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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

WRITTEN STATEMENTS AND WRITTEN ANSWERS

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Ministers and others who make Statements or answer Questions are referred to only by name, not their ministerial or other title. The current list of ministerial and other responsibilities is as follows.

Minister	***Responsibilities***
Baroness Evans of Bowes Park	Leader of the House of Lords and Lord Privy Seal
Earl Howe	Deputy Leader of the House of Lords
Lord Agnew of Oulton	Minister of State, Treasury and Cabinet Office
Lord Ahmad of Wimbledon	Minister of State, Foreign, Commonwealth and Development Office
Lord Ashton of Hyde	Chief Whip
Baroness Barran	Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport
Baroness Berridge	Parliamentary Under-Secretary of State, Department for Education and Department for International Trade
Lord Bethell	Parliamentary Under-Secretary of State, Department of Health and Social Care
Baroness Bloomfield of Hinton Waldrist	Whip
Lord Callanan	Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy
Earl of Courtown	Deputy Chief Whip
Lord Frost	Minister of State, Cabinet Office
Lord Gardiner of Kimble	Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs
Baroness Goldie	Minister of State, Ministry of Defence
Lord Goldsmith of Richmond Park	Minister of State, Department for Environment, Food and Rural Affairs and Foreign, Commonwealth and Development Office
Lord Greenhalgh	Minister of State, Home Office and Ministry of Housing, Communities and Local Government
Lord Grimstone of Boscobel	Minister of State, Department of Business, Energy and Industrial Strategy and Department for International Trade
Lord Parkinson of Whitley Bay	Whip
Baroness Penn	Whip
Baroness Scott of Bybrook	Whip
Baroness Stedman-Scott	Parliamentary Under-Secretary of State, Department for Work and Pensions
Lord Stewart of Dirleton	Advocate-General for Scotland
Lord True	Minister of State, Cabinet Office
Baroness Vere of Norbiton	Parliamentary Under-Secretary of State, Department for Transport
Baroness Williams of Trafford	Minister of State, Home Office
Lord Wolfson of Tredegar	Parliamentary Under-Secretary of State, Ministry of Justice
Viscount Younger of Leckie	Whip

Written Statements

Monday, 19 April 2021

Contingencies Fund Advance

[HLWS915]

Lord Agnew of Oulton: My right honourable friend the Financial Secretary to the Treasury (Jesse Norman) has today made the following Written Ministerial Statement:

Her Majesty's Revenue and Customs will incur new expenditure in connection with the government's response to the Covid-19 pandemic in 2021-22.

Parliamentary approval for additional resources of £6,065,000,000 for this new expenditure will be sought in a Main Estimate for Her Majesty's Revenue and Customs. Pending that approval, urgent expenditure estimated at £6,065,000,000 will be met by repayable cash advances from the Contingencies Fund.

Further requests to the Contingencies Fund may be made as necessary to fund Covid-19 activity delivered by Her Majesty's Revenue and Customs.

London Capital & Finance

[HLWS916]

Lord Agnew of Oulton: My honourable friend the Economic Secretary to the Treasury has today made the following Written Ministerial Statement:

On 17 December 2020 I announced that the Treasury would set up a compensation scheme for bondholders who suffered losses after investing in London Capital & Finance (LCF) (HCWS678)[1]. This statement provides an update on the government's approach, including the details of the scheme and the next steps for bondholders.

LCF was a Financial Conduct Authority (FCA) authorised firm which issued unregulated non-transferable debt securities, commonly known as 'mini-bonds', to investors and then speculatively invested the funds received in a number of underlying businesses. LCF went into administration in January 2019 and at the point of failure 11,625 bondholders had invested around £237m.

This has been a very difficult time for LCF bondholders, many of whom are elderly and have lost their hard-earned savings. As I noted in my last statement, for some, this will have formed part of an investment portfolio, but for others, it will have represented a significant portion of their savings.

One of the key purposes of regulation is to ensure that investors have the right information to understand their risk. Within this system even a regulator doing everything right will not be able to, and should not be expected to, ensure a zero-failure regime. That is why statute has established the Financial Services Compensation Scheme (FSCS), which is the compensation scheme for customers of failed financial services firms in the UK. Its scope is strictly limited and it is only able to pay out when a relevant regulated activity has been undertaken. The FSCS has considered LCF claims in detail and has been able to protect around 2,800 bondholders, paying out over £57m in compensation.

It is an important point of principle that government does not step in to pay compensation in respect of failed financial services firms that fall outside the FSCS. Doing so would create the wrong set of incentives for individuals and an unnecessary burden on the taxpayer. However the situation regarding LCF is unique and exceptional. After considering the issues in detail, the government has decided to establish a compensation scheme for LCF bondholders. The scheme I am announcing today appropriately balances the interests of both bondholders and the taxpayer and will ensure that all LCF bondholders receive a fair level of compensation in respect of the financial loss they have suffered.

LCF's business model was highly unusual, both in its scale and structure. In particular, it was authorised by the FCA despite generating no income from regulated activities. This allowed LCF's unregulated activity of selling mini-bonds to benefit from the 'Halo Effect' of being issued by an authorised firm, helping LCF gain respectability and grow to an unprecedented scale before it failed, resulting in losses for thousands of bondholders.

A complex range of interconnected factors contributed to the scale of losses for LCF bondholders. Clearly individuals have responsibility for choosing investments that are suitable for their risk profile. The high interest rates on offer from LCF, particularly when compared to deposit accounts, should have prompted questions from potential bondholders about the risks. While some may have understood those risks and invested anyway, LCF's disclosure materials and marketing strategy may have led others to believe they were investing in a product that was far safer than it was.

Bondholders have reported LCF using a range of dishonest tactics to persuade them to invest. For example, some novice investors have said they were encouraged to declare themselves to be sophisticated and experienced, thereby enabling them to access products that should have been out of reach. Furthermore, LCF appears to have adopted flawed investment and marketing strategies and paid high commissions of up to 25% to the sales agent.

Bondholders have been badly let down by LCF, but they have also been let down by the regulatory system that is designed to protect them. The independent investigation led by Dame Elizabeth[2], which the government published at the end of last year, concluded that the FCA did not discharge its functions in respect of LCF in a manner which enabled it to effectively fulfil its statutory objectives during the relevant period.

While I have not seen evidence that would indicate that the regulatory failings at the FCA were the primary cause of the losses incurred by LCF bondholders, they are a significant factor that the government has taken into account when deciding to establish this scheme. Indeed, the government does not ordinarily step in to pay compensation to consumers in relation to allegations of fraud, investment losses, mis-selling or mis-buying of investments. I would, however, like to make it clear that neither the government nor the FCA accepts any legal liability for the failure of LCF or the losses incurred by its bondholders.

In these extraordinary circumstances, the government has decided to establish a compensation scheme. However, it is imperative to avoid creating the misconception that government will stand behind bad investments in future, even where FSCS protection does not apply. That would create a moral hazard for investors and potentially lead individuals to choose unsuitable investments, thinking the government will provide compensation if things go wrong. The ultimate responsibility for choosing suitable investments must remain with individuals.

To avoid creating this misconception, and to take into account the wide range of factors that contributed to the losses that government would not ordinarily compensate for, the government will establish a scheme that provides 80% of LCF bondholders' initial investment up to a maximum of £68k. Where bondholders have received interest payments from LCF or distributions from the administrators, Smith & Williamson, these will be deducted from the amount of compensation payable. The scheme will be available to all LCF bondholders who have not already received compensation from the FSCS and represents 80% of the compensation they would have received had they been eligible for FSCS protection.

Around 97% of all LCF bondholders invested less than £85k and therefore will not reach the compensation cap under either the government scheme or the FSCS. The government expects to pay out around £120m in compensation in total and the scheme to have paid all bondholders within 6 months of securing the necessary primary legislation, which it will bring forward as soon as parliamentary time allows.

Bondholders do not need to do anything at this stage and government will provide further details on how the scheme will operate in due course. The scheme will be simple and straightforward to navigate. Bondholders will not need to use a claims management company, solicitor or any other organisation to help them claim.

I am mindful that some individuals may be anxious to receive their compensation and I urge bondholders to be vigilant to the risk of scammers posing as services to help them claim. To reiterate, the scheme has not opened yet and bondholders should await further announcements from the government on next steps.

One of the challenges highlighted by Dame Elizabeth Gloster's report is that, despite exhibiting many of the characteristics of other regulated financial services activities, the issuance of mini-bonds is not currently a regulated activity. The government is committed to ensuring the financial services sector is well regulated and consumers are adequately protected, and the Treasury is therefore today launching a consultation on proposals to bring the issuance of mini-bonds into FCA regulation. This consultation is the culmination of a review into the regulation of mini-bonds that I announced in May 2019 and delivers on one of the recommendations made in Dame Elizabeth Gloster's report.

In addition, the FCA is continuing its work to address the recommendations in Dame Elizabeth Gloster's report, including through its ongoing Transformation Programme. A number of important steps have already been taken and I welcome the FCA's commitment to report publicly on the progress of these vital reforms.

Finally, I wish to reiterate my sympathy for LCF bondholders. I hope the compensation offered by the government scheme will offer some relief to the distress and hardship suffered and provide closure on this difficult matter.

[1] A link to the previous WMS can be found via https://questions-statements.parliament.uk/written-statements/detail/2020-12-17/hcws678.

[2] The full report can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945247/Gloster_Report_FINAL.pdf.

Non-devolved Provisions of the Coronavirus Act 2020: One Year Report

[HLWS917]

Lord Bethell: My Hon. friend the Parliamentary Under Secretary of State (Minister for Prevention, Public Health and Primary Care) (Jo Churchill), has made the following statement:

On 22 March 2021, the One-Year Status Report on the non-devolved provisions in the Act was laid in Parliament. The Report provided a thorough assessment of whether the provisions within the Act remained necessary and proportionate to support the response to the pandemic.

The report highlighted an intention to expire twelve provisions and suspend a further three. The cautious expiration and suspension of these provisions reflects the progress made in tackling the pandemic. Progress along the roadmap and continued success with the vaccine rollout, show we are moving in the right direction towards the national recovery.

Following the publication of the One-Year Status Report, the Government identified that it contained a factual error. This relates to text on pages 14, 30 and 31 of the Report, regarding section 24 of the Act, which covers Home Office responsibilities relating to the retention of biometrics (fingerprints and DNA profiles) that are being retained for national security purposes. I would like to apologise and address the error.

The Report, laid in Parliament last month, stated that the regulations made under section 24 would expire in March 2021. However, it emerged that the second regulations made under this power, Coronavirus (Retention of Fingerprints and DNA Profiles in the Interests of National Security) (No. 2) Regulations 2020, are extant and will continue to have effect until 24 September 2021. This does not affect the substance of the report because the Government will shortly bring forward regulations to expire section 24, alongside other provisions set out in the One-Year Report.

We have taken the appropriate steps to rectify this error, and the corrections can be found at the end of this statement. An un-numbered Command paper will be laid before Parliament and published today setting out the changes. The published One-Year Report will also be updated on gov.uk to reflect those changes.

Since gaining Royal Assent on 25 March 2020, the Coronavirus Act has been an essential legislative tool in the Government response, enabling effective action to reduce the impact of the pandemic. The Government remains committed to keeping the powers in the Act under review and to retaining powers only where they continue to be necessary and proportionate.

This table highlights the changes made to the One-Year Report. The bold text represents additional text in the report compared to the previous version. Amendments to the One-Year Report.

Page	*Revised Text*	*Original Text*
p.14	Section 24 (applies to UK): Extension of time limits for retention of fingerprints and DNA profiles.	Section 24 (applies to UK): Extension of time limits for retention of fingerprints and DNA profiles.
	This provision established a regulation-making power so that biometrics (fingerprints and DNA profiles) held for national security purposes could be retained for up to an additional six months beyond normal statutory retention deadlines (with the possibility of a further six month extension; enabling retention for up to a maximum of 12 months). This provision has successfully mitigated the risk of a critical national security capability being compromised because of the pandemic, including the risk of losing the biometrics of up to 150 individuals per month (many of whom could be subjects of national security interest). However, this power was exercisable only in relation to biometrics that would (ignoring the effect of regulations made under it) need to be destroyed within 12 months of the Act being passed. Regulations have been made to cover this 12-month period. A further extension beyond the second set of regulations made under this power was not necessary and therefore section 24 will be expired as part of the one-year review as it has served its original purpose. The second set of regulations made under this power – the Coronavirus (Retention of Fingerprints and DNA Profiles in the Interests of National Security) (No 2) Regulations 2020 –will be saved as they provide the current basis for retention of certain biometrics held in the interest of national security that [would otherwise would have fallen to be destroyed between 1 October 2020 and 24 March 2021].	This provision established a regulation-making power so that biometrics (fingerprints and DNA profiles) held for national security purposes can be retained for up to an additional six months beyond normal statutory retention deadlines. This provision has successfully mitigated the risk of a critical national security capability being compromised because of the pandemic, including the risk of losing the biometrics of up to 150 individuals per month (many of whom could be subjects of national security interest). However, this power cannot be extended beyond the point the Regulations expire in March without primary legislation and therefore it will be expired as part of the one-year review as it has served its original purpose.
p.30	Counter-Terrorism Policing has confirmed that a further extension beyond that provided by the Coronavirus (Retention of Fingerprints and DNA Profiles in the Interests of National Security) (No 2) Regulations 2020 is not necessary and therefore a decision has been made to expire this provision.	As the regulations under these provisions have expired, and cannot be extended under the Act, the decision has been made to expire these provisions as part of the one-year review.
p.30-31	This provision established a regulation-making power so that biometrics (fingerprints and DNA profiles) held for national security purposes could be retained for up to an additional six months beyond normal statutory retention deadlines (with the possibility of a further extension of up to six months – for a total extension of up to 12 months). This power could only be exercised in relation to biometrics that would (ignoring the effect of regulations made under it) need to be destroyed within 12 months of the Act being passed.	This provision established a regulation-making power so that biometrics (fingerprints and DNA profiles) held for national security purposes could be retained for up to an additional six months beyond normal statutory retention deadlines.
p.31	A further extension beyond the Coronavirus (Retention of Fingerprints and DNA Profiles in the Interests of National Security) (No 2) Regulations 2020 was not necessary and therefore this section will be expired under the UK-wide SI which will be laid after Easter recess.	The Regulations laid under this power have now expired, and there is no legislative means to extend these under the Act. Therefore, if the powers were needed in the future primary legislation would be required. As such, the powers will be expired under the UK wide SI which will be laid after Easter recess.

UK Listings Review: Government Response

[HLWS914]

Lord Agnew of Oulton: My right honourable friend the Chancellor of the Exchequer (Rishi Sunak) has today made the following Written Ministerial Statement:

In November last year, I asked Lord Hill of Oareford CBE to carry out an independent review of the UK's listing arrangements. Strong public markets are a vital component of the UK economy and the Government is committed to ensuring that the UK's markets are as competitive as possible, and to supporting the many different companies that use markets to raise capital, including technology firms as mentioned in Lord Hill's report.

At Budget last month, Lord Hill published his UK Listing Review.[1] It made fourteen recommendations. Today, I am pleased to set out how the Government intends to take forward each of the recommendations made.

Seven of the recommendations are directed towards the Financial Conduct Authority (FCA), our independent regulator. As the FCA set out in its public response on 03 March, it welcomes the report and intends to consider all the relevant recommendations carefully, including on free float, dual class share structures, and special purpose acquisition companies (SPACs). It has committed to acting quickly where appropriate, including by publishing a consultation by the summer, and a specific consultation on SPACs before that.

Six key recommendations are directed towards HM Treasury (HMT), and I outline how we will be taking forward each recommendation, in turn, below.

Firstly, I agree to present an annual 'State of the City' report to Parliament (recommendation 1). I am grateful for the suggestions provided as to what this report could cover, and I believe this would benefit the UK's capital markets. I will present the first of these reports in 2022.

Lord Hill recommended that HMT considers an additional 'growth' or 'competitiveness' objective for the FCA, as part of the Future Regulatory Framework (FRF) Review (recommendation 2). The first consultation on the FRF review closed on 19 February. This review seeks to ensure the UK's regulatory framework is fit for our future outside the EU and the first consultation welcomed stakeholder views on the current set of statutory objectives. It also sought views on the future overall accountability framework for the FCA (and PRA). The Government is currently considering the 120 stakeholder responses received in relation to this consultation and will use these to inform a second consultation later this year. I will carefully consider this recommendation as part of that process.

Three of the recommendations, on reviewing the UK's prospectus regime (recommendation 7), considering whether prospectuses drawn up under other jurisdictions' rules can be used to facilitate secondary listings in the UK (recommendation 8) and facilitating the provision of forward-looking information by issuers in prospectuses (recommendation 9), all deal with the UK's prospectus regime. Again, I strongly welcome this, and agree we need to consider reforms to ensure these documents are fit for purpose. I can confirm that the Government will bring forward a public consultation on the UK's prospectus regime later this year.

Lord Hill also raised the issue of improving the efficiency of further capital raising by listed companies (recommendation 13). This is a highly technical area, and I agree that bringing together expertise specifically on this issue will be helpful to consider what more can be done to improve capital raising processes and I am happy to help convene such a group. My officials will be considering what form this will take over the coming weeks.

One of the recommendations, concerning how technology can be used to improve retail investor involvement in corporate actions and their undertaking of an appropriate stewardship role, is directed towards the Department for Business, Energy and Industrial Strategy (BEIS). As such, this recommendation will be taken forward by BEIS as part of its wider consideration of the findings from the Law Commission's recent scoping study on intermediated securities. BEIS expects to announce a response to the study later this year.

Finally, Lord Hill concluded by drawing the Government's attention to other issues raised with the review illustrating how the wider financial ecosystem may impact UK listings. I would like to thank Lord Hill for bringing these issues to my attention.

I would like to conclude by again thanking Lord Hill for his work, and I look forward to taking forward his recommendations.

[1] https://www.gov.uk/government/publications/uk-listings-review.

Women, Peace and Security: Annual Report 2020

[HLWS913]

Lord Ahmad of Wimbledon: My Right Honourable Friend, the Minister for the Middle East and North Africa (James Cleverly), has made the following Written Ministerial Statement:

I wish to inform the House that the Foreign, Commonwealth and Development Office, together with the Ministry of Defence, are today publishing the 2020 annual report on progress against the UK's fourth National Action Plan on Women, Peace and Security.

Published on 18 January 2018, the National Action Plan (NAP) sets out the Government's objectives on the Women, Peace and Security agenda for the period 2018-2022. This is the UK Government strategy for how we will meet our Women, Peace and Security commitments under UN Security Council Resolution 1325 to reduce the impact of conflict on women and girls and to promote their inclusion in conflict resolution and in building peace and security.

The report published today outlines our progress against the National Action Plan over the last 12 months, including our work in our nine focus countries of Afghanistan, the Democratic Republic of Congo, Iraq, Libya, Myanmar, Nigeria, South Sudan, Somalia and Syria, and Yemen as a priority country. It is centred around seven strategic outcomes where we expect to see progress over the five year duration of the NAP.

The progress report will be published on gov.uk. Copies will be placed in the libraries of both Houses.

Written Answers

Monday, 19 April 2021

Learning Disability: ICT

*Asked by **Baroness Browning***

To ask Her Majesty's Government what steps they are taking to ensure that people with learning disabilities have (1) training on, and (2) access to, IT, so that they are not isolated from information and services. [HL14706]

Baroness Stedman-Scott: Government's Plan for Jobs provides new funding to ensure more people, including those with learning disabilities get tailored Jobcentre Plus support to help them find work and to build the skills they need to get into work. This includes £895 million to recruit an additional 13,500 Work Coaches which the Department is on track to achieve by Quarter 1 2021/22, and £2.9 billion invested in the Restart Programme, which is due to go live from summer 2021. The Restart Programme will support individuals who have been unemployed for over 12 months and through regular, personalised support providers will work with participants to identify the best way to support them into sustained employment.

From April 2021, the Disability Employment Advisors (DEA) Direct Support will be strengthened to include an element of Direct Support to customers with health condition or disability who require additional support over and above the ESA and Universal Credit core offer. DEA Direct Support will deliver work focussed bespoke support to move individuals with a disability or health condition towards a work outcome.

In addition, the Intensive Personalised Employment Support Programme provides highly personalised packages of employment support for disabled people who want to work but have complex needs or barriers and require specialist support to achieve sustained employment. People will get coaching, work experience, and a dedicated key worker who will work with them to overcome complex barriers, including lack of IT skills, which may be preventing them from entering work.

The Help to Claim service provides all UC customers with tailored, practical support at every step of their claim until they receive their first payment. It includes help with setting up an email address or a UC account, verifying identity, accessing a DWP home visit or preparing for their first payment. At a local level, there are a range of digital inclusion courses available, which a work coach can help a learning disabled jobseeker access.

Members: Correspondence

*Asked by **Lord Field of Birkenhead***

To ask Her Majesty's Government when they will answer the letter that he wrote to the Lord Chancellor concerning Arcadia pensions on 2 March. [HL14724]

Baroness Stedman-Scott: A reply was sent to the Noble Lord on 15 April 2021.

Theatres: Coronavirus

*Asked by **Baroness Eaton***

To ask Her Majesty's Government what estimate they have made of (1) the number of (a) regional, and (b) local, theatres that have permanently closed, and (2) the number of local authority areas that have lost their only performance venue, since March 2020. [HL14718]

*Asked by **Baroness Eaton***

To ask Her Majesty's Government what assessment they have made of local councils' ability to fund local and regional theatres following the COVID-19 pandemic. [HL14719]

Baroness Barran: 14% of theatres in the UK are directly operated by local authorities and many more are owned by and subsidised by local authorities.

The Theatres Trust has provided details of six theatre buildings where the operator has either withdrawn from their operating contract or gone into liquidation, leaving them without an operator since the start of the pandemic. These theatres are not necessarily closed permanently as efforts are progressing to identify new operators. DCMS does not collect any further data in this area.

In January, the Chancellor announced £4.6 billion in one-off top up grants for retail, hospitality and leisure businesses worth up to £9,000 per property to help businesses through to the Spring. This is in addition to £1.1 billion further discretionary grant funding for Local Authorities, and Local Restriction Support Grants worth up to £3,000 a month. So far, more than £1 billion has been allocated to thousands of organisations including theatres.

Theatres have also benefited from the Cultural Recovery Fund. To date, over £1.2 billion has been allocated from this fund, reaching over 5000 individual organisations and sites. Of this funding, awards with a value of over £183m were made to applicants whose main artform is 'theatre' in Round 1 recovery grant funding, and in Round 2 almost £60 million was awarded to help theatres survive and plan for reopening.

The Chancellor also announced in the 2021 Budget an additional £300 million to support theatres, museums and other cultural organisations in England through the Culture Recovery Fund. This extra funding, together with other cultural support such as funding for our national museums, means that our total support package for culture during the pandemic is now approaching £2bn.

The Government has also extended the Coronavirus Job Retention Scheme, and the continued reduction in VAT, among other measures.

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