



HOUSE OF LORDS

Liaison Committee

2nd Report of Session 2007–08

Ordered to be printed 7 July 2008 and published 8 July 2008

Published by the Authority of the House of Lords

London : The Stationery Office Limited
£price

HL Paper 142

The Liaison Committee

The Liaison Committee advises the House on the resources required for select committee work and allocates resources between select committees; reviews the select committee work of the House; considers requests for *ad hoc* committees and reports to the House with recommendations; ensures effective co-ordination between the two Houses; and considers the availability of Lords to serve on committees.

Current Membership

The Members of the Liaison Committee are:

Baroness Ashton of Upholland
Lord Brabazon of Tara (Chairman)
Baroness D'Souza
Baroness McIntosh of Hudnall
Lord McNally
Lord Moser
Baroness Perry of Southwark
Lord Richard
Lord Strathclyde
Baroness Thomas of Winchester
Lord Wakeham

General Information

General information about the House of Lords and its Committees is on the internet at http://www.parliament.uk/about_lords/about_lords.cfm

Contacts for the Liaison Committee

All correspondence should be address to the Clerk of the Liaison Committee, House of Lords, London SW1A 0PW.

The telephone number for enquiries regarding the Committee's work is 020 7219 4911.

Second Report of Session 2007–08 from the Liaison Committee

The Barnett Formula

1. The Committee considered a request from Lord Barnett for the establishment of an ad hoc select committee on the Barnett Formula. Letters from Lord Barnett are printed as Appendix 1. Lord Barnett addressed the Committee.
2. Lord Barnett originally proposed an inquiry into the Barnett Formula in January. In our report on the proposal we expressed reservations, in particular about “the extent to which any review of the Barnett Formula could be limited or constrained, either from ranging over devolution issues or from assessing macroeconomic arrangements for government spending more generally”¹. Lord Barnett has now refined his proposal to take account of these concerns, with the aim of ensuring that the scope of any inquiry is tightly focussed on the methodology and practical application of the Formula. The proposal now specifically excludes the consideration of political aspects of the devolution settlements or the application of public expenditure within different regions of the United Kingdom.
3. The Committee considers that the revised proposals now meet the concerns which we highlighted in our previous report, and accordingly **we recommend to the House that an *ad hoc* committee is established in the new Session with the orders of reference proposed by Lord Barnett:**

“To examine the purpose, methodology and application of the Barnett Formula as a means of determining funding for the devolved administrations of the United Kingdom, to assess the effectiveness of the calculation mechanism to meet its purpose, and to consider alternative mechanisms.”
4. These orders of reference are intended to exclude consideration of
 - the overall system of funding the devolved administrations—in particular the question of whether greater tax-raising powers should be accorded to the devolved administrations,
 - other political aspects of the devolution settlements, and
 - the distribution of funds within the different regions of the United Kingdom.
5. We also suggest that such an inquiry could be concluded by the Summer Recess of 2009.

¹ Liaison Committee, 1st Report, 2007–08, HL Paper 33.

Reappointment of the *ad hoc* Committee on Intergovernmental Organisations

6. The Committee considered a request from Lord Soley for the appointment for a further Session of the *ad hoc* select committee on Intergovernmental Organisations. A letter from Lord Soley is printed as Appendix 2. Lord Soley addressed the Committee.
7. We recommended the establishment of the Intergovernmental Organisations Committee in our First Report of 2006–7². Recalling our earlier concern that any such inquiry would need to be focussed on the scrutiny of a homogeneous group of organisations, we then reported:

“On this occasion, however, Lord Soley suggests a more thematic approach—that intergovernmental organisations be considered in the context of specific contemporary issues of international policy. We consider that this approach meets our earlier objection because it will bring homogeneity and coherence to any inquiry. We do not envisage that such a committee would, for example, focus on governance of particular organisations.”
8. Following this lead, the *ad hoc* committee decided that its first inquiry should be into the effectiveness of intergovernmental action to control the global spread of infectious diseases. The committee expects to report by the Summer Recess, and may conduct a further short inquiry in the spillover on a different subject.
9. Lord Soley explains in his memorandum the case for continuation of the committee, and suggests that further possible topics of inquiry might be UN peacekeeping operations, nuclear non-proliferation and people trafficking. He reports other possible areas of interest as being the UNHCR, and the selection processes for the Heads of the World Bank and IMF, and of the Secretary General of the UN.
10. The Committee recognises that many of the issues which Lord Soley raises are important, and are matters which the House and the House of Commons may wish to address in some form or other. But we did not consider that the proposal to extend the *ad hoc* committee for a further Session provided the right vehicle to do this, for two reasons.
11. First, we consider it very important to uphold the principle that *ad hoc* committees are to be appointed for a specific purpose, for a specific length of time, to consider a specific matter of interest to the House, and that we should generally have one such committee in existence at any one time. Continuing the appointment of an *ad hoc* committee on an open-ended basis goes against this principle and without an equally open-ended commitment of resources for the continued growth of committee activity, which we do not support, denies the opportunity for other Members of the House to propose committee inquiries of their own.
12. Second, we think that there is in any event a mismatch between the main issues of potential inquiry identified by Lord Soley and the vehicle with which he hopes to explore them, namely a temporary committee on intergovernmental organisations. While we await the Committee’s first report, we have some doubts that the orders of reference of the

² HL Paper 118.

Intergovernmental Organisations Committee lend themselves readily to scrutiny of such issues, as their focus is on the workings of the organisations and the value which the UK gets from them while the range of issues involved in say nuclear non-proliferation goes much wider. Should he wish to pursue this idea further Lord Soley might wish to reconsider this; and we could of course be happy to consider any new proposals, whether for *ad hoc* or Sessional committees, alongside any others. **Accordingly we do not support the proposal to reappoint the *ad hoc* Committee on Intergovernmental Organisations for a further Session.**

Joint Committee on the Statistics Board

13. In our last report, the Committee gave its support in principle to the establishment of a joint committee on the Statistics Board (now the UK Statistics Authority), which came into being on 1 April 2008. We noted that the Leader of the House had agreed to relay our views to the Leader of the House of Commons.
14. The Leader of the House has now reported back to us that she has not been able to persuade her colleagues in the Commons of the merits of a joint committee to scrutinise the work of the new Authority. Instead, the Commons have put in place arrangements for the new Authority to be scrutinised by the Public Administration Committee. Given the need for the support of the House of Commons, there now seems to be no practical way to pursue the suggestion for a joint committee further.

Size of sub-committees of the European Union Committee

15. In 2005 we recommended that the size of the sub-committees of the European Union Committee, which had been reduced to 10 in 2003, should be increased to 11. Given the increased demand from Members to serve on committees, the Leader of the House, supported by the usual channels, has invited us to withdraw this recommendation and instead to endorse the principle that the maximum number of members of a sub-committee of the European Union Committee should be the same as that of all other sub-committees (12). **We are happy so to do.** Of course it would remain open to the European Union Committee not to use the full allocation.

APPENDIX 1: LETTERS FROM LORD BARNETT REGARDING THE ESTABLISHMENT OF AN AD HOC SELECT COMMITTEE ON THE BARNETT FORMULA

Letter of 18 February 2008

Further to the debate on 7 February on my amendment to the First Report of the Liaison Committee, I now formally ask the Committee to reconsider my request for an Ad Hoc Select Committee to review the Barnett Formula.

I should add, as I indicated in the debate, that I agree with the point made by Lord Strathclyde. I would therefore amend my original Memorandum to say that the Terms of Reference in setting up such a committee should tightly constrain the review so as to ensure that it only considers the Formula.

I would be happy for the Liaison Committee to draft the actual wording.

Finally, could I ask, as I did in the debate, that the matter be considered at an early meeting.

Letter of 18 March 2008

The attached proposed new Terms of Reference should ensure that the committee concentrates its efforts on a review of the Formula, and specifically excludes all else, in particular devolution.

It should be emphasised that this would be a one-off ad-hoc committee which would produce a report providing the necessary facts from which sensible decisions could be made as to whether changes in the formula are needed, and what those changes might be.

I expect that an authoritative report from such an independent cross-party select committee would be effective in enduring that this serious issue is properly considered in Parliament and Government.

Proposed Terms of Reference for an Ad Hoc Select Committee on the Barnett Formula

To examine the purpose, methodology and application of the Barnett Formula as a means of determining funding for the devolved administrations of the United Kingdom, to assess the effectiveness of the calculation mechanism to meet its purpose, and to consider alternative mechanisms.

These Terms of Reference are intended to exclude consideration of:

- the overall system of funding the devolved administrations—in particular the question of whether greater tax-raising powers should be accorded to the devolved administrations;
- other political aspects of the devolution settlements; and
- the distribution of funds within the different regions of the United Kingdom.

- (1) A suitably focused aspect of UN peacekeeping operations—the UK is required to pay between 5% and 6% of the costs of every operation;
- (2) The handling by intergovernmental organisations of nuclear non proliferation and the steps towards nuclear disarmament—this is very much a part of current international discussion with an important UK role;
- (3) People trafficking—including child trafficking.

Other possible areas of interest include the UNHCR; the methods of selection for the Head of the World Bank; the IMF and the Secretary General of the UN are also relevant areas for study but we are aware of the extent of study already given to this. These are just some of the earlier thoughts and I am sure others will emerge.

In all these cases the Committee is aware of the importance of well contained inquiries and ones that address the effectiveness of UK government involvement and the value for money obtained by the UK's support for these organisations.

Clearly the Committee would like to continue its work through the next Session of Parliament. All the Members of the Committee have recorded their support for that outcome and other members of the House, including The Rt Hon Baroness Williams of Crosby, have asked that I mention their support for the continuation of the Committee. The Rt Hon Lord Howell of Guildford has also stated his strong support for the Committee continuing its work

I would be very happy to come and answer any questions at the next sitting of the Liaison Committee if that would be helpful, and other Members of the House would also be pleased to attend in support.

