago. Because they were moving on the tidal sea, they had to have covers that were strapped down, which was absolutely right, and I am sure they all complied. But there are now people doing business around the south-west who believe they can profitably rescue lithium ore from some of the mines or beaches of Cornwall. One such proposal was to take this in a vessel around Land's End for processing in one of the ports on the south coast. I trust that that kind of transport is covered by this instrument, because it is pretty rough around there and these are very important safety rules.

I will not go through the whole instrument, because that would take a very long time and be very boring, but Part 4 on enforcement is interesting. It lists 10 different regulations, which are all to do with enforcement and which all, with one exception, apply to the owner and the master. Who does the enforcement? If the owner or master is found guilty, what level of fine would be applicable? I assume there would not be a prison sentence, but perhaps the noble Baroness could confirm that.

I have a slight problem with the way some of these things are enforced. Some years ago, I was a member of the harbour commission in the port of Fowey in Cornwall, which, of course, welcomes china clay ships and exports bulk ships—which are obviously covered by the regulations. It is not one of the cargoes referred to, but it is a dry cargo and a powder, so I am sure it is included.

One day, somebody came in and said, "We've just seen a Russian ship come in ready to be loaded with china clay, and we've seen a hole about six inches large in the bottom of the hull with a couple of rags stuffed in it." The tide was wrong, so everybody could see it as they went past. If it had been a different tide, heaven knows what would have happened. The ship probably would not have sunk, although it would not have helped the china clay very much.

On enforcement, it is clear that most of the initial reports will come from the harbours and ports where ships come and go. I have come across this in other parts of harbours legislation. Some ports are, one fears, not very enthusiastic about reporting small defects for fear that the ships or cargo might not come back and they will lose income. Obviously, the MCA deals with it when it reaches it, but it clearly needs to know about it.

It would be interesting to know whether the Minister has any information on how many such incidents have been reported in the past few years, how many were against British-registered ships, of which they probably are not many any more, and how many were against foreign-registered ships. It is terribly important that the regulations, which I thoroughly support, are enforced fairly but comprehensively in every port, big or small, around the country. The regulations are very good, I look forward to the Minister's answers and I congratulate her on, eventually, bringing this instrument forward.

Lord Shipley (LD): My Lords, I welcome the legislation being updated to ensure that we meet our international safety obligations for bulk carriers; it is clearly right to do so. There was an eight-week consultation, which elicited only one response, resulting in no changes, so it is good that there was full consultation.

However—the noble Lord, Lord Berkeley, covered this point—there seem to have been no substantive amendments to the regulations since 2004. The 2018 amendments were minor, yet the design of bulk carriers has been transformed since the turn of the century, and ships are much larger, so it is extremely important that our legislation is up to date. We welcome the fact that this SI sensibly establishes a system for keeping us in step with international standards for the future.

The Explanatory Memorandum, at paragraph 3.2, explains the conclusions of the Secondary Legislation Scrutiny Committee, which discovered a massive backlog of EU maritime legislation that had never been incorporated into UK law. This seems to go back more than a decade, which suggests that we have not been internationally compliant, which would be a worrying situation for a maritime nation. I therefore ask the Minister whether what I have just said is true; I should appreciate confirmation.

The noble Lord, Lord Berkeley, made a number of points, one of which was about enforcement. I have two questions on that. As I understand it, there are 28 bulk carriers registered on the UK flag, and they are all, apparently, already compliant. Paragraph 4.2 of the Explanatory Memorandum says that bulk carriers registered under other flags must also comply while in UK waters.

Worldwide, there are many thousands of such bulk carriers. It would be helpful for the Minister to say how many carriers under other flags are entering UK waters, let us say in the course of a year, and what checks have been done and will be done to establish that they comply with the convention. Clearly, in the context of many thousands of bulk carriers across the world, only 28 are registered with a UK flag.

Secondly, the statutory instrument has a long and complex list of exceptions in Regulation 7. Is the Minister convinced that it will be effective given that number of exceptions, and are they all based on international precedent and regulations which are adopted elsewhere? In other words, is that list of exceptions our list that would apply only to this country, or are we establishing exceptions based on what other countries also do?

I welcome generally the statutory instrument—the proposal is absolutely right—but it has raised a number of questions and it would help if they were clarified.

Lord Tunnicliffe (Lab): My Lords, I welcome the draft regulations to revoke and replace the Merchant Shipping (Additional Safety Measures for Bulk Carriers) Regulations 1999, to ensure that the International Convention for the Safety of Life at Sea 1974 is fully implemented.

These regulations affect bulk carriers and enforce chapter XII requirements, such as standards and criteria for construction, inspection and maintenance of both UK-flagged and non-UK flagged vessels. On this, can the Minister confirm what discussions the department held with international counterparts to ensure that non-UK flagged vessels are aware of these changes? It is important that these are fully incorporated into domestic statute, in part so that they can be enforced but also to act as a deterrent, which will make bulk carriers safer, including for the benefit of seafarers. On the issue of seafarers' safety, can the Minister confirm that the department worked with trade union representatives in the development of these regulations?

There are, of course, limitations to the application of the regulations; the requirements for bulk carriers of double-side skin construction cover only those constructed on or after 1 July 2006. Is the Minister able to provide an estimate of what proportion of carriers are therefore covered? I welcome the regulations and I hope that the Minister can provide some clarification.

I know absolutely nothing about bulk carriers; I have to admit that it has really stood in my way in this House. There is a fair old gap on this occasion, so I went to my friendly Google and came away terrified. It seems that these ships face a worrying variety of hazards. We had the "Derbyshire", which is a story relevant to today. In a sense, the problem with these regulations is that they are about complying with somebody else's regulations. I feel that to some extent it would be useful if there could be some overview of how safety has improved. In particular, is there anything outstanding? Do we know of risks that are not covered but which ought to be addressed, simply because they have emerged through recent design changes, different cargoes, and so on?

Secondly, can the Minister give a few words of comfort about the many ships which, I assume, were constructed before 1 July 2006? Are those ships safe on the seas and in our ports?

4.45 pm

Baroness Vere of Norbiton (Con): I thank noble Lords for a short but very interesting discussion. As I stand up, I know that I cannot answer all the questions that have been posed and will therefore write. However, I will take a pretty good stab at some of them.

[Baroness Vere of Norbiton]

Let us first address the elephant in the room, mentioned by the noble Lords, Lord Berkeley and Lord Shipley—the maritime backlog. The Secondary Legislation Scrutiny Committee is absolutely rightly holding the department's feet to the fire on this. My colleague in the other place, the Maritime Minister, has had lengthy discussions with the SLSC to reassure it that we are working through the maritime backlog as a priority. Not only Covid but some Ukraine legislation have meant that we have not been able to go as quickly as we would like. Much of it is to bring UK domestic law in line with existing international maritime convention standards. Many of these vessels are international and will therefore comply with them anyway, because they are international standards, but I accept that we need to make sure our UK domestic law is up to date so that we can enforce these standards in our ports at home.

These regulations are one of the 13 outstanding statutory instruments identified as the international backlog. This April, the Maritime Minister updated the SLSC to confirm that there are just nine left. If this is passed, we will be down to eight. We committed to the SLSC that we would be on target to clear the backlog by the end of next year and we are still on target to achieve that. Noble Lords can expect to look forward to many debates like this in future.

I turn to some of the questions raised by noble Lords, starting with a question from the noble Lord, Lord Tunnicliffe. He asked about the discussions we have had with international counterparts to ensure that non-UK flag vessels are aware of the changes. As noble Lords have pointed out, these changes were developed and agreed in the international forum—the International Maritime Organization—over 14 years ago. The UK was fully engaged in those discussions, supported them and helped to shape the standards we now have. Given the international nature of shipping and the discussions that have been going on in the IMO for some time, the Government expect that non-UK flag vessels will be aware of these long-standing measures, and we fully expect them to be compliant.

The noble Lord, Lord Tunnicliffe, asked whether the department works with trade unions on seafarers' safety. It is absolutely right that we make sure we have connections with the trade unions. The consultation for this document, as the noble Lord, Lord Shipley, pointed out, elicited just one response, from the Law Society of Scotland, to raise a point of clarity around the use of the ambulatory referencing. We did not get a response from any trade unions—and we sent reminder emails out—but I sense they would have felt, "But we already inputted that when they were discussed at the IMO." The International Transport Workers' Federation, a non-governmental organisation with observer status at the IMO, was involved in the discussions leading to the development of the policy, so I am content that the views of workers will certainly have been taken on board.

On the requirement for bulk carriers of double-side skin construction covering only those constructed on or after 1 July 2006, as the noble Lord, Lord Shipley, pointed out, there are 28 bulk carriers on the UK flag. Three of these, two of which are of single-side skin construction, were built before the requirements came into force. We believe that the 28 vessels are already compliant with the requirements of the regulations and additionally are all classed with the International Association of Classification Societies, which has already implemented the international requirements within its own rules. So I do not think there are any ships of this type floating around which are not within the standards.

The noble Lord, Lord Berkeley, asked about enforcement. He is absolutely right: the MCA does enforcement. We very much hope that the ports would collaborate with the MCA to ensure the safety, security and well-being of all workers at sea and the vessels they work in. If things are found not to be in accordance with the standards, there are very significant penalties of unlimited fines in England and Wales and fines up to the statutory maximum in Scotland.

The noble Lord also asked how many incidents had been raised so far. We have not enforced this in the past, so we do not have any historic data. However, clearly, we will keep an eye on this to see whether it is a particular problem. I suspect it may not be the biggest issue faced by the MCA, but we will keep an eye on it.

The noble Lord, Lord Shipley, asked a perfectly reasonable question that I am very embarrassed that I do not have the answer to about how many carriers of this type turn up in UK ports every year. I do not know, but I am going to find out. We will also find out how many checks are done and the level of enforcement from the MCA that goes on.

The noble Lord, Lord Berkeley, mentioned the MV "Derbyshire", which was a very tragic loss that took place a few decades ago. The 1999 regulations implemented the bulk carrier-specific SOLAS requirements made at the International Maritime Organization in 1997. Then, following the publication of the report into the sinking of the MV "Derbyshire" in 1998, the International Maritime Organization's Maritime Safety Committee initiated a further review of bulk carrier safety and adopted amendments in 2002. These were implemented in 2002 and the UK's 1999 regulations were amended accordingly. The proposed regulations replace the 1999 regulations by updating the requirements and introducing these further measures.

The noble Lord, Lord Tunnicliffe, suggested that we might have an overview of maritime safety improvements. I am going to take that back to the department, because it might be quite an interesting thing to do; it would give noble Lords an indication of where we are now, both domestically and internationally, and how that fits into the backlog, so that we can see what is coming down the track and where we have come from. I will take that away. I hope noble Lords will forgive me; it may not be before recess. We might need the summer period, but when we come back in September, maybe we could even get some maritime officials together to have a chat about maritime safety. That might be a nice way forward.

I have a couple more points to address. On the exceptions, yes, they are all international exceptions; that is absolutely right. I think I have now dealt with everything, but of course we will go over *Hansard*. I have in my mind something to do with lithium and Crossrail spoil, so I want to make sure that that is not something I need to respond to.

Lord Shipley (LD): Can I clarify a point on exceptions? The Minister might wish to write. The question I posed was whether we are in line with the international approach to exceptions or whether the list of exceptions in Regulation 7 is unique to the United Kingdom.

Baroness Vere of Norbiton (Con): It is international, but we will check; if it is not, we will write. The noble Lord can assume it is international unless he gets a letter from me telling him it is not. I commend the regulations to the Committee.

Motion agreed.

Chemicals (Health and Safety) Trade and Miscellaneous Amendments Regulations 2022

Considered in Grand Committee

4.55 pm

Moved by ***Baroness Stedman-Scott***

That the Grand Committee do consider the Chemicals (Health and Safety) Trade and Miscellaneous Amendments Regulations 2022.

The Parliamentary Under-Secretary of State, Foreign, Commonwealth and Development Office and Department for Work and Pensions (Baroness Stedman-Scott) (Con): My Lords, this draft statutory instrument was laid before Parliament on 23 June. As part of this Government's ambitious international trade agenda, the United Kingdom signed a free trade agreement last year with the European Economic Area and European Free Trade Association countries, such as Iceland, Liechtenstein and Norway. This agreement included a chemicals annex as part of the technical barriers to trade provisions, which committed both parties to co-operate in the field of chemicals regulation.

This draft statutory instrument makes a provision for this chemical annex so that the Health and Safety Executive can share information on chemicals it holds, such as individual regulatory substance evaluations and risk assessments, with the authorities in those countries. The SI also allows the UK authorities to make use of information received from EEA/EFTA countries to help to ensure protection in the areas of health and safety, the environment and consumers. This sharing of information will promote greater transparency and understanding of our respective regulatory approaches and of chemicals safety. It will also help to create a greater understanding of the decision-making processes in the UK, which will build trust and confidence with EEA/EFTA countries, enhancing the robustness of decision-making, and thereby reduce regulatory costs for UK businesses wishing to place chemical products on the market in EEA/EFTA countries.

This SI also corrects minor outstanding deficiencies such as references to EU institutions in several pieces of retained chemicals law arising from leaving the EU, to ensure that the relevant chemicals regimes continue to operate effectively. There are no policy changes or changes to duties but, since it is such a technical instrument, I am sure that a brief summary of the changes will be welcomed.

The first of the three retained regulations to be amended is the GB biocidal products regulation, which governs the placing on the market and use of products that contain chemicals that protect humans, animals, materials or articles against harmful organisms such as pests or bacteria. It is in place to ensure these chemicals are safe for humans, animals and the environment while improving the functioning of the biocidal products market. This market covers a wide range of products, such as wood preservatives, insecticides such as wasp spray, or anti-fouling paint to remove barnacles from boats.

The second is the GB classification, labelling and packaging of substances and mixtures regulation, which ensures that the hazardous intrinsic properties of chemicals are properly identified and effectively communicated to those throughout the supply chain, including to the point of use, partly through standardised hazard pictograms and warning phrases associated with specific hazards, such as explosivity, acute toxicity or carcinogenicity.

The third amendment is to the GB prior informed consent regulation, which implements the UK's obligations under the international Rotterdam convention and requires exports of listed chemicals to be notified to the importing country; for some chemicals, the consent of the importing country must be obtained before export can proceed.

5 pm

In addition, this SI makes minor technical amendments to several pieces of EU-derived domestic legislation. The provisions for CLP, BP and PIC that I have just mentioned were brought into GB law from EU law but, during this process, some EU references within the legislation were not removed. The SI will ensure that these references are removed so that the CLP, BP and PIC provisions work as domestic legislation in Great Britain.

Finally, the SI will correct and update references related to EU exit in the Plant Protection Product (Fees and Charges) Regulations 2011 and the Biocidal Products and Chemicals (Appointment of Authorities and Enforcement) Regulations 2013. It will also clarify provisions in the Health and Safety and Nuclear (Fees) Regulations 2021 on fees payable for activities carried out by HSE as the competent authority in relation to biocides.

In conclusion, I take this opportunity to reiterate and emphasise that the changes this SI will make to retained and EU-derived chemicals legislation are minor technical amendments and make no changes to either policy or duties. I hope that colleagues of all parties will join me in supporting the draft regulations, and I commend them to the Committee.

Baroness Barker (LD): My Lords, I thank the Minister very much for her clear introduction to what are at first sight some rather technical and dry regulations. Technical and dry they may be, but they are very important. They deal with matters of considerable

[Baroness Barker]
import, not least to agriculture, as well as to horticulture, which is also a significant part of our economy. The clear and consistent labelling of chemical products not only to people who import and export them but to consumers across the world is of increasing importance.

I take what the noble Baroness says—that these are simply technical changes consequent on our withdrawal from the EU—but I have a few questions. Do the regulations simply return GB law—I will come back to the difference between GB and UK law in a moment —to the point it was at when we exited the EU? Do they in any way impact on the future convergence of information exchange about labelling standards? The wording of the explanation of the role of the HSE and phrases such as "enabling there to be a pathway" for the HSE are somewhat general for such a tight and specific subject, and I did not find that particularly helpful. Are the regulations simply maintaining the status quo as it was when we exited the EU, or are they the basis for continuing monitoring of our diversions or convergence with EU legislation in this matter?

Secondly, there are specific references to Northern Ireland. The Explanatory Memorandum at paragraph 7 talks about the biocides regulation and makes particular reference to products that would be imported into Great Britain. I think it draws a distinction between products that will be imported into Great Britain and thence into Northern Ireland and, in similar fashion, the other way round. We are back to the vexed and as yet unresolved question of the Northern Ireland protocol and the Northern Ireland border. This is a really important subject because, as we know, agriculture is a significant part of the Northern Ireland economy. If we do not have clarity and consistency with other parts of the EU on biocidal products and chemicals, that must pose a significant risk.

Finally, towards the end of her introduction the Minister referred to cost. Can she say what the estimated cost to UK businesses will be in terms of the increased costs of maintaining regular exports to EEA and EFTA countries, and the estimated increase in import costs for products from those countries? I would be very much obliged if she answered some of those points.

Baroness Sherlock (Lab): My Lords, I thank the Minister for her introduction to these regulations and for explaining them. I confess that I read both the regulations and the Explanatory Memorandum more than once, and stopped only when I realised that every successive reading was adding nothing to my understanding or indeed knowledge of the subject in question. So, I appreciate her summary.

I thank the noble Baroness, Lady Barker, for some great questions. She is absolutely right that, while they seem dry, questions such as the easily comprehensible labelling of dangerous objects could hardly be more important in terms of protecting life and limb. I will ask some questions, and I apologise in advance if they are basic. However, I trust that the Minister has cavalry behind her who can assist should that be necessary.

As far as I can understand it—I know that the Minister will correct me when she responds if I have got it wrong—the instrument appears to do two main things. First, it provides for the creation of an information-sharing gateway so that the Health and Safety Executive can disclose information that it is required to disclose under the terms of the trade agreement between the UK and the EEA/EFTA. My first question is: what is it? What will the gateway look like? Is it a process or a piece of software? Is it online and is it secure?

The second question is fairly obvious: what will it do? The Explanatory Memorandum says:

> "HSE needs a power in order to share information such as individual substance evaluations and risk assessments that it holds on chemicals to assist the UK in meeting its obligations on regulatory co-operation contained in the Chemicals Annex of this trade agreement."

Can the Minister give me an example—I am a bear of very little brain—of some information that the UK is required to disclose as a result of this trade agreement which is in the gift of the HSE and which it currently does not have the power to disclose but, as a result of this regulation, will then be able to disclose?

Can the Minister also tell us where the information is coming from? She mentioned information coming from EFTA or EEA trade partners, but are we also talking about information that British firms have supplied to the HSE in the ordinary run of business? I am interested in the line of liability and the control of the data. Whose data is it, who controls it and where will it end up?

What are the limits on disclosure? Regulation 3 sets out three "permitted purposes" under which this information can be disclosed:

"to ensure health and safety … to ensure protection of consumers"

and

"to ensure protection of the environment."

That is pretty broad. Given that it is that wide-reaching, can the Minister say what the boundaries are for disclosure and whether there will be any monitoring of the HSE's decision-making in relation to it? Since the received information can be used only for a permitted purpose, what will be in place to monitor the use after the information has been disclosed?

There is a lot of amending and repealing going on here—amending the biocides regulation, amending and repealing two EU directives. How can you amend and repeal things? Do you amend them and then repeal them? I suppose it would not make any sense the other way around, but perhaps the Minister can shed some light on that. There was also amendment of the CLP regulation, the PIC regulation and related retained legislation

"to ensure the regulations continue to operate effectively."

At this point I had completely lost any sense of which regulations were being enabled to operate effectively.

I am trying to get at what the end state is—the noble Baroness, Lady Barker, put it much more crisply. Where will we land once all this amending and repealing has happened? Are we back where we were before Brexit? Are we in a parallel space to where our EEA/EFTA trade partners are? Are we on some different diverging path? Where will we land? Also, can she assure us that, once all this amending and repealing has happened, the legislation—both retained and secondary—relating to health and safety in chemicals will be fit for purpose?

To give the Minister a bit of time, I will summarise the questions. What is the gateway? What information will go through it? Can we have an example of it? Where does the information come from? What are the limits on the information that can be disclosed, given the very wide-ranging parameters in the regulations? Where will we land once all this has happened? I am very excited to hear her reply.

Baroness Stedman-Scott (Con): I thank the eloquent noble Baronesses for their questions. As they say, this is a very technical piece of work, but I will do my best to respond. My cavalry is working very hard to ensure that I can do so with accuracy. I thank both noble Baronesses for contributing to this debate. In closing, I will try to deal with some of the issues. If I do not, noble Lords know that I will go away and do my homework to get the answers they deserve.

The noble Baroness, Lady Barker, asked about the Northern Ireland protocol. This instrument makes no changes in relation to Northern Ireland beyond correcting references in EU-derived domestic legislation to EU law which should reference the Protocol on Ireland/ Northern Ireland and ensuring that the definition of "export" in the GB PIC regulation clearly captures the removal of chemicals from Great Britain to Northern Ireland, as intended.

The noble Baroness also asked whether the regulations simply return GB regulations to their state when we left the EU. The CLP regulation has been retained as domestic law and now establishes a GB CLP system that is independent from the EU CLP regulation. It is therefore necessary to ensure our regulations no longer make deficient references to EU institutions or their processes and authority. These proposed changes ensure the last remaining references to the European Commission and its delegated powers to make amendments to specified articles and annexes are removed from the retained GB CLP regulation.

The noble Baroness, Lady Barker, referred to the biocidal products regulation, or BPR. The regulations were brought into GB from EU BPR, but during this process, as I have said, some EU references within the legislation were not removed, so the changes in this SI ensure that GB BPR works as a piece of domestic legislation.

The noble Baroness also asked about estimated costs. There will be no costs to businesses arising from the regulatory information-sharing arrangements in the UK-EEA/EFTA trade agreement. The corrections to the retained chemicals regulations are to address deficiencies and inoperabilities. They allow the regulations to function as originally intended and do not have any financial implications.

The noble Baroness, Lady Sherlock, challenged us on what the information-sharing gateway will look like. It will be mostly regulatory information held by the HSE or parties to agreements, so it will be information on risk assessments—not confidential business info. Trade data will be for the Department for International Trade.

The noble Baroness, Lady Sherlock, raised the issue of disclosure. The GB PIC regulation implements the UK's international obligations under the Rotterdam convention on the prior informed consent procedure for severely hazardous pesticides. The regulation establishes a system of export notification and information exchange to allow countries to make informed decisions about the chemicals they import. The GB regulation has been retained as domestic law, and now establishes a GB PIC export notification system that is independent from the EU PIC regulation.

5.15 pm

The SI amends references to the Taxation (Cross-Border Trade) Act 2018 in the definition of export in GB PIC to ensure that it clearly captures removal of chemicals from Great Britain to Northern Ireland, as intended. Disclosure of information is subject to data protection regulations. Another example of disclosure is regulator-to-regulator information on our approaches to regulating anti-fouling paints, which remove barnacles from boats.

I hope I have covered the questions. If I have not done so to noble Lords' satisfaction or there are some outstanding, I give my word that I will write with the information. To conclude, this instrument will give HSE—

Baroness Sherlock (Lab): I shall not press the Minister any further now. She has helpfully described what the regulations are intended to do, but she has not helped laypeople such as the noble Baroness, Lady Barker, and I to understand what the end state will look like as a result of them. For example, she said that through removing deficiencies, we will have an independent GB CLP regulation process. It is great that it will not be deficient any more; I have no idea what it will look like, and I realise I should. If possible, when she writes, given the complexity of the regulations and the question, if she could describe the end state, we would be very grateful.

Baroness Stedman-Scott (Con): I am very happy to commit to doing that, subject to agreement from my officials. We are fine.

To conclude, the instrument will give HSE the power it needs to share regulatory information it holds on chemicals to assist the UK in meeting its obligations on regulatory co-operation contained in the chemicals annexe to the free trade agreement with the EEA/EFTA countries. This removes the barrier which was stopping information sharing under the free trade agreement, which would have been detrimental to HSE making informed decisions about the chemicals being imported and exported. By also correcting the outstanding deficiencies related to EU exit, we will ensure that retained and EU-derived domestic chemicals legislation continues to operate effectively. Therefore, I commend the instrument.

Motion agreed.

Committee adjourned at 5.18 pm.