My Lords,

Debate on the Address: Economic affairs, business, agriculture, environment, energy and transport

Thank you for all your contributions to the debate on the Address on Thursday 17 October. Many questions were asked and I thought it would be helpful for all noble Lords to have a copy of my responses.

Given the upcoming General Election, I am advised it would not be appropriate to address those points raised which cannot be taken forward under the current Government. I would, however, like to respond on those points of policy which are already underway, including on already published Bills. This means that a number of noble Lords asked questions on matters I am not able now to respond to, which I regret, but is the requirement.

Economic affairs

Lord Leigh of Hurley asked about self-invested personal pensions. As he will understand, there are ongoing legal proceedings in this area, and it would not be appropriate for me to comment further on specific cases.

The Pension Schemes Bill was drafted to focus on a number of issues related to pension schemes. It includes provisions to introduce a new type of Collective Defined Contribution pension scheme, new powers for the Pensions Regulator help to protect members’ pension savings, and measures to facilitate the delivery of Pensions Dashboards to help savers keep track of their hard-earned savings. Reviewing the statutory status and powers of the Financial Ombudsman Service would, however, be out of the remit of the Pension Schemes Bill.

Baroness Kramer raised questions about the financial services sector. The sector is generally well prepared for Brexit. The Bank of England’s Financial Stability report says that ‘the core of the UK financial system, including banks, dealers and insurance companies, is resilient to, and prepared for, the wide range of risks it could face, including a worst-case disorderly Brexit’.
Financial services firms serving EU customers from the UK have established new subsidiaries in the EU ahead of Brexit. Relatively small numbers of staff have moved— an EY report estimates around 1,000 – with firms making further commitments to regulators to build up those entities.

We are committed to the UK’s long-term future as a global centre for international financial services. To achieve this, we will continue to build on our strengths of innovation, resilience, agile regulation, and openness.

Housing

Lord Whitty raised the point of building safety regulations. On 1 October the Government launched a consultation on stronger building regulations that will pave the way for the Future Homes Standard. These 2020 changes aim to cut carbon emissions in new homes by almost a third, while keeping household bills low. We propose that new homes built to the Future Homes Standard from 2025 should have carbon dioxide emissions 75-80% lower than those built to current building regulations standards.

Trade

Lord Bilimoria and Lord Haskel asked questions about continuity of Trade Agreements. The Government is seeking continuity of existing EU trade agreements, in which the UK participates as a member of the EU, for after we leave the EU. We have been working with our trading partners to have bilateral agreements ready in place for when we need them. We have signed 16 trade continuity agreements with 46 countries that account for £100bn of UK trade. This has increased from £39bn since March. The Government acknowledges there is still more work to do, and that is why we continue to work intensively on remaining agreements to minimise disruption as far as possible.

Business & Employment

Lord Stevenson of Balmacara asked about the territorial extent of the Employment (Allocation of Tips) Bill. In Northern Ireland, employment law is a transferred matter. In the absence of a Northern Ireland Executive we wrote to the Head of the Northern Ireland Civil Service to seek views on whether they would like us to legislate on Northern Ireland’s behalf. In the absence of Ministers, this legislation on tips is not something they wish to take forward at this time but have committed to raise these proposals with Ministers once in post. The Statutory Code of Practice we will legislate for as a result of the Allocation of Tips Bill will be publicly available, so Northern Ireland businesses could voluntarily choose to align with this approach as well.

Lord Shinkwin spoke about mandatory workforce reporting as set out in his Workforce Information Bill. I thank my noble friend for being such a strong advocate of equal opportunity, and sincerely agree that a diverse workplace is in everyone’s interests. That is why in 2017, we introduced ground-breaking regulations requiring large employers to publish the differences between what they pay their male and female staff in average salaries and bonuses. This Government’s good work plan also seeks to tackle
disadvantage and diversity directly, whether that be through our consultations on one-sided flexibility and policies to support working families, or our commitment to extend redundancy protection for new mothers.

**Lord Bilimoria asked if the Government will continue with the industrial strategy target of R&D at 2.4% of GDP.** The UK has an ambition to spend 2.4% of GDP on R&D by 2027 and 3% in the longer term. To date, we have made the largest increase in R&D funding ever – committing an extra £7 billion by 2021/22 including £2.5 billion allocated to date to innovative programmes supporting industry and researchers through the first three waves of the Industrial Strategy Challenge Fund.

**Energy & Climate Change**

**Lord Haskel asked if rules of reporting on climate change will be imposed on businesses.** The Government published its Green Finance Strategy in July this year which sets out our approach to accelerating green finance. A key part of the Strategy focuses on fostering transparency through enhanced reporting of climate-related financial risks and opportunities. In particular, the Strategy sets out the Government expectation that all listed companies and large asset owners make disclosures in line with the Task Force on Climate-related Financial Disclosures’ (TCFD) recommendations by 2022.

Lord Haskel also asked if this will include emissions from shipping and aviation. Aviation and shipping emissions are global issues that require global solutions. The exclusion of international aviation and shipping emissions in the UK’s carbon budgets and 2050 emissions target is consistent with the Paris Agreement, which looks to the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) to develop targets. No practice for allocating such emissions to individual states has yet been agreed internationally, and we will continue to account for international aviation and shipping emissions via “headroom” within our existing carbon budgets. We recognise, however, the importance of a good international inventory and we are also minded to include these emissions in domestic legislation at a later date, subject to future progress in the IMO and ICAO. The UK will also continue to lead international efforts to agree robust emissions inventory practices and negotiate cost-effective emissions reductions.

**Agriculture**

**Lord Morris of Aberavon raised questions on what we are doing to support farmers in Wales.**

We have worked closely with farmers, businesses and trade associations across the food and drink sector, from farm to fork, to keep them informed of EU Exit preparations. We have developed contingency arrangements in the event that the sheep sector is adversely affected in a no deal scenario and are ready to monitor the markets closely to identify early signs of market disturbance allowing us to react swiftly.

Wales will receive a total of €17.541 million as we implement the convergence funding methodology recommended by the Bew Review. This includes a modest annual increase of €3.06 million in funding for Welsh farmers for the years 2020-22, ensuring their unique farming landscapes are accounted for.
In the Agriculture Bill introduced in the previous session, broadly similar powers were conferred on the Welsh Ministers as on the Secretary of State for England. This was done at the request of the Welsh Ministers and included the powers in clause 11. The Welsh Government have also announced that they will bring forward their own Agriculture Bill in the National Assembly at a later date.

**Lord Inglewood raised questions on Agriculture.** On ‘public money for public goods’, we are currently exploring options for a method for calculating payments for public goods. The overall allocation of funding towards delivering the public goods will be decided as part of Government spending reviews.

We recognise the importance of providing certainty and clarity on the UK Shared Prosperity Fund. There are many detailed design questions to come, on which we welcome input from across the UK. It is only right that we take final decisions about the design of the UK Shared Prosperity Fund after a cross-government Spending Review.

**I promised to write further on labelling. This was raised by a number of noble Lords, including Baroness Mallalieu, Baroness Browning, and the Earl of Shrewsbury.**

We are committed to delivering informative food labelling and promoting robust food standards nationally and internationally, to protect consumer interests, facilitate international trade, and ensure that consumers can have confidence in the food that they buy. We have an opportunity to review all food labelling when the UK has left the EU, but in doing so we have no intention of diminishing information provided to consumers and they will have what they need to have full confidence in the food they buy.

On the topic of meat labelling, the Government encourages the highest standards of welfare at slaughter and would prefer to see animals stunned before they are slaughtered for food. The Government also respects the rights of Muslims and Jews to eat meat prepared in accordance with their beliefs.

The Government is aware that there is public concern about meat from animals slaughtered in accordance with religious beliefs being sold to consumers who do not require their meat to be prepared this way and that there are calls for such meat to be labelled. The Government expects industry to provide consumers with the necessary information for them to make an informed choice about their food. The Government’s position on religious slaughter has not changed, nor will we be seeking to change it in future.

Our current laws require origin labelling for foods where the consumer would be misled if the origin of the food were not given. In addition, there are rules for compulsory origin labelling of beef, veal, lamb, mutton, pork, goat and poultry meat, fish and shellfish, honey, olive oil, wine and most fruit and vegetables. Rules have been tightened in this area in recent years.
Where origin information is not required, it can still be provided as long as it does not mislead. Government and industry have previously developed a set of voluntary principles for country of origin labelling for food containing meat and dairy ingredients. The majority of meat and dairy products sold in the UK are now labelled voluntarily with their origin. We are committed to consulting on new rules applying from next year that say when the origin of the primary ingredient is different to that stated on the food, this has to be indicated.

Environment

Baroness Young of Old Scone spoke about biodiversity. The UK government has published its first Green Finance Strategy. This sets out our approach to mobilising the resources required to deliver our biodiversity and other environmental goals.

Public sector funding for biodiversity in the UK was estimated to be £456m in 2017/18. We will seek to broaden the funding base for biodiversity. We are taking steps to encourage private and third sector investment in the natural environment, for example through mandating biodiversity net gain in planning and development, which we believe will secure tens of millions in additional revenue for nature.

We are providing funding to woodland creation and peatland restoration, and we will continue to create or restore 500,000 hectares of wildlife-rich habitat as part of a Nature Recovery Network.

A number of noble Lords raised points on the importance of tree planting, including Lady Jones of Whitchurch, Lady Jones of Moulsecomb, and Lord Stone of Blackheath. The Government financially supports tree planting across the country. Grant funding is available through the Woodland Carbon Fund, which supports large-scale commercial afforestation, and the Countryside Stewardship (CS) scheme which covers the costs of planting and maintaining young trees.

In addition to these, we recently launched the Urban Tree Challenge Fund for planting up to 130,000 trees in towns and cities by 2022, and we are providing a long-term incentive for tree planting through the £50m Woodland Carbon Guarantee, which was announced in the 2018 Autumn Budget.

We particularly want to see more trees and woodlands in and around our towns and cities and where they improve mental and physical health, mitigate flood risk, reduce noise and provide shade. Alongside efforts to plant 1 million urban trees in this parliament, we are working through the Trees for School Programme and Community Forests, to improve access to nature for communities across the country. This will give hundreds of thousands of school children the chance to plan, plant and learn about trees.

Our ambitious Environment Bill introduces a powerful new package of policies and tools to support nature’s recovery. We will improve protection for our natural habitats through Local Nature Recovery Strategies and give communities a greater say in the protection of local trees.
Baroness Parminter raised concerns about Part 1, Chapter 1, Clause 18 of the Environment Bill which covers the policy statement on environmental principles. Clause 18(2) is necessary to provide flexibility for Ministers in their application of the policy statement. The terms "significant" and "disproportionate" are key to clause 18(2). They ensure that the principles are applied in a proportionate and achievable way, whilst helping to avoid unnecessary burdens on policy makers. For example, there is no need for a Minister to change a policy in light of the principles policy statement if the cost of this change would be very high and the benefit to the environment would be negligible. Equally, if the potential environmental benefit is high, then it is proportionate to take a more significant action based on the policy statement.

This exclusion does not provide an excuse for Ministers to implement large infrastructure projects without applying the principles. Indeed, by embedding the principles into legislation, we are ensuring that the environmental principles are considered during the policy making process by Ministers.

Lord Browne of Ladyton raised multiple questions on the threat of invasive species and biosecurity. As the Minister for Biosecurity I take the maintenance of the UK’s biosecurity very seriously indeed. We are still free of very damaging pests, and we wish to remain so.

Plant pest and disease experts in Defra, APHA, the Forestry Commission and in the Devolved Administrations already work together providing an exceptional capability to protect plant biosecurity in the UK. All these bodies will continue to function and collaborate after we have left the EU.

We have already allocated additional resources to recruit additional plant health inspectors and support staff. At the end of October, APHA will have recruited a further 107 full-time equivalents as PHSI inspectors and administrative staff. APHA is reviewing operational procedures to mitigate any resourcing and ensure that all services are delivered as and when required, as I said.

As part of that I hold regular biosecurity meetings with the Chief Veterinary Officer and Chief Plant Health Officer. This includes horizon scanning for emerging threats. We remain prepared for changing biosecurity threats. Xylella fastidiosa has decimated olive groves in southern Europe. This country has been instrumental in driving stronger legislation which now applies across the EU for certain high-risk hosts. We are working very closely with the Horticultural Trades Association and the National Farmers’ Union to ensure there is guidance on Xylella to encourage good practice when sourcing plants.

The UK will always remain a good neighbour to our European friends. By the same token, the EU has commitments to its neighbours and the global community. We would like to continue to participate in EU systems such as RASSF but, if we cannot, we will continue to exchange information bilaterally and through other international arrangements.
We have also carried out a comprehensive review of our resourcing needs for invasive non-native species (INNS). The priority needs to be on prevention, early detection and rapid response: prevention is always better than a cure.

**Baroness Redfern raised concerns about the use of peat in horticulture and the burning of blanket bog.** The Government continues to be committed to phasing out the use of peat in horticulture in England by 2030. In 2011 we set a voluntary target to phase out the use of horticultural peat in the amateur sector by 2020, and the professional sector by 2030. This commitment was reconfirmed in the 25 Year Environment Plan (25 YEP), and while some progress has been made towards this goal, we also used the 25 YEP to signal to the industry that if we have not seen sufficient movement to peat alternatives by 2020, then we would take further measures. We are discussing what these potential further measures could look like and will set out our plans to speed up progress in this area in the England Peat Strategy.

In line with government commitments to enhance environmental protection, it is important that rare blanket bog habitat is restored and sustainably managed for future generations. We are committed to ceasing rotational burning on blanket bog on European sites, and we are currently developing legislation for this purpose. Those seeking to carry out burning for restoration or other purposes (such as wildfire management) will need to apply to Natural England for a licence.

**Transport**

**Noble Lords raised concerns about HS2 and the clearance of ancient woodland.**

On 21 August the Government announced that Douglas Oakervee has been appointed to Chair an independent review of HS2, supported by Lord Berkeley as Deputy Chair, and a panel of experts bringing together a range of perspectives to ensure an independent, thorough and objective assessment. A final report will be sent to the Secretary of State in the autumn.

Limited enabling work on the project will continue in parallel pending the report and a decision on whether or not to proceed. Following an instruction from the Secretary of State, however, HS2 Ltd has now confirmed that all ancient woodland clearance works will be paused until next year, except for some necessary wildlife protection works.

**The Duke of Somerset and Baroness Randerson spoke about buses and trains.** On 30 September, the Government announced a £220 million package to boost bus services. This package includes £30 million extra bus funding to be paid directly to local authorities in 2020-21 to enable them to improve current bus services or to restore lost services.

We have spent over £240m on green buses since 2010 and the fleet already has more zero emission vehicles than the car fleet. The most recent £48m Ultra-Low Emission Bus Scheme funded 263 zero emission buses, of which 243 are battery electric.
On the subject of rail electrification and decarbonisations, the Government believes that the railway must play a major role in achieving net zero greenhouse gas emissions across the economy by 2050.

For rail traction decarbonisation, this means working with Network Rail and across the industry to determine which parts of the network will need to be electrified and which parts will be better suited to alternative technologies such as hydrogen and battery. This is a complicated process, and it is right to take the time to do this properly; this is work that will lay the foundations for achieving net zero by 2050.

We are committed to electrification where it delivers passenger and environmental benefits and delivers value for money. We continue to expand the electrified rail network, delivering projects on the Great Western Main line and Midland main line. Past decisions to proceed or not proceed with full electrification were made to deliver value for money and the best results for passengers.

Baroness Jones of Whitchurch, Baroness Jones of Moulsecomb and Lord Haskel raised concerns about transport emissions. With transport accounting for around a third of all UK greenhouse gas emissions, all modes will need to undergo radical transformation in order for the transport sector to play its part.

We are committed to transport playing a key part in meeting our legally binding carbon budget targets as well ending our contribution to climate change by 2050 through net zero. As such, on 15 October the Secretary of State for Transport announced a new Transport Decarbonisation Plan, a world-leading plan to cut transport emissions.

Aviation and shipping emissions are global issues that require global solutions. Continuing with the existing policy of only including domestic aviation and shipping emissions in the UK’s carbon budgets is consistent with the 1997 Kyoto Protocol and 2015 Paris Agreement, which looks to the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) to develop targets.

Baroness Whitchurch and the Duke of Somerset both spoke about electric vehicles and chargepoints. The Government’s aim is to put the UK at the forefront of the design and manufacturing of zero emission vehicles, and for all new cars and vans to be effectively zero emission by 2040. The Road to Zero Strategy sets out a clear pathway to zero emissions, and to achieve this we are investing nearly £1.5bn between April 2015 and March 2021. The UK already has over 22,500 publicly accessible charge-points. More than 2,200 are rapid devices, one of the largest networks in Europe.

The Duke of Somerset spoke about the A303 Stonehenge scheme. The upgrade to the A303 past Stonehenge is a key part of the wider programme of A303/A358 corridor improvements to connect the South East and South West better and rebalance economic growth towards the South West.
The A303 currently runs through the UNESCO World Heritage Site (WHS) splitting the Site in two and passing just 165 metres from the stones. The scheme will remove the A303 from much of the WHS and avoid important heritage features. The route has been carefully chosen to avoid monuments within the WHS and avoid conflicting with the Winter Solstice alignment. Key heritage bodies support the scheme and continue to advise on its development.

The business case for the A303 will be considered alongside final decisions on the second Road Investment Strategy.

Lord Razzall raised a question about action on potholes. Investing in local roads has been a key priority for this government. Local roads account for 98% of roads in England and are of critical importance to local communities and businesses. In the 2018 Autumn Budget, the Government announced that £3.5 billion from the National Road Fund will be available for the Major Road Network and Large Local Major programmes. These programmes fund major local road schemes to help relieve congestion, boost economic growth and improve employment opportunities.

We know that potholes and poorly maintained roads are a menace for road users. That is why this Government has and continues to act to improve the condition of the local road network. The Department for Transport is providing over £6.6 billion to local highway authorities in England, outside London, from 2015 to 2021 to improve the condition of local roads. The funding includes a £296 million Pothole Action Fund and £420 million for highways maintenance as announced in the Budget 2018.

The success of the Thomas Cook repatriation and Airline Insolvency legislation was raised by Baroness Neville-Rolfe and Lord Haskel. The exercise to bring British citizens home after Thomas Cook collapsed repatriated over 140,000 people over a two-week period, the largest peacetime repatriation effort in the UK. About 94% of people were flown back on the original days of their cancelled Thomas Cook flight, a successful operation for which we would like to put on record our thanks for the incredible efforts of the Civil Aviation Authority (CAA) and all those involved.

To bring in a better system for dealing with airline collapses, the Secretary of State for Transport has personally spoken with Peter Bucks, the Chair of the Airline Insolvency Review, to ensure that the Government draws on his expertise in this area and is able to work at pace to bring in reform.

Other Issues

My noble friends Lady Byford, Lady Redfern and the noble Lord, Lord Stevenson, raised points on connectivity and broadband. I addressed this quickly in my closing speech but would like to add that this government is making strides towards ensuring that no one is left without internet connectivity. With regards to the roll-out of gigabit-capable
broadband in blocks of flats, as you may be aware, the Telecommunications Infrastructure (Leasehold Property) Bill was introduced in the House of Commons on 15 October.

**Lord Razzall raised concerns about support for the creative industries.** The creative industries are one of the UK’s greatest success stories - the decision to leave the EU will not change that. The Government recognises that the movement of people and access to international talent is a key issue for the creative industries, especially for sectors where touring is the life-blood of the industry. The Government has engaged extensively with the industry in order to understand better the impact of the UK’s exit from the EU on freedom of movement and will continue to do so.

**Baroness O’Neill and Lord Stevenson raised online harms.** Britain is leading the world in developing a comprehensive regulatory regime to keep people safe online, protect children and other vulnerable users and ensure that there are no safe spaces for terrorists online. The noble Lord mentioned the April 2019 Online Harms White Paper, which set out the Government’s plan for world-leading legislation to make the UK the safest place in the world to be online. We are proposing a new duty of care on companies towards their users, with an independent regulator to oversee this framework. We want to ensure that companies have the right processes and systems in place to fulfil their obligations, but do not face undue burdens like penalising them for individual instances of unacceptable content.

**Finally, Baroness O’Neill spoke about electoral campaigning.** The Government takes seriously its duty to ensure the security and integrity of our democratic processes and the elections that underpin them. We are committed to bringing our system in line with the digital age and are rising to the challenge. There is a wide range of interconnected activity taking place across Government, whether that be protecting our elections from interference, combating electoral fraud, clamping down on intimidation in public life, or creating a safer and more secure online environment.

To ensure better coordination and coherence of this work, the Government has set up the Defending Democracy programme. This pulls together existing work taking place across Government and draws together expertise from a number of departments. The programme was announced in July 2019 through a Written Ministerial Statement to Parliament and is being led through the Cabinet Office.

As part of that work, the Government is taking action to respond to and address concerns around electoral law. In May this year, we committed to launching a consultation on electoral integrity. As part of that, we are considering measures to strengthen the regulatory framework around electoral campaigning, including transparency around political advertising, and ensure it is as watertight as possible. This will be published in the coming months.

The Government recognises the seriousness and urgency of the situation, but it is important that we get this right. The Cabinet Office have been working with regulators, stakeholders and political parties on potential measures. Changes to the regulatory
framework must be properly consulted on, particularly with the Electoral Commission and political parties themselves. It is important we make sure that any new regulations are proportionate and enforceable for those expected to adhere to them.

The Government is also conscious of when to introduce changes to electoral law. The 'Gould Principle' recommends that "electoral legislation should not be applied to any election held within six months of the new provision coming into force". The result of forcing through changes to the law now, in advance of imminent electoral events, would see political parties and others immediately required to adhere to with little or no warning.

I hope you find this information helpful and I am placing a copy of this letter in the Library.

[Signature]