Liaison Committee

Lord Gardiner of Kimble
Chair, House of Lords Liaison Committee

By email

22 November 2023

Dear Lord Gardiner,

I write regarding your Committee's recent report into the establishment of a Committee on Financial Services Regulations, about which we corresponded in July and September. Representations have been made to me by the Treasury Committee regarding the proposed remit of the Committee on Financial Services Regulations, following the publication of your Report, and I enclose these with this letter.

In sending this letter, I am mindful of the independence of each House, and also that there are several examples of Lords and Commons Committees with similar remits who successfully manage to avoid duplication and conflict. I am sure that nobody in either House would wish for either to occur, as your Report makes clear.

However, it would be welcome if any reassurances could be provided that there is no desire or intention to duplicate the work carried out not only by the Treasury Sub-Committee, which your report acknowledges in depth, but also of the wider work Treasury Committee too. I understand that the work of the Treasury Committee often involves considering the wider financial regulatory landscape, even where that might not be apparent in the title of an inquiry. I would hope that cooperation would be mutually beneficial.

If it is possible to give any such reassurance, that there will be continuing dialogue between the Commons and Lords Committees in order to avoid unnecessary duplication or contradiction, then that would be greatly appreciated. I know that colleagues in both Houses – including our Treasury Committee and the eventual Membership of the new Lords Committee – will be keen to work together to enhance scrutiny in the months and years to come.

Yours ever

Bernard

Sir Bernard Jenkin MP
Chair of the Committee

Cc: Harriett Baldwin MP, Chair, Treasury Committee

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Sir Bernard Jenkin MP
Chair, Liaison Committee

[via email]

20 November 2023

Dear Sir Bernard

Proposal for a new Lords Committee on Financial Services Regulation

I write on behalf of all Members of the Treausry Committee concerning the Report of the Lords Liaison Committee, *A committee on financial services regulation (HL Paper 267)*, which was published on 15 November 2023. While I am grateful to Lords staff for drawing the Report to our attention, I note it was ordered to be printed on 26 October, yet we received no notice of its publication during the intervening three weeks.

The Report recommends the establishment of a separate Lords Committee on financial services regulations. This would allow that House to meet a requirement under Section 38(2) of the Financial Services and Markets Act 2023, that a Committee in each House receive copies of financial services regulation consultations produced by regulators. The Treasury Sub-Committee on Financial Services Regulations already scrutinises these consultations on behalf of the Commons, which the Report acknowledges, and has done so diligently well ahead of the passage of the Act.

The Report references the need to ensure complementarity between any new Lords Committee and existing Committees in both Houses, and to avoid duplication. We agree. However, the very remit proposed for the new Committee is inherently duplicative both of the Sub-Committee's work, and the Treasury Committee's.

The Lords Report states that:

> In addition to scrutinising specific consultations, there is a strong case for empowering a new committee to consider the regulation of financial services generally. This would enable it to undertake horizon-scanning of forthcoming consultations, scrutinise financial regulations after they come into force (thereby enabling a committee, inter alia, to look at any consultations or regulations which predated its appointment), scrutinise the work of the regulators (including through regular engagement with them), and carry out thematic inquiries. (Paragraph 10)[1]

The Treasury Committee carries out regular scrutiny of regulators on a broad range of issues. This is supplemented by Sub-Committee scrutiny, where it relates specifically to published consultations. Like all Departmental Committees, carrying out thematic inquiries is central to our function. This includes, naturally, looking at the wider regulatory landscape and related matters.

[1] https://publications.parliament.uk/pa/ld5803/ldselect/ldliaison/267/267.pdf

The Treasury Committee is of the view that the Lords' proposal risks introducing contradiction, duplication, and confusion, and additional expense. More scrutiny of these important matters it not unwelcome, but there is no need for any new Committee to duplicate the careful work my colleagues on the Treasury Committee already do. Duplication would surely reduce the salience of Parliamentary scrutiny. I have discussed this matter with Lord Forsyth of Drumlean, who has taken a keen interest in these matters He shares my concerns about the proposed Committee's broad purview, as does Lord Bridges of Headley.

While recognising that the formation of Lords Committees is a matter for that House, we would be grateful if you could pursue this matter with Lord Gardiner and the Lords Liaison Committee. The Treasury Committee would find it helpful to receive assurances that any new Committee's remit will be established in a way that does not duplicate. The Lords Liaison Committee Report does not presently provide that reassurance.

With best wishes,

Harriett Baldwin MP
Chair of the Treasury Committee