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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Tuesday 3 May 2011**

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# House of Commons

*Tuesday 3 May 2011*

*The House met at half-past Two o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### FOREIGN AND COMMONWEALTH OFFICE

*The Secretary of State was asked—  
The Commonwealth*

1. **Julian Smith** (Skipton and Ripon) (Con): What progress he has made on his proposals to reinvigorate the Commonwealth; and if he will make a statement. [53519]

4. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What progress he has made on his proposals to reinvigorate the Commonwealth; and if he will make a statement. [53522]

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham):** There has been a visible uplift in our relationship with the Commonwealth, and we have been working with key partners to reinvigorate this unique organisation. In particular, we support the work of the eminent persons group, and I look forward to its recommendations on how to build up the role of the organisation ahead of the Commonwealth Heads of Government meeting in October.

**Julian Smith:** Following the stunning showcase of Britain last Friday, does the Minister agree that diplomats and ambassadors should have a massive spring in their step as they promote trade and investment in the UK, to the Commonwealth and beyond?

**Mr Bellingham:** I agree completely with my hon. Friend. Last Friday was a remarkable event; it was Britain at its very best. I was in Guinea at the time, which is not yet a member of the Commonwealth. I watched part of the royal wedding on France 24 on a television in the deepest and darkest part of Guinea, and there was huge interest from everyone who watched that programme.

**Stephen Metcalfe:** Does my hon. Friend agree that given that there is more than \$3 trillion of trade each year inside the Commonwealth, the organisation should be recognised as a beacon of trade globally and UK companies of all sizes should be encouraged to seek out commercial opportunities within the Commonwealth?

**Mr Bellingham:** Since the election nearly a year ago, my right hon. Friend the Foreign Secretary and his ministerial team have been to more than 30 Commonwealth countries, of which I have visited seven. I assure my hon. Friend that on the agenda for those meetings were trade diplomacy and building up business and enterprise with those countries. The Commonwealth has a vital role in pursuing the Doha development agenda.

**Kate Hoey (Vauxhall) (Lab):** The Minister will know that the Commonwealth Secretariat, which works for more than a third of the world's population, is run on a shoestring, yet we give billions to the European Union. Would our money not be better spent on maintaining our links with all the small countries and other Commonwealth countries, which have close links, deep loyalty and close family ties to the UK? In other words, should we not put the Commonwealth before the European Union?

**Mr Bellingham:** The Commonwealth does a first-class job, and it is exemplary in providing excellent value for money from its Secretariat here in London. I am delighted that the multilateral aid review by the Department for International Development concluded that the Commonwealth has a unique place in the international system and can play an even more significant role in development.

**Mr Virendra Sharma (Ealing, Southall) (Lab):** Does the hon. Gentleman agree that if the Commonwealth is to be reinvigorated and live up to its ideals, it needs to take a tougher line against member countries such as Sri Lanka, which committed war crimes against its Tamil civilian population according to the recent UN report? Should the Commonwealth not call for an independent international investigation into those war crimes, and suspend Sri Lanka from the Commonwealth unless it co-operates with such an investigation?

**Mr Bellingham:** We supported the setting up of the report, and it is essential that the Sri Lankan Government respond to it in a timely fashion.

**Sir Alan Haselhurst (Saffron Walden) (Con):** Does my hon. Friend agree that the forthcoming centennial conference of the Commonwealth Parliamentary Association provides an admirable platform for my right hon. Friend the Foreign and Commonwealth Secretary to expound this Government's positive view of the Commonwealth and the CPA's role in it?

**Hon. Members:** Yes.

**Mr Bellingham:** A resounding yes. An organisation that concentrated originally on Anglophone countries now attracts a keenness to join from countries outside the Anglophone sphere. Recently, Rwanda, a Francophone country, joined, as did Mozambique, a Lusophone country. Countries are queuing up to join this excellent organisation.

### Libya (Post-conflict Reconstruction)

2. **Dan Jarvis** (Barnsley Central) (Lab): What structures there are for co-ordination of post-conflict reconstruction in Libya. [53520]

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** The post-conflict stabilisation and peace-building effort in Libya will be an international effort, co-ordinated by the United Nations in support of the Libyan people. The UK has undertaken early, cross-Whitehall planning, supported by the stabilisation unit, focusing on how we can support the international effort. Staff have been deployed to the region to provide stabilisation expertise on Libya and Arab partnership programmes.

**Dan Jarvis:** We must learn the lessons from Iraq and Afghanistan, where in my experience we sometimes contributed what we were able to deliver rather than what was needed. What conversations is the Secretary of State having with Cabinet colleagues to ensure that should Britain make a contribution to post-conflict reconstruction in Libya, it is as effective as possible?

**Mr Hague:** We are certainly having those conversations, and the hon. Gentleman is quite right to say that there are lessons to be learned from previous situations, including Iraq. The National Security Council is already working well on the matter, and of course my right hon. Friend the Secretary of State for International Development plays a very strong role on the subject. We are working with the UN already, and the UN is making good progress with stabilisation planning, but of course it is constrained in what it can physically do on the ground by the absence of peace and a political settlement in Libya. However, the planning is taking place and the UK is playing an important supporting role.

**Mr Edward Leigh (Gainsborough) (Con):** Will my right hon. Friend confirm that the best first step towards the reconstruction of the country would be peace and a ceasefire? Will he therefore assure the House that all his efforts are pointed in that direction rather than just at regime change?

**Mr Hague:** Our efforts are devoted to implementing UN resolution 1973, which begins by calling for a ceasefire and an end to violence. Of course, that means a genuine ceasefire in which the regime not only really does cease fire but pulls back its forces from the areas where it is attacking the civilian population. It is in the search for that ceasefire and the protection of the civilian population that we are doing what we are doing in Libya.

**Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP):** Have any companies been approached or approached the Government in connection with any post-conflict reconstruction that might happen in Libya?

**Mr Hague:** As I said, the UN is leading on the matter, and it will spearhead the reconstruction effort. The Department for International Development is handling the details of the British contribution and support, but if we have more information about companies' involvement, I will write to the hon. Gentleman about it.

#### European External Action Service

5. **Stephen Gilbert (St Austell and Newquay) (LD):** What recent discussions he has had with his EU counterparts on the role of the European External Action Service; and if he will make a statement. [53523]

**The Minister for Europe (Mr David Lidington):** I am in regular contact with my European counterparts about the work of the External Action Service, and with the EU High Representative, Baroness Ashton.

**Stephen Gilbert:** The Minister will be aware of the growing number of countries in Africa and the Pacific that do not have representation from either the UK or other European Union member states. Does he agree that the European External Action Service could provide representation to European nationals in those countries?

**Mr Lidington:** My hon. Friend talks about the EEAS's role in consular representation. Of course, under the treaties, that competence is given explicitly to member states rather than to European institutions, but it is quite right that the EEAS should, in line with the treaties, support the work of EU member states, especially by signposting EU nationals who are unrepresented to embassies or high commissions of another member state where they can obtain representation.

**Mr Wayne David (Caerphilly) (Lab):** During the ratification of the Lisbon treaty, the right hon. Gentleman was opposed to the European External Action Service. Does he agree that recent experience in north Africa and elsewhere in the world demonstrates the need for positive co-operation with our European partners?

**Mr Lidington:** Neither I nor my party has ever quibbled with the idea that there should be effective European co-operation between member states. The test of whether the External Action Service is effective will be, in large measure, whether the High Representative and her staff can work effectively with member states' Foreign Ministers, because only when member states reach a genuine common position does the High Representative have a mandate to act.

#### Libya

7. **Jason McCartney (Colne Valley) (Con):** What recent assessment he has made of the effectiveness of the Government's actions with respect to Libya; and if he will make a statement. [53525]

11. **Jack Lopresti (Filton and Bradley Stoke) (Con):** What recent assessment he has made of the effectiveness of the Government's actions with respect to Libya; and if he will make a statement. [53530]

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** The UK continues to take a leading role in international efforts to protect civilians in Libya. The case for action remains compelling. Gaddafi's regime persists in attacking its own people and wilfully killing its own civilian population. We have taken diplomatic action, including co-chairing the Libya contact group, and have played a key role in military action by NATO and provided more than £13 million of humanitarian aid to the Libyan people.

**Jason McCartney:** With the no-fly zone over Libya having been in place for more than a month now, will the Secretary of State join me in praising Royal Air Force air and ground crews for their role? What level of sorties is now taking place compared with when the action started?

**Mr Hague:** Yes, I certainly join in what my hon. Friend says about Royal Air Force air and ground crews, and of course the Royal Navy is also playing an important role in the vicinity of Libya. The number of sorties continues to mount, with hundreds over the weekend, and the UK continues to play a very strong role, including through strike sorties. I am pleased to say that more nations have been involved in those strike sorties, reflecting the continued increase in the tempo of the military activity and the strengthening of the international coalition.

**Jack Lopresti:** What are the outcomes so far of having British military officers on the ground in Libya to advise the Libyan rebels?

**Mr Hague:** These are early stages for the deployment to which my hon. Friend refers. What I can say is that we are confident that that military liaison advisory team is giving real and worthwhile assistance to the transitional national council for the objectives of helping with headquarters operations—how to organise headquarters and logistics—which I set out in my announcement. That is beginning to have some effect, but it is too early to give a definitive account.

**Mr David Winnick (Walsall North) (Lab):** Considering the killing of one of Gaddafi's sons and his very, very young grandchildren, is it not the case that, despite the denials that have been made, the policy of NATO is now first and foremost regime change, and secondly to kill Gaddafi himself?

**Mr Hague:** We want Gaddafi to go, and virtually the whole world wants him to go—let us be in no doubt about that—but the incident to which the hon. Gentleman refers was an attack on a command and control location. NATO has increased the number of air strikes against the command and control functions of the Libyan regime, which in our view is wholly legitimate within the implementation of resolution 1973, and such attacks will continue.

**Sir Menzies Campbell (North East Fife) (LD):** My right hon. Friend will remember that the support of the Arab League, and indeed that of virtually the whole House of Commons, was based on an understanding of the limitations contained in resolution 1973. Is he concerned that even the appearance of targeting Colonel Gaddafi may cause that support to be loosened?

**Mr Hague:** No, and there is no indication that that is leading to such a thing. In fact, I held discussions with the secretary-general of the Arab League, Mr Amr Moussa, in Cairo yesterday. Indeed, the restrictions in the resolution were the product of discussions between him and me on the day that the resolution was passed at the UN. He is supportive of how the resolution is being interpreted, and the Arab League continues to support our efforts. Arab nations will be strongly represented at the contact group meeting in Rome on Thursday, which I will attend. I hope I can reassure my right hon. and learned Friend on those points.

**Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab):** I have listened with care to the Foreign Secretary's answers. Those on both sides of the House

are on record as saying that Libya's future would be better served with Gaddafi gone.

The Government have stated that the UN mandate allows for the targeting of command and control operations that threaten civilians, but for clarity, will the Foreign Secretary tell the House whether he agrees that the resolution excludes the direct targeting of individuals, and will he publish an updated summary of the legal advice, so that the House can be fully informed on those matters?

**Mr Hague:** I do not think that it would be right to expand on what I have already said about targeting. Whether individuals are targeted depends, of course, on how they behave, and whether they are part of command and control centres, and on where they are at the time. I do not think it right to provide a running commentary on targeting, and nor is it militarily sensible to do so, and I therefore do not want to expand on my earlier answers.

Of course, the Government will consider requests made in the House in respect of the legal advice. We published very clearly a note on the legal advice at the time of the 21 March debate. However, again, I do not think that it would be right for Governments to start to publish legal advice on a regular basis every few days, but we will consider any requests that are made.

**Mr Alexander:** Let me see whether the Foreign Secretary can be a little more forthcoming on this question. I understand his earlier answer—he said that it was too early to give a definitive account of the work being undertaken by British military officers on the ground in Benghazi—but will he undertake to publish the terms of reference under which they are operating?

**Mr Hague:** They are operating on the basis that I set out in the House of Commons. Last week, I think, when the House resumed, I made a statement on these matters and set out their purposes in a few sentences. Those are their purposes; they have not gone with an entire book of terms of reference. They have gone as a military liaison and advisory team to give their expertise on the organisation of logistics, headquarters and so on, as set out last week. There is nothing further to expand upon.

**Richard Ottaway (Croydon South) (Con):** In my right hon. Friend's discussions with the Arab League, did he convey the message that although it rightly called for a no-fly zone over Libya, there is widespread disappointment over its silence on Bahrain and Syria?

**Mr Hague:** Certainly, I discussed the wider region. In particular, we had a detailed discussion about the situation in Syria. I absolutely condemn the Syrian regime's actions over recent days, particular in relation to the city of Deraa and similar places that have been under attack by the Syrian army. I have urged the Arab League to take a strong line on this. Arab League Foreign Ministers are meeting on Thursday. After the contact group meeting in Rome, they will meet in Cairo, and they will discuss Syria then.

8. **Mr Kevan Jones (North Durham) (Lab):** What recent discussions he has had with his US counterpart on the situation in Libya. [53527]

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** I have regular discussions with Secretary Clinton on the situation in Libya, as on all other international issues. My right hon. Friend the Prime Minister has similar discussions with President Obama, and my right hon. Friend the Defence Secretary was in Washington last week. I look forward to seeing Secretary Clinton in Rome on Thursday.

**Mr Jones:** Has the Foreign Secretary had discussions with his American counterparts on the possibility of arms being smuggled to the Gaddafi regime from countries neighbouring Libya? Has there been an intelligence assessment yet about the possible influence of anti-western elements that might want to exacerbate the situation in Libya?

**Mr Hague:** Certainly, I have had discussions with Secretary Clinton and representatives of many other nations about the smuggling of arms or mercenaries into Libya by land routes. That is under discussion. I do not have anything to announce today about it, but clearly where such things are taking place, they are in breach of UN Security Council resolutions, so we reserve the right to take action. We have made representations to neighbouring countries in connection with these matters, and we will certainly continue to pursue them.

**Mr John Baron (Basildon and Billericay) (Con):** What evidence can the Foreign Secretary disclose showing that the target of the missile strike that killed three of Gaddafi's grandchildren was a command and control centre, and was being used for military purposes?

**Mr Hague:** I do not believe that it would be right to disclose evidence regarding each separate military operation, for obvious operational and security reasons. It would make those operations more difficult to conduct, if we felt we had to disclose evidence about them.

**Jeremy Corbyn (Islington North) (Lab):** Will the Foreign Secretary confirm that, as it now appears to the whole world, the alliance has given up on a diplomatic solution, and is now involved in regime change and targeting individuals within the Libyan Government? Does he not think that at some point there will have to be a political solution led by the Arab League and the African Union? Does he not think it time to apply pressure in that direction, rather than continue the bombing of civilian targets?

**Mr Hague:** The hon. Gentleman refers to the bombing of civilian targets, but NATO and its allies have saved probably thousands of civilian lives from the intentions of regime forces that indiscriminately attack civilian targets. If we followed the course he recommended, civilian casualties would be immense indeed, because of what the Gaddafi regime would do to people across Libya. I can assure the hon. Gentleman that the international coalition is very strong on, and supportive of, the actions we have taken. As I said, more countries have moved their aircraft into strike activity. Of course, however, there must be a political settlement, but Colonel Gaddafi can open the way to that by departing from power.

**Martin Horwood (Cheltenham) (LD):** Are the Government still in complete agreement with the United States on the clear need for legal authority for any

military action against individual targets, however loathsome we may find the individuals?

**Mr Hague:** We are in complete agreement about the meaning of legal advice on these matters, and about the need—I stress this again as I stressed it to the House last week—to stay clearly within the United Nations resolutions in order to maintain the legal, moral and international support we have for these actions. So there is no disagreement between the UK and the United States. However, I do not think it is right to speculate about individual targets.

### Middle East Peace Process

9. **Rosie Cooper (West Lancashire) (Lab):** What recent discussions he has had with the Palestinian Authority to encourage the resumption of peace negotiations. [53528]

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt):** My right hon. Friend the Foreign Secretary discussed the peace process and the need to return to direct negotiations with Palestinian President Abbas during his recent visit to London. We made it clear that we believe that only a negotiated settlement will secure a sovereign, viable and contiguous Palestinian state, living in peace and security next to a safe, secure and recognised Israel.

**Rosie Cooper:** Is the Minister concerned about Iranian influence in Hamas-controlled Gaza, and in Syria and Lebanon?

**Alistair Burt:** Briefly, yes. It remains our view, from all the available evidence, that the Iranian regime is interested in instability and disrupting the efforts of nations to build the necessary security and confidence between themselves that we all wish to see. So far, Iranian influence has rarely proved to be advantageous to the world community, but we live in hope.

**Mr James Clappison (Hertsmere) (Con):** While the cause of peace will have been assisted by the Palestinian Authority's response to the weekend's news from Pakistan, does my hon. Friend share my concern about the reported comments of the leader of Hamas in condemning the operation?

**Alistair Burt:** Yes, indeed. The events of the weekend were an opportunity for the world community to come together and condemn those who had united Christian, Jew and Muslim against their murdering misery over the years. It is disappointing that Hamas did not take the opportunity to do that, as so many others did.

**Sir Gerald Kaufman (Manchester, Gorton) (Lab):** Is the Minister aware that at 12.30 pm last Friday at Nabi Salih on the west bank, a peaceful demonstration against illegal settlements by Palestinians and Israelis, including women and children, was attacked by the Israeli army, which hurled hundreds of gas bombs and sound grenades at them, fired at them with rubber bullets and had a vehicle that hurled sewage at them? Will he condemn this kind of savagery and make it clear to the Israelis that it is impossible to have peace if Israeli troops behave in this abominable way?

**Alistair Burt:** I am not aware of the particular incident that the right hon. Gentleman raises, but there is no doubt that in the past, where there have been incidents involving people peacefully protesting—as we believe it is right to do—against settlements that we consider to be illegal, we have condemned such action, and we will continue to do so. This case only goes to illustrate, however, the need for both sides to return to negotiations based on parameters, because the spiral of violence—particularly what we have seen recently on both sides—is just leading to more misery before a settlement can be concluded.

**Robert Halfon (Harlow) (Con):** Following what has just been said, and given Hamas's commiseration on the death of Osama bin Laden as a holy warrior, will the Government confirm that they will have no direct or indirect talks with Hamas until it renounces terror and violence, recognises the state of Israel and abides by previous diplomatic agreements?

**Alistair Burt:** We have no plans to change our position on Hamas. The Quartet principles that my hon. Friend sets out remain the benchmark to which Hamas should move towards—that is, a rejection of violence, a recognition of the state of Israel and an acceptance of previous agreements.

**Stephen Twigg (Liverpool, West Derby) (Lab/Co-op):** There is real concern about the continuing lack of progress towards peace between the Palestinians and the Israelis. What is the Government's assessment of the impact of last week's reconciliation talks between Fatah and Hamas on the prospects of a peaceful transition to a two-state solution, and what role do they see for the European Union in this crucial period?

**Alistair Burt:** It is difficult to see the impact at this stage, because not all the details are available. It must always have been the case that at some stage there must be Palestinian unity, because there cannot be a sensible two-state solution unless all parts of what is deemed to be Palestine are involved. Therefore, the fact that Fatah and Hamas have come to some agreement is something that might provide a step forward. However, it is crucial that that should lead to progress and to both Palestinian wings continuing to reject violence, continuing with the peace process and recognising the state of Israel. As yet, Hamas has not made any move in that direction. We hope that the reconciliation will eventually lead to progress towards a democratic Palestinian state that will indeed reject violence and wish to live in peace and security with its neighbour, but we must judge it by its actions.

### Hazara Population (Pakistan)

10. **Mark Lancaster (Milton Keynes North) (Con):** What recent reports he has received on the condition of the Hazara population in Pakistan; and if he will make a statement. [53529]

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt):** The Hazara community in Balochistan has been the subject of sectarian terrorist attacks for some years, although they lessened to some degree in 2010. We remain concerned, however,

about the protection of minority communities and minority rights in Pakistan, and about the general instability in the Balochistan region.

**Mark Lancaster:** I am grateful to the Minister for that answer, and indeed for his meeting with members of the Hazara community in Milton Keynes recently. Is he prepared to get a representative of our high commission in Islamabad to meet the Hazara leaders in Pakistan, to ensure that their voice is heard and that the UK is well placed to end this persecution?

**Alistair Burt:** My hon. Friend is absolutely right; we keep an eye on this matter, and we should do so. Last year, representatives from our high commission met Syed Nasir Ali Shah, a member of the Parliamentary Assembly for Quetta, and Jan Ali Changezi, who is also a Parliamentary Assembly member and the Minister for Quality Education in Balochistan. We take these issues very seriously, and we are aware of concerns that have been expressed by the community here and in Pakistan. We will continue to raise these issues in support of minority communities. We hope that the inter-faith committees that might be set up by the Pakistan Government will include Hazara representation.

### Japan

12. **Charlie Elphicke (Dover) (Con):** What reports he has received on the situation in Japan following the recent earthquake and tsunami; and if he will make a statement. [53531]

**The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne):** The earthquake and tsunami of 11 March have had a devastating impact on Japan. As of 27 April, 14,508 people have been confirmed dead, and 11,452 are still missing. There are no confirmed UK casualties. The UK has mobilised various resources to help the Japanese Government. We have sent a search and rescue team and provided other forms of support to the Japanese Government, including nuclear assistance. We receive regular reports from the Japanese authorities regarding ongoing work to make safe the Fukushima nuclear plant, and we are ready to offer further technical assistance as required.

**Charlie Elphicke:** Japan is a major friend, ally and trading partner of the UK, and it is right that we should be there for a friend in need. Will the Minister tell us what help is being given to assist its economic recovery, and what steps are being taken to help following the nuclear disaster?

**Mr Browne:** I completely agree with my hon. Friend's assertion about the deep friendship between the United Kingdom and Japan. We have expressed that friendship and it has been evident in our actions. Our economies are intertwined, but we are also leading the debate within the European Union on a free trade agreement between the EU and Japan.

**Barry Gardiner (Brent North) (Lab):** Has the Nuclear Decommissioning Authority in the UK been asked to supply any expertise on the decommissioning of contaminated water at the plant? I understand that that is one of the more considerable problems that the Japanese authorities are facing.

**Mr Browne:** We have made it clear to the Japanese from the outset that we are willing to offer any expertise that might benefit them, but it is worth reminding the House that Japan is an extremely sophisticated country with an extremely developed economy and highly reputable scientists. It is therefore able to make many of those decisions for itself.

**Mr Speaker:** Question 13: I call David Morris. He is not here.

### India

14. **Helen Goodman** (Bishop Auckland) (Lab): What recent progress he has made in strengthening bilateral relations with India; and if he will make a statement. [53535]

**The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne):** There has been significant progress on building the bilateral relationship with India since the Prime Minister's visit to India in July 2010, with increased co-operation across the full scope of activities.

**Helen Goodman:** Given the desirability for the UK and India of increasing the trade between the two countries, will the Minister tell the House what progress has been made on the negotiations for an EU trade agreement?

**Mr Browne:** I completely share the hon. Lady's objectives. India is rising in importance, and that is most evident economically. Insufficient progress has been made, but progress is still being made and Britain is at the forefront of trying to conclude the negotiations as soon as possible.

**Joseph Johnson** (Orpington) (Con): Does the Minister know of any plans for the Indian Prime Minister to reciprocate, in the light of our Prime Minister's successful visit to India last July?

**Mr Browne:** Discussions are under way, and we would greatly look forward to welcoming such an eminent political leader to this country. There are no fixed plans at this point, but we hope to advance such plans as soon as possible.

**Emma Reynolds** (Wolverhampton North East) (Lab): We welcome any progress made on the EU free trade agreement with India. However, as recent events have highlighted, a trade policy is no substitute for a broader foreign policy. Will the Minister therefore tell us what other foreign policy priorities the Government are pursuing in respect of our relationship with India?

**Mr Browne:** I accept that the relationship between our two countries goes beyond economics, although that is increasingly important. We share historical links; we share interests in global security; we share democratic and institutional relations; we share cultural ties; we share sporting links; and I understand that you, Mr Speaker, are expected to visit India later this year further to strengthen relations between our two countries.

### Middle East

16. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What recent assessment he has made of the security situation in the middle east; and if he will make a statement. [53537]

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** It is vital to acknowledge that no true stability can result from the repression of legitimate demands for political participation and the rule of law. Nothing can justify the use of lethal force against peaceful demonstrators. We are supporting peaceful reform in Tunisia and Egypt, just as we are opposing violence elsewhere and urging all Governments in the region to respond positively to popular calls for better governance.

**Nadhim Zahawi:** The security of the middle east depends on many factors, one of which is a responsible but independent media. With that in mind, I was shocked to see that, throughout yesterday, al-Jazeera's Arabic channel, which broadcasts "Al-Jazeera English Live" in this country, allowed messages of hate, violence and revenge against the west to be posted on its coverage. Does the Foreign Secretary agree that broadcasting such messages is highly irresponsible and, indeed, illegal?

**Mr Hague:** I did not see the reports to which my hon. Friend refers. Clearly, he has seen reports that he found very disturbing and I hope that he will take up those directly with al-Jazeera. Al-Jazeera now broadcasts a very wide variety of material, but I hope that it will in no way encourage hate or the commissioning of crimes; we must be vigilant against that.

**Mike Gapes** (Ilford South) (Lab/Co-op): Further to an earlier answer, what assessment has the Foreign Secretary made of the internal politics of Hamas and of whether there are conflicting voices—on the one hand about building a technocratic Government and conducting elections on a unity basis and, on the other hand, supporting and praising bin Laden?

**Mr Hague:** It would be surprising if there were not differing voices and internal tensions on these subjects. Clearly, many issues are moving in the middle east, with the changed situation in Egypt and pressure on the Syrian Government. Hamas has been encouraged by the new Government in Egypt to enter into the political reconciliation with Fatah, as discussed earlier. I believe that it might also feel less secure in its position in Syria. These are forces now at work on Hamas, and it is important in the light of the changes in the middle east that, as Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt) has been saying, it makes concrete movement towards acceptance of Quartet principles, which the whole world looks to it to respect.

### Bradley Manning

17. **Ann Clwyd** (Cynon Valley) (Lab): What discussions his Department has had with the UN special rapporteur on torture on the case of Bradley Manning. [53538]

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt):** We are aware of discussions that the UN special reporter on torture, Juan Mendez, has had with the United States Government, but the Foreign and Commonwealth Office has not had any discussions with him on the case of Bradley Manning.

**Ann Clwyd:** I have raised the case of Bradley Manning on several occasions in this Chamber and outside it. Mrs Susan Manning, who is Bradley Manning's mother,

wrote to the Foreign Secretary three weeks ago. She has not yet had a reply. She asked for consular assistance and for somebody to visit her son in the very bad conditions in which he is being held. She also asked for any help that could be given, in Washington and elsewhere, to the family if they so request it. At the very least, Mrs Manning, who is very concerned by the situation of her son, should have had the courtesy of a reply.

**Alistair Burt:** The right hon. Lady knows from her Adjournment debate on precisely this subject that Bradley Manning does not consider himself a UK citizen and his lawyer has made it very clear that he does not consider that he has any contact with this country. We cannot therefore discuss his nationality and we are limited in both what we can say and what we can do in this case. Bradley Manning's lawyer is well aware of the circumstances and of the United Kingdom Government's position.

### Egypt

18. **Clive Efford** (Eltham) (Lab): What recent discussions he has had with his US counterpart on the situation in Egypt. [53539]

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** I am in regular contact with Secretary Clinton about the whole situation in the middle east. I met her most recently at the NATO Foreign Ministers' meeting in Berlin on 15 April.

**Clive Efford:** It is feared in some quarters that the deal brokered in Cairo between Hamas and Fatah is influencing America's attitude to the new regime there. Has the Foreign Secretary had an opportunity to hold any discussions about that with his American counterpart? In particular, has he discussed the future of aid for Egypt and of assistance with the delivery of free and fair elections in the near future?

**Mr Hague:** I believe the United States to be supportive of what the interim Government are doing in Egypt. Everything that I saw yesterday suggested that we should be supportive, as did the meetings that I had with Field Marshal Tantawi and the new Prime Minister and Foreign Minister of Egypt. They are trying to bring about a transition to democratic government in Egypt, but they face formidable economic problems, which I think will pose the most difficult challenge of all during the coming year or two. It will be very important for western nations to engage with the Government of Egypt and work together on their economic future, and I have received no indication that the United States is planning to do anything other than that.

**Jim Shannon** (Strangford) (DUP): The Foreign Secretary has hit on the issue of the change and why it came about. That change swept across the whole of the middle east, but the economy and jobs were a key issue in Egypt in particular. What steps has the Foreign Secretary taken, and what discussions has he had with his United States counterparts, to ensure that something constructive will happen, and will happen soon?

**Mr Hague:** As I have said, we discuss these issues with the United States all the time, and President Obama will be coming to this country in a few weeks. The

future of change in the middle east and how we should support that change—and Egypt is at the heart of that, for the success of the change there will be a key determinant of what happens in other countries—will be at the forefront of our discussions with President Obama and, indeed, the discussions at the G8 summit which will follow his visit.

### Diamond Extraction (Zimbabwe)

19. **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): What recent steps he has taken to ensure that diamond extraction standards in Zimbabwe comply with the monitoring standards under the Kimberley process. [53540]

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham):** The FCO hosted an EU Kimberley process planning meeting ahead of the Kimberley process meeting in Dubai on 14 April. We are working with the EU to push for a robust agreement to ensure Zimbabwean compliance with the Kimberley process, and that includes strengthening the role of the Kimberley process monitor. The good news is that we have helped to secure broad international support for a new monitoring team led by Mark van Bockstael.

**Oliver Colvile:** Does my hon. Friend agree that the proceeds of the diamonds should go to the Zimbabwean treasury, and what pressure can be placed on the Zimbabwean Government to ensure that civil society is included in the decision-making process?

**Mr Bellingham:** The Marange diamond proceeds have the potential to bring literally hundreds of United States dollars into the Zimbabwe exchequer. Last year \$38 million—the first tranche—did get through, but I am disturbed by reports that hard-line elements are benefiting from the Marange mine. I entirely agree with my hon. Friend: it is essential for us to have a strong civil society involvement, and that is why the appointment of a new civil society focal point will play such a vital role in increasing transparency.

**Zac Goldsmith** (Richmond Park) (Con): Is the Minister frustrated by the hampering of our negotiations on Zimbabwe diamonds as a result of our having to reach agreement through the sluggish EU? Does he agree that it would be better for us to adopt a more robust position on our own terms?

**Mr Bellingham:** It is worth bearing in mind that since the start of the Kimberley process, roughly 99% of the world trade in rough diamonds is now Kimberley-compliant. That is a huge improvement on the previous position. As for my hon. Friend's point about the EU, he has made a very interesting suggestion, and I will certainly examine it.

### UK-Turkey Relations

20. **David Rutley** (Macclesfield) (Con): What recent assessment he has made of the state of bilateral relations between the UK and Turkey; and if he will make a statement. [53541]

**The Minister for Europe (Mr David Lidington):** We have excellent co-operation with Turkey on a wide range of issues, as was reaffirmed in the strategic partnership signed last July by my right hon. Friend the Prime Minister and Prime Minister Erdogan.

**David Rutley:** Given Turkey's important role in helping the United Kingdom foster stronger relations with Arab nations at this time of instability, what steps is my right hon. Friend taking to engage Turkey further both in providing increased humanitarian aid in Libya to those who need it and in helping to enforce the arms embargo against the Gaddafi regime?

**Mr Lidington:** Turkey has already been active on both counts. My right hon. Friend the Foreign Secretary is in frequent contact with Foreign Minister Davutoglu about how to strengthen our co-operation both in supplying effective humanitarian aid to people in need inside Libya and in planning for the reconstruction of that country in the future.

**Mr Andrew Love (Edmonton) (Lab/Co-op):** Britain is Turkey's best friend in the European Union, yet relations between the EU and Turkey continue to be bedevilled by the issue of Cyprus. What efforts is the right hon. Gentleman making to persuade both Cyprus and Turkey that a better relationship between the two of them will help the reunification of the island and Turkey's membership of the EU?

**Mr Lidington:** The urgent need for progress towards a settlement in Cyprus is on the agenda at every conversation that either I or my right hon. Friend the Foreign Secretary have with both our Turkish and Cypriot counterparts. I am sure that that will continue to be the case, and I hope that once the forthcoming Cypriot and then the Turkish elections are over, all parties concerned will redouble their efforts to reach the solution that all communities in Cyprus need to see.

### Topical Questions

**Mr Speaker:** Graham Evans is not here, so I call Fiona Bruce.

T2. [53545] **Fiona Bruce (Congleton) (Con):** *rose*—

**Mr Speaker:** Order. I am sorry, but in the circumstances the Foreign Secretary should first give a statement on his departmental responsibilities.

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** Yesterday I visited Cairo to underline the United Kingdom's support for what the people of Egypt have achieved in the last three months and for their democratic and peaceful future. Across the middle east, this Government will continue to offer their support to ensure that the countries of the region can meet their people's legitimate aspirations and that events do not result in the suppression of those aspirations, as we are seeing in countries such as Syria.

**Fiona Bruce:** I thank the Minister for his response with regard to the treatment of minorities such as the Hazara population in Pakistan. What can also be done to encourage and support the protection of the rights of minorities more widely in Pakistan, such as Hindus,

Christians and women, in light of accounts of human rights violations, such as forced conversion, forced marriage, beatings, rape, false imprisonment and even murder?

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt):** My hon. Friend makes serious points about the concerns over human rights in Pakistan. They are points that the United Kingdom Government take up, which have of course been more sharply in focus in recent weeks given, sadly, the murder of Shahbaz Bhatti, the Christian who was Minister for minorities in Pakistan, who was known to a number of us in this House. We are all concerned about the circumstances there, but the Government are working with us and we will continue to support efforts to protect all minorities in Pakistan from the issues that my hon. Friend raised.

**Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab):** The House is aware that the Prime Minister will shortly give a statement on the death of Osama bin Laden, but I hope the Foreign Secretary will agree that the success of the Arab spring could yet be an even more significant blow to al-Qaeda. Given that, will he update us on the work being done to stop the repression of demonstrators in Syria? In particular, when will the European Union act, and will the Foreign Secretary give an undertaking to work to ensure that Syria does not take Libya's vacated place on the UN Human Rights Council?

**Mr Hague:** I fully agree with the right hon. Gentleman. Indeed, this is a moment for people across the middle east to reflect that in so many countries it has been possible to bring about peaceful and democratic change—that may yet happen in more countries—and that the violent philosophy of al-Qaeda that only violence and death can bring about change is bankrupt and should increasingly be vanquished across the middle east. That does, indeed, bring us to Syria. The UK is at the forefront of pressing for action by the European Union. At the end of last week, we secured agreement on an arms embargo and the revocation of the association agreement that had been put in place with Syria. We are now working with our European partners on targeted sanctions such as asset freezes and travel bans—I will be discussing those further with the French Foreign Minister this evening—and we are also highly active at the United Nations Security Council on this issue, although the right hon. Gentleman will understand that Syria is a difficult issue at the UN Security Council and that some of the members, including permanent members, require a good deal of convincing that the United Nations should be taking any action.

T4. [53547] **Julian Smith (Skipton and Ripon) (Con):** British business continues to be bogged down by regulation and directives from Brussels. What plans does the Minister for Europe have to work with ministerial colleagues to challenge that over the coming months?

**The Minister for Europe (Mr David Lidington):** My hon. Friend is right in his analysis. Securing less costly, less burdensome regulation on European businesses, especially small and medium-sized enterprises, is a priority in our engagement with our European counterparts for every Minister in this Government, from the Prime

Minister downwards. I am delighted to be able to assure my hon. Friend that the Prime Minister's initiative in that respect is gaining increasing support from other Heads of Government across the European Union.

T3. [53546] **Rosie Cooper** (West Lancashire) (Lab): Described as the single greatest advertisement for Britain, the value of the BBC World Service cannot be underestimated, especially given that Syrian demonstrators hold up placards with "Thank you BBC" on them. Will the Minister therefore consider making the appropriate representations to stop the disproportionate reduction in the BBC World Service output before it is too late?

**Mr Hague:** Nothing disproportionate has happened or will happen to the BBC World Service. The reduction in its spending between 2007 and 2014, the period for which the Foreign Office is under spending restraint, will be exactly the same as the proportionate reduction in the rest of the Foreign Office family and a good deal less than that for the British Council. It is important that we save money across the public sector—we have had to do so given the behaviour of the previous Government—but the World Service has a secure future, as does the Arabic service. Transferring the BBC World Service into the licence fee funding arrangement means that it has a secure future for the long term.

T5. [53548] **Christopher Pincher** (Tamworth) (Con): Piracy off the west coast of Africa, particularly the coast of Somalia, continues to grow. It represents a clear threat to the lives of seafarers and costs international commerce billions of pounds. What steps does the Minister envisage taking, with the Government of Somalia, to bring to an end this dangerous form of robbery?

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham):** Obviously, a long-term solution to the problem of piracy lies on the land, which is why we are working so hard to provide a stable Somalia. We have taken the lead in the international contact group on piracy, and last year we provided £6 million in support of regional prosecution and prisons capacity and some new equipment for the improvement of the Seychelles coastguard. We are taking the lead, and I hope that other countries follow it.

T8. [53551] **Grahame M. Morris** (Easington) (Lab): Let us be clear about the impact of the spending cuts on the Arabic division of the BBC World Service. In one month it will be forced to reduce its daily output of live TV news from 15 hours to seven and of live radio from 12 hours to seven, and it will also lose 44 of its Arabic staff. In light of the recent monumental events across the Arab world and the integral role of the BBC World Service as a provider of impartial information, will the Foreign Secretary act now to save this valuable service?

**Mr Hague:** The answer really is the same as the one I gave a few moments ago: we have to operate within all the spending constraints involved in repairing the budgetary catastrophe left to us after last year's general election. Unfortunately, that has consequences for the World Service too, but the Arabic service, along with so many other services of the World Service, will not just be

secure for the future; it can be developed further for the future, along with BBC World, which is also of importance in the Arab world, because we have secured its long-term future within the BBC licence fee.

T6. [53549] **Simon Hughes** (Bermondsey and Old Southwark) (LD): The recent report to the Secretary-General of the United Nations made it clear that war crimes had been committed in Sri Lanka by both the Tamil Tigers and the armed forces of the Government of Sri Lanka. What action do our Government propose to take in the UN and the Commonwealth to make sure that Sri Lanka, a member of the Commonwealth, upholds the rule of law and that war crimes are punished?

**Mr Hague:** This is a vital subject and it is crucial for the long-term health of Sri Lanka that these problems are addressed as a part of reconciliation for the long-term future and in bringing different communities together in Sri Lanka. Our Government strongly supported the commissioning of the report by the Secretary-General. We are considering that report carefully, but in the meantime we look to the Government of Sri Lanka to respond to it in detail and make it clear how they intend to proceed.

T10. [53553] **Andrew Miller** (Ellesmere Port and Neston) (Lab): In light of the second bombing of the gas pipelines from Egypt to Israel and Jordan, what conversations has the right hon. Gentleman had with the new regime in Egypt to stress the importance of the 30-year peace treaty between Israel and Egypt?

**Mr Hague:** The hon. Gentleman is quite right—of course that is important. I had lengthy discussions yesterday with the Prime Minister and Foreign Minister of Egypt. Regional peace and the future of the middle east peace process are absolutely integral to this matter, so they formed an important part of our discussions. As part of that, we look to Egypt to respect that treaty with Israel, and it is in no doubt whatever about our position on that.

T7. [53550] **Mark Lancaster** (Milton Keynes North) (Con): Will the Minister join me in commending the work of FCO Services for both the UK and international Governments and will he confirm that there are no plans to move the organisation from Hanslope park in Milton Keynes?

**Mr Bellingham:** I pay full tribute to FCO Services and all its staff at Hanslope park in my hon. Friend's constituency. They are highly professional and it is an impressive trading fund, with a profit for the last financial year that will exceed its £4 million target. It now gets a quarter of its income from other Government Departments and is also bidding for contracts overseas, so it is one of the jewels in the FCO crown.

**Tony Lloyd** (Manchester Central) (Lab): The situation in Syria has naturally been overshadowed by events in Libya and almost totally by the news from Pakistan yesterday. Clearly the deaths of so many people and the actions of the authorities in Damascus have been gross and unacceptable. Will the Secretary of State tell the House what pressure he has been able to bring to bear on those who have a voice in Damascus—those in the Arab League, for example, and, importantly, our good friend Turkey?

**Mr Hague:** Yes, this is a very important subject. We have of course made our own views clear directly to the Syrian Government. Last Wednesday evening I called the Syrian Foreign Minister and communicated directly to him the views of the United Kingdom about the unacceptable violence against protestors. I urged the Syrian authorities to go down the route of reform rather than repression, but, sadly, they are increasingly taking the route of repression. The hon. Gentleman is right that Turkey plays an important role and there have been Turkish representatives in Damascus over the past week, again urging reform. As I mentioned earlier, I took up the subject with the Arab League in Cairo yesterday to urge it to use its best efforts to encourage Syria down the right path.

T9. [53552] **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): Two weeks ago, Bosnia's Serb Parliament agreed to a referendum questioning the legitimacy of the Bosnia and Herzegovina state court, which deals with war crimes. Does the Minister agree that that potentially undermines the Dayton peace accord and could set off the worst crisis in the 16 years since the war finished? What is he doing with our allies to ensure the peace and stability that has been achieved so far will not now be squandered?

**Mr Lidington:** My hon. Friend is right that that is a potential challenge to the Dayton accord and it is not something that the British Government regard as acceptable. We are emphasising to our European partners and other members of the international community that we all need to work to strengthen the statehood of Bosnia and the integration of its communities within a single country, and we should be prepared, if needs be, to invoke the Bonn powers to make clear that what the Republika Srpska is now proposing is simply not acceptable.

**Mr Ben Bradshaw** (Exeter) (Lab): In his response to the Chairman of the Select Committee on Foreign Affairs about the Arab League's response in Syria and Bahrain, the Foreign Secretary stressed the importance of consistency in our response to the Arab spring. How is it adequate simply to urge dialogue on both sides in Bahrain, given the Bahraini Government's outrageous and continuing human rights abuses?

**Mr Hague:** That is not the only thing that we are doing. Of course, we have made our protests clear based on credible reports—and there are credible reports—of human rights abuses over the Easter period. I also spoke to the Bahraini Foreign Minister, Sheikh Khalid al-Khalifa, and made our protests. In Bahrain, there is still hope of dialogue and the situation is therefore different from some of the others in the middle east. Serious efforts at dialogue have been made by some of those who are now in authority, so we call again on them—on the ruling family and ruling group in Bahrain and on opposition groups—to enter into such a dialogue, which is the only viable way to a future for Bahrain.

**Jo Swinson** (East Dunbartonshire) (LD): Gaddafi's forces have been bombarding Misrata's port, preventing essential food and medical supplies from reaching the population for four days now. Elsewhere in Libya, aid convoys have been intercepted and attacked, and supplies

stolen. Does the Foreign Secretary agree that creating safe corridors for humanitarian aid is within the terms of the United Nations Security Council resolution 1973 in order to protect civilians? What will the coalition do to make sure that vital aid gets through to the people who so desperately need it?

**Mr Hague:** We have done a great deal to make sure that aid gets through, to take people out of Misrata, including vulnerable people such as migrants who have been concentrated near the port, and to get humanitarian aid in. However, my hon. Friend is right that that has been more difficult in recent days, again because of the barbaric actions of the Gaddafi regime. It is much preferable, of course, to take in humanitarian aid separately from military activity, for very good reasons which she will fully understand, but if that becomes impossible we will have to consider other ways.

**Richard Burden** (Birmingham, Northfield) (Lab): Returning to the question of Hamas, does the Foreign Secretary agree that the reported comments of Ismail Haniya yesterday were appalling and are already being seized on by enemies of peace on both sides of the Israeli-Palestinian divide? Does he agree that we must not be deflected from the cause of peace but must recognise the potential for unity between Fatah and Hamas and recognise that peace is ultimately built between enemies, not with friends?

**Mr Hague:** Peace is indeed built between enemies rather than friends, but as the hon. Gentleman rightly points out, that cause would be assisted if it were possible to show across many different divides in the world a good deal of unity about what happened on Sunday night and about the removal from the scene of the author of some of the world's greatest terrorist acts. It would have been better for Hamas to have joined in the welcome for that, as that would have been a boost in itself to the peace process.

**Mr Matthew Offord** (Hendon) (Con): Judge Goldstone recently retracted the central finding of his UN report that Israel had intentionally targeted Palestinian civilians. What steps is the Secretary of State taking to inform members of the UN General Assembly of Judge Goldstone's reconsideration of his report and admission about his inaccurate conclusion?

**Alistair Burt:** We know that Judge Goldstone would have much preferred the Israeli authorities to have co-operated with his report, which would have given it a different flavour. His comments are extremely important, but it is equally important to make sure that an investigation on both sides into the incidents, as he recommended, is done. He was satisfied that the Israeli Government had done their best to fulfil that commitment, but Hamas, we are afraid, has done nothing at all to fulfil that commitment.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. We come now to a statement by the Prime Minister.

**Ann Clwyd** (Cynon Valley) (Lab): On a point of order, Mr Speaker.

**Mr Speaker:** Order. Points of order come after statements. I shall await the right hon. Lady's point of order with interest and anticipation.

## Counter-terrorism

3.33 pm

**The Prime Minister (Mr David Cameron):** The death of Osama bin Laden will have important consequences for the security of our people at home and abroad and for our foreign policy, including our partnership with Pakistan, our military action in Afghanistan and the wider fight against terrorism across the world. Last night, I chaired a meeting of Cobra to begin to address some of these issues, the National Security Council has met this morning and I wanted to come to the House this afternoon to take the first opportunity to address these consequences directly and to answer hon. Members' questions.

At 3 am yesterday I received a call from President Obama. He informed me that US special forces had successfully mounted a targeted operation against a compound in Abbottabad, in Pakistan. Osama bin Laden had been killed along with four others—bin Laden's son, two others linked to him and a female member of his family entourage. There was a ferocious firefight and a US helicopter had to be destroyed but there was no loss of American life. I am sure the whole House will join me in congratulating President Obama and in praising the courage and skill of the American special forces who carried out this operation. It is a strike at the heart of international terrorism and a great achievement for America and for all who have joined in the long struggle to defeat al-Qaeda.

We should remember today in particular the brave British servicemen and women who have given their lives in the fight against terrorism across the world, and we should pay tribute especially to those British forces who played their part over the past decade in the hunt for bin Laden. He was the man who was responsible for 9/11, which was not only a horrific killing of Americans, but remains to this day the largest loss of British life in any terrorist attack. He was a man who inspired further atrocities, including those in Bali, Madrid, Istanbul and, of course, here in London on 7/7. He was, let us remember, a man who posed as a leader of Muslims, but was actually a mass murderer of Muslims all over the world. Indeed, he killed more Muslims than people of any other faith.

Nothing will bring back the loved ones who have been lost, and of course there is no punishment at our disposal that can remotely fit the many appalling crimes for which bin Laden was responsible, but I hope that at least for the victims' families there is now some sense of justice being served, as a long dark chapter in their lives is finally closed. As the head of a family group for United Airlines flight 93, put it, we are

"raised, obviously, never to hope for someone's death",

but we are

"willing to make an exception in this case...He was evil personified, and our world is a better place without him."

Britain was with America from the first day of the struggle to defeat al-Qaeda. Our resolve today should be as strong as it was then. There can be no impunity and no safe refuge for those who kill in the name of this poisonous ideology.

Our first focus should be our own security. Although bin Laden is gone, the threat of al-Qaeda remains. Clearly there is a risk that al-Qaeda and its affiliates in

places such as Yemen and the Maghreb will want to demonstrate that they are able to operate effectively, and of course there is always the risk of a radicalised individual acting alone—a so-called lone-wolf attack. So we must be more vigilant than ever, and we must maintain that vigilance for some time to come.

The terrorist threat level in the UK is already at severe, which is as high as it can go without intelligence of a specific threat. We will keep that threat level under review, working closely with the intelligence agencies and the police. In terms of people travelling overseas, we have updated our advice and encourage British nationals to monitor the media carefully for local reactions, to remain vigilant, to exercise caution in public places and to avoid demonstrations. We have ordered our embassies across the world to review their security.

Let me turn next to Pakistan. The fact that bin Laden was living in a large house in a populated area suggests that he must have had an extensive support network in Pakistan. We do not currently know the extent of that network, so it is right that we ask searching questions about it, and we will. But let us start with what we do know. Pakistan has suffered more from terrorism than any other country in the world. As both President Zardari and Prime Minister Gilani said to me when I spoke to them yesterday, as many as 30,000 innocent civilians have been killed in Pakistan, and more Pakistani soldiers and security forces have died fighting extremism than international forces killed in Afghanistan.

Osama bin Laden was an enemy of Pakistan. He had declared war against the Pakistani people and he had ordered attacks against them. President Obama said in his statement that

"counterterrorism cooperation with Pakistan helped lead us to bin Laden and the compound where he was hiding."

Continued co-operation will be just as important in the days ahead.

I believe it is in Britain's national interest to recognise that with Pakistan we share the same struggle against terrorism. That is why we will continue to work with our Pakistani counterparts on intelligence gathering, tracing plots and taking action to stop them. It is why we will continue to honour our aid promises, including our support for education as a critical way of helping the next generation of Pakistanis to turn their back on extremism. Above all, it is why we were one of the founder members of the Friends of Democratic Pakistan, because I believe it is by working with the democrats in that country that we can make sure the whole country shares the same determination to fight terror and terrorism.

I also spoke yesterday to President Karzai in Afghanistan. We both agreed that the death of bin Laden provides a new opportunity for Afghanistan and Pakistan to work together in order to achieve stability on both sides of the border. Our strategy towards Afghanistan is straightforward and has not changed. We want an Afghanistan capable of looking after its own security without the help of foreign forces. We should take this opportunity to send a clear message to the Taliban: now is the time to separate themselves from al-Qaeda and participate in a peaceful political process.

The myth of bin Laden was that of a freedom fighter, living in austerity and risking his life for the cause as he moved around in the hills and mountainous caverns of the tribal areas. The reality of Bin Laden was very

[*The Prime Minister*]

different: a man who encouraged others to make the ultimate sacrifice while he himself hid in the comfort of a large, expensive villa in Pakistan, experiencing none of the hardship he expected his supporters to endure.

Finally, let me briefly update the House on Libya. In recent weeks we have stepped up our air campaign to protect the civilian population. Every element of Gaddafi's war machine has been degraded. Over the last few days alone, NATO aircraft have struck 35 targets, including tanks and armoured personnel carriers, as well as bunkers and ammunition storage facilities. We have also made strikes against his command and control centres, which direct his operations against civilians. Over the weekend, there were reports that in one of those strikes Colonel Gaddafi's son, Saif al-Arab Gaddafi, was killed. Let me be clear that all the targets chosen were clearly within the boundaries set by UN resolutions 1970 and 1973. These resolutions permit all necessary measures to protect civilian life, including attacks on command and control bases.

This weekend also saw attacks on the British and Italian embassies. We utterly deplore this. The Gaddafi regime is in clear breach of the Vienna convention to protect diplomatic missions, and we will hold it fully to account. We have already expelled the Libyan ambassador from London. The British embassy was looted as well as destroyed and the world war two memorial was desecrated. The UN has felt obliged to pull its people out for fear of attack.

Gaddafi made much of his call for a ceasefire, but at the very moment he claimed he wanted to talk, he had in fact been laying mines in Misrata harbour to stop humanitarian aid getting in. That is the regime—that is the man—we are dealing with. We will continue to enforce the UN resolutions until such time as they are fully in place, and that means continuing to turn up the pressure—sanctions pressure, diplomatic pressure and military pressure.

Bin Laden and Gaddafi were said to have hated each other, but there was a common thread running between them: they both feared the idea that democracy and civil rights could take hold in the Arab world. While we should continue to degrade, dismantle and defeat the terrorist networks, a big part of the long-term answer is the success of democracy in the middle east and, of course, the conclusion of the Arab-Israeli peace process. For 20 years, bin Laden claimed that the future of the Muslim world would be his, but Libya has shown, as Egypt and Tunisia did before it, that people are rejecting everything bin Laden stood for. Instead of replacing dictatorship with his extremist totalitarianism, they are choosing democracy.

Ten years on from the terrible tragedy of 9/11, with the end of bin Laden and the democratic awakening across the Arab world, we must seize this unique opportunity to deliver a decisive break with the forces of al-Qaeda and its poisonous ideology, which has caused so much suffering to so many across so many years. I commend this statement to the House.

**Edward Miliband** (Doncaster North) (Lab): I thank the Prime Minister for his statement and join him in strongly endorsing the sentiments expressed yesterday by President Obama. The Opposition wholeheartedly

support the action taken by the United States to bring Osama bin Laden to justice. We are grateful to President Obama for taking the decision and to the US special forces who carried it out.

At this time we remember the harrowing scenes of death and destruction of 9/11, and we remember, too, all the other atrocities carried out by al-Qaeda before 9/11 and since, including in Nairobi, Dar es Salaam, Bali, Istanbul, Madrid, Amman and, of course, the 7/7 bombings here in London. The world is a better and safer place without bin Laden commanding or inciting acts of terror. We should never fall for the idea that he somehow stood for a particular community or faith. In each case the objective was the same: to kill and maim as many innocent men, women and children as possible, of all faiths and all backgrounds.

Our response now must be to seek to use this moment, not to claim premature victory in the fight against terrorists, but to heal the divisions he sought to create. We should do that by rooting out the perpetrators of terror, by reaching out to all those willing to accept the path of peace and, at the same time, by ensuring continued vigilance here at home.

All parts of the House will welcome the co-operative and calm response of the Pakistani Government over the past 48 hours, but there remains a great deal of uncertainty about who was aware of bin Laden's presence and location in Pakistan, especially given his proximity to Pakistani military bases. Pakistan's leaders continue to take a brave stance against terrorism, but when the Prime Minister talked to President Zardari and Prime Minister Gilani, what discussions did he have about ensuring that the security apparatus in Pakistan fully supports their anti-terrorist efforts?

The developments of this weekend remind us why we took military action in Afghanistan, which under the Taliban gave shelter to bin Laden and to al-Qaeda, but those developments should also, as the Prime Minister said, reinforce the need for a lasting political settlement in Afghanistan as the only long-term guarantee of peace and security. Does the Prime Minister agree that we need greater urgency in the search for a political solution and to engage with those parts of the Taliban that are ready to renounce violence? Does he think that there are ways in which we can sharpen the choice facing the Taliban, including by deepening the political process in Afghanistan?

On Yemen and al-Qaeda's remaining strongholds, we must do everything to combat terrorism and to increase pressure on their supporters, and we must also support movements that make it less likely that terrorism will take root, for is it not clear that the most effective long-term answer to al-Qaeda's ideology of hatred is being provided by the peoples of north Africa and the middle east? During the Arab spring they have not been turning to an ideology of hate; they are demanding the right to control their own destinies with democratic reform and economic progress.

In that context, will the Prime Minister update the House on progress that has been made in consolidating the democratic gains in Egypt and Tunisia? What is being done not only to ensure that those Arab leaders who have promised reform stick to their commitments, but to force those still resorting to violence and repression, as in Syria, to stop doing so?

On Libya, it is clear that we cannot abandon the Libyan people to Colonel Gaddafi's revenge, but will the Prime Minister also take this opportunity to reassure the House that, in all our words as well as actions, it will be clear that all the steps we take are in the terms of UN Security Council resolution 1973? Does he further agree that doing so is right in principle and essential to maintaining regional support for action to enforce the will of the Security Council?

On Israel-Palestine, does the Prime Minister agree that the reaction of Hamas, calling the killing of bin Laden an example of American oppression, is deeply regrettable? Does he agree that we should continue to make efforts to restart the middle east peace process? What discussions has he had with President Obama and the other leaders on that important area?

Finally, I support the Prime Minister's call for UK citizens to show increased vigilance at this time. Al-Qaeda has suffered a serious blow, but it remains a threat. Can I also take this opportunity to offer my thanks and the thanks of the Opposition to the police and security services, which work tirelessly in public and behind the scenes to keep us safe, as well as to British forces throughout the world?

Above all, let me say this: 9/11 was one of the most horrific events of our generation, and for the victims and their families, including in this country, nothing can remove the pain that they feel, but the death of Osama bin Laden sends out a clear message that, in the face of terrorist acts, the world will not rest until justice is done.

**The Prime Minister:** I thank the right hon. Gentleman for his statement and for the way he has made it. He is absolutely right to praise the police and security services, particularly those in the security services who never get public recognition for the work that they do to keep people in our country safe.

The right hon. Gentleman is absolutely right to talk as strongly as he has about 9/11 and the memories people have of it. I am sure that everyone in the House remembers exactly where they were and what they were doing on that day, and how they felt, and he is right that we should use this moment to try to heal many of the divisions in our world.

On the specific questions, the right hon. Gentleman asks about Pakistan and the question, which I think will come up a lot, about who knew what and what we will do to find out who knew what. What matters most of all, as I said, is to back the democratic leaders of Pakistan, to work with them and those involved in security and military matters and to try to hold discussions with them together, which is what I did on my last visit to Pakistan.

On Afghanistan, the right hon. Gentleman asks how we can increase the urgency of a political settlement. That is absolutely the right thing to do, and again part of the answer lies in Pakistan and the discussions we can have with them to encourage all those involved to give up violence, to accept the basic tenets of the Afghan constitution and, critically, to renounce any link with al-Qaeda.

The right hon. Gentleman asks what more can be done to deepen the democratic process in Egypt and Tunisia. My right hon. Friend the Foreign Secretary

was in Egypt yesterday. One of the key ways of doing this is through the European Union, and Britain, along with others, is pushing very hard for a total update of Europe's relations with its neighbourhood to make them more attractive and something that has proper conditions attached to them.

On Syria, the right hon. Gentleman asked what more can be done to step up the pressure. I agree that what is happening in Syria is unacceptable. We are leading a process in Europe of setting about applying proper pressure—an arms embargo and taking the association agreement off the table—and we are looking at further steps, including travel bans and asset freezes, and other things we can do to show that what is happening in Syria is unacceptable.

On Libya, the right hon. Gentleman asks whether we will stick to UN resolution 1973. Yes, we will. What I would say, though, is that this does not mean just sticking with the existing set of things we are doing. All the time, we should be asking what more we can do to raise the diplomatic, military and sanctions pressure; and within all necessary measures to protect civilian life, I believe that there are many more things we can do and should do to keep the pressure up.

The right hon. Gentleman is right that Hamas's reaction is very regrettable. I do believe, though, that the middle east peace process is, if you like, the third leg of the strategy to fundamentally defeat al-Qaeda. The first leg is the attack on the terrorist network—the blow so successfully dealt yesterday—and the second leg is democracy and progress in the middle east, in north Africa and in Muslim countries, but the third leg is a middle east peace process that works. I am seeing Prime Minister Netanyahu tomorrow evening, and we will do everything we can in our power to encourage both sides to recognise the historic times that we are living in and the historic chance there is to forge a deal that will last.

**Sir Malcolm Rifkind (Kensington) (Con):** The Prime Minister has rightly paid tribute to the United States special forces who carried out yesterday's remarkable operation. Will he make a similar tribute to the United States intelligence agencies, without whose patience and professionalism the actual location of bin Laden would never have been achieved?

**The Prime Minister:** My right hon. Friend is entirely right. Clearly, this was a painstaking operation—if you like, a painstaking piece of detective work—that went on for many, many months. I can tell from speaking to President Obama that this was not some chance opportunity that came up but a piece of very careful work put in place over months and an operation clearly carried out with great professionalism and skill.

**Mr Jack Straw (Blackburn) (Lab):** The Prime Minister rightly talks about three strands of a strategy to deal with the continuing problem of al-Qaeda. May I suggest that there is an additional strand, to pick up his point about the pernicious ideology of al-Qaeda, which in many ways remains the most enduring threat posed by al-Qaeda, notwithstanding the demise of its leader? Although there is no silver bullet, so far as here at home is concerned we need to continue programmes to deal with underachievement by some—not all—Asian heritage groups in schools and underemployment of them at work in order to reduce the opportunities for their minds to be taken over by this ideology.

**The Prime Minister:** I agree with the right hon. Gentleman, although I would say that there are two additional strands. One is dealing with problems of poverty, inequality and underachievement, which absolutely must be done, but separate to that is the whole bin Laden/al-Qaeda/extremist Islamist thread of painting Muslims and Muslim communities as somehow being in perpetual victimhood and saying that they can never successfully co-exist in western democratic societies. It is absolutely key that we target that ideology and challenge it, because in the end it is only by challenging the ideology that we will win this battle.

**Sir Menzies Campbell** (North East Fife) (LD): While understanding the satisfaction, and even elation, of those who lost family members in the inferno of 9/11, does my right hon. Friend agree that the sober reality is that some things are unchanged by the death of Osama bin Laden? The threat remains, jihadism must be confronted, and adequate resources, effective international co-operation and good intelligence remain essential.

**The Prime Minister:** My right hon. and learned Friend is right. There is still a severe terrorist threat—there is still an al-Qaeda threat—and we should not overestimate what has happened, but clearly the end of bin Laden, who was the leader and inspiration of this movement, is a massive setback for al-Qaeda and for its terrorist affiliates, and I think it is worth putting that on the record. Clearly, we now have to go further and deal with the remaining senior leadership of al-Qaeda who are in the tribal lands in Pakistan. We then have to address the affiliates in places like the Arabian peninsula and in the Maghreb. But as my right hon. and learned Friend and the right hon. Member for Blackburn (Mr Straw) said, dealing with the pernicious ideology will be just as important as defeating the terrorists themselves.

**Mr David Blunkett** (Sheffield, Brightside and Hillsborough) (Lab): I endorse everything that has been said this afternoon. In the light of the agreed short-term risk, does the Prime Minister agree that the resources of the security and policing services in Britain should be focused entirely on this issue? In the light of the words of the Deputy Prime Minister this morning that the proposed changes to the police service are not set in stone, will the Prime Minister consider a pause in the Government's changes to the police service so that it can concentrate on what really matters to the British people?

**The Prime Minister:** The right hon. Gentleman is obviously going a bit wider in his questioning. To me, it does not seem right to say that all the police's attention should be on this issue; we have a serious situation in Northern Ireland as well. At all times, we are balancing the risks. On the police reforms, I say to Opposition Members that we have seen a successful model in London with the Mayor, which the previous Government put in place. That is a system in which the police feel more accountable to an elected individual, and I look forward to extending that across the country.

**Richard Ottaway** (Croydon South) (Con): Pakistan is a divided and complex country, and the death of Osama bin Laden will only exacerbate tensions there. Does the Prime Minister agree that our priority should be to

assist Pakistan to remain a stable state, if only because first, it is a nuclear power, and, secondly, it will have a crucial role in any settlement in Afghanistan?

**The Prime Minister:** My hon. Friend is entirely right. Of course there are frustrations, and questions will be asked about who knew what in Pakistan and about how this man could have lived in such a large house in such a comfortable-looking community so close to military installations. I am absolutely clear that the British interest is in working with the democratic politicians of Pakistan to deal with the shared issues of combating extremism; ensuring that we are dealing with a safe, rather than a dangerous, nuclear power; and, as my hon. Friend says, reaching a settlement in Afghanistan so that we can bring Britain's brave troops home.

**Mr Bob Ainsworth** (Coventry North East) (Lab): The brave and incredibly skilled individuals who carried out this operation deserve our profound gratitude, as do all those who put their lives on the line to protect us, including our own armed forces. In tackling the wider ideology of al-Qaeda, does the Prime Minister think that there are actions that we need to take abroad, as well as those that we need to take at home? The reconciliation track in Afghanistan is enormously important, and surely this operation gives us the opportunity to step up that activity. Did he talk to the President of the United States about that when they spoke, and if he did not, will he do so?

**The Prime Minister:** I absolutely agree with the right hon. Gentleman that this is an opportunity, particularly in Afghanistan. Having discussed this matter with President Obama on many occasions, it is clear that there are two tracks that we should be pursuing. There is the military track, where we are building up the Afghan army and police, and having success against the insurgency in Afghanistan, where our troops are performing magnificently. At the same time, there is a political track, where we are saying to the Taliban that it is time for them to give up violence, break the link with al-Qaeda and enter a political process. Both tracks can continue simultaneously, but the death of bin Laden and the work with Pakistan present a greater opportunity for the second track to yield success.

**Mr Julian Brazier** (Canterbury) (Con): Does my right hon. Friend agree that although the remarks by Hamas were as repugnant as they were wrong, the moves by the new masters of Egypt towards opening the border with Hamas-controlled Gaza are nevertheless the clearest possible illustration of just how important is the third corner of the triangle that he outlined? There will be no support from moderate Arab opinion without a long-term solution that offers justice for the Palestinians.

**The Prime Minister:** My hon. Friend is clearly right. We have to take the positive, optimistic view that although there will be all sorts of difficulties in the days ahead, Palestinian unity between Fatah and Hamas should be a step forward, and we must make sure that it is. What follows is trying to persuade the Israelis and others that although there are all sorts of uncertainties in the world today, this is an opportunity to take steps towards peace, as they will be dealing with more democratic neighbours.

**Hazel Blears** (Salford and Eccles) (Lab): The Prime Minister will know that the vast majority of Muslims in this country entirely reject the violent ideology of al-Qaeda and Osama bin Laden. Will he therefore confirm that in the review of the Prevent programme, he will ensure that he puts in place a series of practical programmes to build the resilience of our young people to messages of hatred and extremism? Will he also confirm that he takes really seriously, as I know he does, the challenge to that ideology, on which I believe we have to do far more work to ensure that we really make an impact?

**The Prime Minister:** The words the right hon. Lady has uttered have been ringing through our review of Prevent. The problem has been not so much that a minority of British Muslims actually back al-Qaeda as that there has been a pernicious ideology among a minority of some communities that has given some comfort to the stories that al-Qaeda provides about victimhood and the rest of it. We have to address that issue in order to drain the swamp in which al-Qaeda has been swimming, if I can say so without mixing my metaphors.

**Dr Julian Huppert** (Cambridge) (LD): Although it is clear that Osama bin Laden was deeply malign and it is good that that influence has ended, does the Prime Minister agree that the rule of law is very important and it is a great shame that we were not able to bring him before a court?

**The Prime Minister:** I listened very carefully to John Brennan's briefing, and he made it clear that the forces were prepared to take bin Laden alive and capture him, but only if they were not actually in a firefight and at risk themselves. I think the Americans were completely justified in what they did and I think the world is much better off without bin Laden.

**Mr Jeffrey M. Donaldson** (Lagan Valley) (DUP): In the context of counter-terrorism, if our allies can take out bin Laden in Pakistan and we can hit targets in Libya, why cannot we arrest a balaclava-clad terrorist who stands in a graveyard in Londonderry, in the United Kingdom, and threatens to kill police officers and destroy the political process in Northern Ireland?

**The Prime Minister:** As the right hon. Gentleman knows, I take a very strong view that what we saw in Londonderry is not acceptable and is an offence that the police should pursue. The Police Service of Northern Ireland is now well funded, well backed and an excellent police service, and I would encourage it in its work.

**Mark Pritchard** (The Wrekin) (Con): Notwithstanding the huge military sacrifices of the Pakistani army and the Pakistani people, in the Prime Minister's conversations with President Zardari, did the President give him an assurance that should an evidence trail emerge from any subsequent investigation into the bin Laden compound that links some elements of the Pakistani state with the possible protection of bin Laden, the individuals involved will be brought before the courts in Pakistan?

**The Prime Minister:** In the conversation that I had with President Zardari, and then separately with Prime Minister Gillani, they first gave me their assurance that

they did not know that bin Laden was living in Abbottabad and that they did not have such an understanding. I clearly made the point that the Pakistanis were going to be asked a lot of very searching questions by friends and foes alike over the coming days and needed to be prepared to answer them, but I come back to this basic point: what is in our national interest? Is it in our interest to have an enormous bust-up and argument with Pakistan over this, or is it in our interest to say, "Right, we're going to work with the forces of democracy in Pakistan that want to fight terror and terrorism"? That must be in our interest, and it is what we should adhere to.

**Ms Gisela Stuart** (Birmingham, Edgbaston) (Lab): Earlier, the Foreign Secretary tried to reassure the House that the future of the World Service was secure, but it is undeniably a diminished World Service whose future is secure. Given what has been said about counter-terrorism ideas in emerging democracies, will the Prime Minister strategically review the role and budget of the World Service?

**The Prime Minister:** Lots of Government Departments had very difficult settlements because, I am afraid, of the financial situation that we inherited. I think the deal with the World Service involving the BBC provided secure funding for its future. Of course it is having to make some economies, but I think it is perfectly possible to make economies and provide a good service at the same time.

**Dr Julian Lewis** (New Forest East) (Con): Although I welcome the Prime Minister's emphasis on the battle of ideas, does he share my concern that all too many people in all too many Muslim communities do not even accept that bin Laden was responsible for 9/11? What does that say about the failure of the west to get the counter-narrative and the counter-propaganda out worldwide and effectively?

**The Prime Minister:** My hon. Friend makes a good point, and that is very much what I was discussing with the right hon. Member for Salford and Eccles (Hazel Blears). Many in that minority of the Muslim community take the view that bin Laden was not responsible for 9/11. That does not mean that they actively back bin Laden; it just means that they have bought in to a narrative of Israeli plots and the rest of it. We must challenge that narrative. We cannot have young people growing up in our country believing that nonsense, and it is incumbent on all of us in the work we do in our constituencies—in mosques, community centres and so on—to challenge that thinking whenever it comes up. We should not believe that we are challenging cultural sensitivities in doing so—we are not. We are making a very clear point about what it means to be part of a modern democracy.

**Chris Bryant** (Rhondda) (Lab): A lot of the coverage of Osama bin Laden's death has referred to him as "evil", and although we all hate the man, may I congratulate the Prime Minister on, I think, deliberately avoiding that sort of religious language? Osama bin Laden was not engaged in a holy war or crusade, and do we not need to hear a lot more Muslim clerics make that absolutely clear?

**The Prime Minister:** I think we do. I am not sure that I avoided the word “evil”—I will always take religious advice from the hon. Gentleman, who has more experience in that—but his point is a good one. We must remember that al-Qaeda’s narrative is not Muslims against the rest of the world, but Muslims against Muslims, before moving on to the clash of civilisations with the rest of the world. It is hopeful that we are seeing Arab and Muslim states saying that what they want is not that sort of sharia law society, but to move towards the building blocks of democracy, which will make for a better and more peaceful world.

**Mr Tobias Ellwood** (Bournemouth East) (Con): I visited the UK Bali memorial today—a tribute to the innocent victims of just one of the many terrorist bombings that defined the past decade. News of bin Laden’s death did not fill me with any sense of victory, for the world is no safer, but I did feel that we are starting a new chapter and that the world is a better place. Bin Laden’s removal is long overdue. Is it not telling that the Arab spring is calling not for a seventh-century caliphate, but for a change towards a non-violent, democratic and secular society?

**The Prime Minister:** I thank my hon. Friend for his question, and I know that he suffered a loss in that Bali bomb. We can never bring back someone who has been lost, but he is right that the best tribute we can pay to the people who were lost in the murderous attacks in New York, London, Istanbul or Bali, is not only to roll up the terrorist network that has created so much hatred, poison and death, but to see the Arab and Muslim world move towards democracy and freedom. That would be the most fitting tribute of all.

**Mr Pat McFadden** (Wolverhampton South East) (Lab): Bin Laden is dead, but the ideology he represented is not, even though al-Qaeda has been a follower rather than a leader of the Arab spring. Does the Prime Minister accept that parts of that ideology—the perverted use of victimhood and the warped sense of faith—are often used as justification to kill others of the same faith? Is he aware that that ideology is sometimes shared by those who are not active supporters of terrorism? Does he therefore accept that even though bin Laden is gone, the struggle against the ideology he represented must continue at a political, an ideological and a security level?

**The Prime Minister:** I very much agree with the right hon. Gentleman and I hope there can be cross-party consensus on that. It would really help if we recognise in the review of Prevent and in what we do to deal with that ideology that it is not enough to say that we will prevent violent extremism, because we need to prevent extremism as well. Sometimes in the past, we have made a mistake in thinking, “Let’s talk to the extremists in order to stop the really violent ones,” but that is like trying to get the British National party to help to deal with a violent fascist. That would not be sensible in that context, and it is not sensible in dealing with extremist Islamism either.

**Kris Hopkins** (Keighley) (Con): I want Pakistan to be a prosperous, peaceful and successful country, free of corruption. It is in our interests to support that, but lots

of people in this country know that something stinks about where bin Laden was found and where he has apparently been living for the past five years. If this country is to continue to support and encourage Pakistan financially and morally, the Pakistani Government need to come clean about what has happened.

**The Prime Minister:** My hon. Friend makes an important point. Just because we are long-term friends and partners with Pakistan, as we should be, it does not mean that we cannot deliver a fairly tough message every now and again. When I went to Pakistan recently, one message I delivered was that it was unacceptable that so many people in Pakistan did not pay their taxes. It is not easy for us in the west to take money off our taxpayers to give to Pakistani education—vital though that is—if Pakistan is not collecting taxes from its own people. Dealing with corruption, making the country more transparent and ensuring that wealthy people in Pakistan pay their taxes should all be part of our bilateral agenda.

**Malcolm Wicks** (Croydon North) (Lab): When the Prime Minister visited Pakistan recently, he announced various lines of co-operation, including technical co-operation on roadside improvised explosive devices. In the light of very recent events, will the Prime Minister review that co-operative agreement, lest technical knowledge gained could be passed rather quickly into the hands of terrorists in Afghanistan and elsewhere, with consequent threats to British and other lives?

**The Prime Minister:** Of course we consider all those things very carefully, but Pakistan has lost thousands of soldiers fighting extremists in south Waziristan and the Swat valley, where they are trying to root out a similar sort of Taliban to the one we are fighting in Afghanistan. We have to understand when we are talking to President Zardari that he lost his wife to extremist terrorists. Of course we must be careful in all that we do, but working with the Pakistanis so that they can combat extremism in their own country is clearly in our national interest.

**Mr Bernard Jenkin** (Harwich and North Essex) (Con): May I commend my right hon. Friend’s tone towards Pakistan and his saying that we should deal with that country constructively and co-operatively? Should we not bear in mind what President Zardari himself has pointed out—that only 11% of the population of Pakistan has ever voted for radical Islamic parties, and that 85% is explicitly opposed to al-Qaeda? On that basis, there should be common interest and common cause between our two countries.

**The Prime Minister:** My hon. Friend is entirely right. Indeed, we need to co-operate not just on combating terrorism, but on the other matter we have been discussing today—combating the narrative of extremism. The same problem as the one we have been dealing with in our country exists in parts of Pakistan, albeit in a larger and different way.

**Mr Ronnie Campbell** (Blyth Valley) (Lab): Although everybody welcomes the death of this evil man, does the Prime Minister not agree that the west should take two steps back when it wants to interfere in other people’s affairs?

**The Prime Minister:** The problem with that philosophical view of British foreign policy is that we live in too much of an interconnected world. The idea that we can just put the barrier up and say, “What happens in Pakistan or Afghanistan does not affect us,” is wrong. The fact is that 1.4 million people of Pakistani origin live in Britain and travel between here and Pakistan. The fact is that we were threatened from terrorism sourced from Afghanistan and the tribal lands of Pakistan. I am afraid that that sort of “stop the world, I want to get off” foreign policy option no longer exists in this interconnected world.

**Mr Peter Bone** (Wellingborough) (Con): Wellingborough is a fully integrated, interfaith community—in fact, this week we have Sikh, Hindu, Muslim and Christian candidates standing for the Conservative party at the local elections. *[Interruption.]* Does the Prime Minister agree that in my community of Wellingborough, yesterday’s events will be wholly welcomed?

**The Prime Minister:** My hon. Friend makes an important point. I think someone shouted, “What’s that got to do with it?” but it is important that all parties try to ensure that they are fully representative of all parts of the community. As we have learned in the Conservative party, it is not enough just to open the doors and invite people in; we have to go out and ask people in, so that we can say to people in every community that they are represented in whatever party they would like to support for whatever reason they would like to support it.

**Lyn Brown** (West Ham) (Lab): Can the Prime Minister tell us anything about the reported counter-terrorism raids that have taken place in four homes in east London?

**The Prime Minister:** I can tell the hon. Lady that an arrest was made in connection with a group of people at Sellafeld today. That is a matter for the police, but if there is further information to update her with, perhaps my office can contact her.

**David T. C. Davies** (Monmouth) (Con): Bin Laden may have gone, but other members and supporters of al-Qaeda continue to live openly in the United Kingdom, protected by the European Human Rights Act 1998. Does the Prime Minister agree that we can put a lot more faith in US special forces to protect us than the bureaucrats of Brussels?

**The Prime Minister:** I have some sympathy with what my hon. Friend says. We are trying to deal with the problem in a number of ways. First, we are trying to sign a treaty with Pakistan on deportation with assurances, so that we can deport people of Pakistani citizenship and origin who may threaten this country back to Pakistan to be dealt with there. I discussed that with Prime Minister Gillani and President Zardari when I was there recently. However, we are also trying to reform the European Court of Human Rights from within, and my hon. Friend will be pleased to know that our right hon. and learned Friend the Justice Secretary had a very productive set of meetings with other Council members and there was widespread support for reforming the Court, so that it pays more attention to decisions taken by national courts.

**Stewart Hosie** (Dundee East) (SNP): I thank the Prime Minister for his statement and for early sight of it. The conclusion was that what Libya demonstrated, as Egypt and Tunisia did before it, is that people are completely rejecting everything that bin Laden stood for. My hon. Friends and I fervently hope that that is true. Will the Prime Minister update the House on the concrete steps being taken to foster democracy and respect for human rights in north Africa and throughout the middle east?

**The Prime Minister:** I think there are bilateral actions that Britain, as an old and successful democracy, should take and links that we should make, such as updating the Westminster Foundation for Democracy, as we have discussed in this House before. However, the biggest step would be for the European Union radically to overhaul its programme of help and assistance to north African and middle eastern neighbours and countries. Frankly, its programme up to now has been quite expensive—there is no shortage of money being spent—but it has not been successful in putting in place those building blocks of democracy. That is what we should be working on.

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): Does my right hon. Friend agree that it is imperative to provide every possible military, diplomatic and development assistance to Pakistan, not only to build democracy in the longer term, but to help to improve security in the shorter term, which is inextricably linked with a successful exit strategy from Afghanistan?

**The Prime Minister:** I agree that we need to build those links. Clearly there has to be a two-way relationship: we must not be too transactional about it, but we need to be clear with the Pakistanis about what we hope to gain from the partnership that we enter into. Clearly, work on counter-terrorism is vital to Britain’s national interest, but we are prepared to do a huge amount with Pakistan to help with matters such as the education of children. There are 17 million children in Pakistan not at school today. If we want to keep them away from extremism and, indeed, if we want to deal with problems of migration as well, it makes sense for us to continue our aid programme.

**Jeremy Corbyn** (Islington North) (Lab): Every terrorist attack is a disaster; every resulting war is a tragedy. Does the Prime Minister not agree that we should now think quite seriously about the whole strategy adopted over the past 30 years? Bin Laden was financed by the west in the war in Afghanistan in 1979; he had relations with US oil interests after that, and later he became the terrorist threat that he remained for the rest of his life. Do we not need to think seriously about where the west is putting money, who it supports and what eventually comes round to bite us in the back because we have not analysed what is happening in those countries and those societies?

**The Prime Minister:** Of course the hon. Gentleman is right that we have to learn the lessons of successes and failures of the past and try to apply them for the future, but it seems to me that there are some constants in all this, one of which is that the promotion of democracy and freedom, along with what I call the building blocks

[*The Prime Minister*]

of democracy, is almost always and everywhere a good thing to do. In as much as we learn the lessons of interventions of the past, I hope that we hold on to that.

**Duncan Hames** (Chippenham) (LD): It is entirely right that the Taliban should heed the calls from the Prime Minister to separate themselves from al-Qaeda and participate in a peaceful political process. What practical mechanisms exist whereby, in doing so, the Taliban can pursue a peaceful settlement in Afghanistan?

**The Prime Minister:** I thank the hon. Gentleman for his question. There are practical steps in place through the reconciliation and reintegration procedure that is available in Afghanistan through the President's peace council. That enables Taliban fighters effectively to put down their weapons and join the political process, as long as they accept the basic tenets of the Afghan constitution. However, as well as that low-level reintegration, we need higher-level reconciliation, where we say to the Taliban, "If you accept the tenets of the constitution, give up violence and cut your links with al-Qaeda, there is a political path open to you," because ultimately, insurgencies tend to end through a combination of force of arms and a simultaneous political process.

**Paul Flynn** (Newport West) (Lab): Do not the six years of treachery by powerful people in Pakistan prove that the links of blood, religion, language and ethnicity between Pakistan and Afghanistan are far, far more powerful than the friendship of convenience between us and those countries, which depends on a continuing sacrifice of blood and treasure by us? Have not our excessive optimism and trust delayed the day when we can do a deal and bring our brave boys home?

**The Prime Minister:** I do not accept that analysis, because it can lead us to believe that the best option for Britain, and indeed America, is to cut ourselves off entirely from friendships, partnerships and co-operation with those countries and leave them to their own devices. That has been a mistake in the past. The lesson to learn is that long-term partnerships to help those countries are actually in our interests.

**Paul Uppal** (Wolverhampton South West) (Con): The Prime Minister spoke about the myth of Osama bin Laden. One of the most powerful recruiting sergeants for al-Qaeda was the idea that he had moved away from a decadent western lifestyle to that of a penitent holy warrior. Is the Prime Minister heartened, as I am, by the truth that he was a hypocrite and that that hypocrisy runs through the core of the ideology of al-Qaeda?

**The Prime Minister:** My hon. Friend makes an important point. The idea that bin Laden was a hermit bravely living in a cave directing the insurgency has been given the lie completely, as we see now that he was living in a luxury million-dollar villa in a fairly suburban part of Pakistan. I hope that people who have somehow revered this man will now see the true picture of someone who was hypocritically living pretty high on the hog while expecting others to suffer hardship.

**Tony Lloyd** (Manchester Central) (Lab): I warmly commend the remarks that the Prime Minister has made about Pakistan consistently throughout his statement.

He is right that questions will have to be asked about who knew what, but the central tenet of what he says is that our relationship with Pakistan is not a friendship of convenience, as some of my hon. Friends believe. In fact, Britain and Pakistan have an unbreakable common interest in combating terrorism, and in many other areas. What more can be done to ensure that that is understood here in Britain and, importantly, in Pakistan?

**The Prime Minister:** It is about the hard work of building a strong partnership that is for the long term and not concentrating too much on the short-term transactions that two countries might want to undertake. The fact is that we have a shared interest in fighting terrorism, expanding trade, combating poverty, improving education and ensuring that the people-to-people links between our countries are strong. The more we discuss those matters with democratically elected politicians in Pakistan, the more the common interests will grow. I do not think that that is an impossible dream, as the hon. Member for Newport West (Paul Flynn) suggested; it is practical politics and completely in our national interest.

**Angie Bray** (Ealing Central and Acton) (Con): May I turn the Prime Minister's attention to Libya? He mentioned that he was seeking to tighten up the sanctions. What does he think about those countries that are not exactly signed up to the United Nations resolutions and that have been allowing Gaddafi to get hold of assets and funding by letting them slip through their countries and into Tripoli?

**The Prime Minister:** We think that that is unacceptable, and that, as well as implementing resolutions 1970 and 1973, there are opportunities to tighten sanctions—on oil and oil products, for example—to ensure that the regime comes to its senses and realises that it cannot go on terrorising its own people. In the coming days, we will look at ways of stepping up the action that we are taking, as well as encourage others to enforce measures already in place.

**Mike Gapes** (Ilford South) (Lab/Co-op): The Prime Minister has referred several times to the need to combat the global jihadist Islamist ideology. In that context, will he have urgent discussions with the Foreign and Commonwealth Office and ask it not only to reverse the reductions in the BBC's Arabic language services, but to implement an idea that has been talked about for quite a while—namely, to introduce a BBC Urdu channel to broadcast in Pakistan?

**The Prime Minister:** I heard the Foreign Secretary dealing with that matter extensively during questions. Many of the budget reductions being made are regrettable, but they are all part of ensuring that government is affordable and that we deal with the deficit that we inherited. I am quite clear that the settlement for the BBC is fair and that the BBC has to ensure that that money goes further in providing many of the excellent services that it does.

**Jeremy Lefroy** (Stafford) (Con): In the context of Libya, may I ask my right hon. Friend what support the NATO-led coalition is receiving from other members of the Arab League?

**The Prime Minister:** We are getting good support from members of the Arab League: both the Qataris and the United Arab Emirates are providing planes, and logistic support is coming from some other members of the Arab League. The key is that the contact group, which my right hon. Friend the Foreign Secretary helped to set up, has already had a number of meetings and further ones are forthcoming. In those meetings, the support of the Arab League and Arab countries for what is happening in Libya is still extremely strong—

**Mr Dennis Skinner** (Bolsover) (Lab): Declining.

**The Prime Minister:** No, it is not declining. It is still strong because Arab League countries know what they are dealing with in Gaddafi. When they watch what he is doing now—mining the port in Misrata, shelling and killing his own citizens—they know that is completely unacceptable and they are right to back the coalition.

**Nick Smith** (Blaenau Gwent) (Lab): Will the Prime Minister say in which part of the world any possible retaliatory attack is most threatening? Do the Government have any plans to deploy UK military resources to combat that threat?

**The Prime Minister:** The whole point of the Cobra meeting last night was to review the evidence and concerns about potential retaliatory attacks. Clearly, we have to be on our guard across the world against attacks, whether they be here in the UK or on British assets or embassies in any other part of the world. We keep the threat picture permanently updated and keep permanently under review the advice we give to our embassies and the stance we take here. Certainty is never possible in these matters, but we try to be as vigilant as we can be.

**Gavin Barwell** (Croydon Central) (Con): My right hon. Friend said that our objectives in Afghanistan remain unchanged. Does he believe that the death of bin Laden might allow us to achieve those objectives more quickly and hasten the day when our servicemen and women can come home?

**The Prime Minister:** I do not think it should automatically change our timetable; I think we should stick to that timetable. As I said, however, as well as the military track we are pursuing, there is also the political track of encouraging the Taliban into a political process. I would think that that will be helped by the fact that bin Laden is no more, as the futility of maintaining the link with al-Qaeda is seen. If the Taliban sever that link, there is every prospect of a political settlement, which prospect can clearly lead to British forces coming home. I do not think we should imagine that the timetable will be different, but we should work hard to take every opportunity brought about by the end of bin Laden.

**Barry Gardiner** (Brent North) (Lab): The Prime Minister famously once accused the Pakistani Government of facing both ways. Is it not now clear that, whichever way they were facing, Pakistan's Inter-Services Intelligence was clearly focused on Abbottabad and the security compound there, and that the co-operation of which he spoke must now have as part of its condition the root and branch reform of the ISI? If it is not, the fight against terror will be doomed from the beginning.

**The Prime Minister:** The hon. Gentleman makes an important point. As I said in my statement, it is clear that bin Laden had a “support network” in Pakistan. Those are the words that John Brennan used, and they are absolutely right. We do not know the full extent of that support network or exactly where it reached; what we do know is that we should do everything we can to support the democrats in Pakistan who want the entire country to face the same way and work hard to combat terrorism in every way possible. That is what we should do.

**Martin Horwood** (Cheltenham) (LD): I welcome the content and particularly the promptness of the Prime Minister's statement. The Foreign Secretary confirmed earlier that military action against individuals such as Colonel Gaddafi should take place only within the confines of proper legal authority. Does the Prime Minister expect it to be confirmed that that was also the case for the undoubtedly courageous action against Osama bin Laden?

**The Prime Minister:** The legal position and the legal advice is a matter for the United States. It was a US operation with US troops, so it is entirely a matter for that country. I think we should focus today on the fact that the world is undoubtedly better off without that man still being at large.

**Dr William McCrea** (South Antrim) (DUP): I think the Prime Minister for his statement. Will he inform us whether intelligence sources confirm that Colonel Gaddafi is planning to use chemical weapons against the people of Libya? What further steps can be taken against the tyrant Gaddafi?

**The Prime Minister:** The hon. Gentleman has raised an interesting point. I believe that there have been press reports of gas masks being distributed by some in the Libyan regime, but we have no information about whether those reports are reliable or are linked with anything else. Obviously, however, we keep a close eye on everything that is happening in Libya, and on any threat that the regime could use such weapons in any way.

**Mr Edward Leigh** (Gainsborough) (Con): Of course we reject the al-Qaeda characterisation of western policy as an attempt to impose our views on the Muslim world, but in order to win hearts and minds—particularly in the Arab world—will my right hon. Friend make it clear that it is no part of our long-term policy to impose or get rid of a particular regime in Libya, and that our aim is to secure a ceasefire, a settlement and, ultimately, peace, even at the cost of a divided country? I suspect that what most Libyans want is peace.

**The Prime Minister:** My hon. Friend has made a good point, which is linked to the point made at Question Time by the hon. Member for Islington North (Jeremy Corbyn). We are not there to pick a Government for Libya—to say, “You can have this sort of Government but not that sort of Government.” We are there, basically, to put in place United Nations resolutions 1970 and 1973, and to allow the Libyan people to choose their own Government in their own way. It may well be, in the end, a Government with whom we do not have 100% agreement, but one of the lessons that we have

[*The Prime Minister*]

learnt in recent years is that that is how to make progress, rather than our trying—as I have put it in the past—to impose such things from above.

**Mark Hendrick** (Preston) (Lab/Co-op): The Prime Minister spoke of the myths about bin Laden. Is he not concerned about the possibility that the swift burial of bin Laden will lead to conspiracy theories and further myths about whether he is still alive?

**The Prime Minister:** I think that the United States made a sensible decision on the basis that this was in line with all the correct Muslim practices for burial—a luxury, incidentally, that bin Laden never allowed any of his victims. This was done in an appropriate way, at sea, and I think that the Americans are to be commended for doing it in that way.

**Jason McCartney** (Colne Valley) (Con): In the context of the rumours of conspiracy theorists, does the Prime Minister agree that it would be inappropriate and potentially unhelpful if the United States authorities released detailed and possibly gory footage of the operation in Pakistan?

**The Prime Minister:** I think that it is, in the end, for the United States to decide exactly what to release about the operation. All that I would say, on the basis of my limited experience, is that there are some conspiracy theorists who will never be satisfied. Some people still believe that Elvis will be found riding Shergar. You will never satisfy some people. I think that what the Americans have done so far is pretty sufficient in explaining to all reasonable people that bin Laden is no more.

**Richard Fuller** (Bedford) (Con): On that bright September morning, no one really seemed to give a fuss about anyone else's religion, but over 20 years Osama bin Laden was responsible not only for the murder of innocents but for a raising of disadvantage for Muslims in many parts of the world. Does the Prime Minister agree that terrorists like Mr bin Laden abandon their faith the moment they determine to slaughter innocent people, and will he recommit himself to an open, inclusive society in this country, which includes our Muslim citizens?

**The Prime Minister:** My hon. Friend has put it extremely well. The fact is that there is no place in Islam for this sort of murderous ideology. It is against what Islam is meant to be all about. I hope that the argument that we can get across to people now is that that was an entirely blind alley for so many young people to go down, and that there is an alternative to the repression and frustration that they felt about regimes in north Africa and elsewhere: the democratic awakening that is taking place, which—as I said earlier—is one of the ways in which we will defeat al-Qaeda in the long run.

**Bob Stewart** (Beckenham) (Con): Does the Prime Minister agree that, having suffered such a grievous loss—that of his wife—the President of Pakistan is totally on side in the battle against international terrorism, and that somehow or other we must help him to rid his governmental structure of people who are sympathetic to al-Qaeda, or indeed the Taliban? I do not know how we can do that, but perhaps the Prime Minister does.

**The Prime Minister:** My hon. Friend has put his question in the right way. A long-term commitment on the part of this country and, crucially, the United States to Pakistan is what is needed to help to convince Pakistan that together we will defeat this menace and give the country some prospect of peaceful progress. I have no doubt that that is President Zardari's view. As my hon. Friend has said, he has suffered from terrorism himself, and has shown considerable courage in sending Pakistani troops into the Swat valley and south Waziristan to defeat terrorism. So yes, Pakistan does need our help and long-term commitment so that we can deal with this issue together.

**Tom Brake** (Carshalton and Wallington) (LD): What concrete steps are the UK Government and their allies taking to counter any propaganda campaign that may be launched seeking to portray bin Laden as a martyr?

**The Prime Minister:** That is a good point, and how the Americans have behaved over the burial—the fact that it was done in a proper Muslim way, and so forth—will help in that regard. Frankly, I do not think there is any magic button we can push or any magic campaign we can run. It is for all of us to make sure that people understand the evil this man did, the pernicious ideology he was pushing, and the fact that it led to a complete dead end for a generation of young Muslim men. If we make that argument, we can win that argument.

**Mr John Baron** (Basildon and Billericay) (Con): Bin Laden's death will be a severe setback for al-Qaeda, but as the Prime Minister knows, there are relatively few al-Qaeda in Afghanistan, and there are real differences between the Taliban and al-Qaeda, which could be worth exploring to provide a way forward. Will the Prime Minister therefore do more to urge the Americans to have open, meaningful, non-conditional talks with the Taliban? As we showed in Northern Ireland, it is possible to fight and talk at the same time.

**The Prime Minister:** The point I would make to my hon. Friend is that while there are clearly differences between the Taliban and al-Qaeda, there are at the moment still links between them. The Taliban are not currently willing to break the link with al-Qaeda, but that is a key step that needs to be taken in making sure that they can enter some sort of political dialogue and settlement in Afghanistan. It is not acceptable to ask Afghan democrats, and President Karzai and others, to have conversations with people who, even at the end of those conversations, are still going to be committed to violence and overthrowing all of the Afghan constitution, and who are going to be linked to a group of terrorists—al-Qaeda—which has done so much damage not just to Pakistan, but to Afghanistan itself.

**Mr Matthew Offord** (Hendon) (Con): Does the Prime Minister believe the discovery of bin Laden in Pakistan serves to vindicate the speech he gave in Bangalore last July?

**The Prime Minister:** I am not going to row away from points I have made in the past, but the point I would repeat today is that it is in our interests to work with democrats in Pakistan so that all of that country, and everyone within it, is facing in the same direction in combating extremism, as their democratically elected politicians so clearly want to do.

**Stephen Metcalfe** (South Basildon and East Thurrock) (Con): Does my right hon. Friend agree that the overwhelmingly vast majority of Muslims, both here in the UK and around the world, will welcome the fact that this evil criminal has been brought to justice? We must remind ourselves of that, to avoid stigmatising one particular group in society.

**The Prime Minister:** My hon. Friend is absolutely right, and it should ring out from this Chamber today that one of the groups of people who should be most relieved at the passing of bin Laden is Muslims all over the world, because he killed more Muslims than people belonging to any other faith. The point has been made right across the House today that only a minority of a minority, as it were, backed al-Qaeda, and another small group of people bought into some of the pernicious ideology it was peddling. We have to deal with both those problems, and it is remarkable how much common ground there has been on that on both sides of the House today.

**Robert Halfon** (Harlow) (Con): From one Essex man to another! Will my right hon. Friend the Prime Minister confirm that the Government will take strong action against any conveyor-belt Islamist groups or individuals that use what has happened to bin Laden to promote jihad or other forms of violence?

**The Prime Minister:** My hon. Friend makes a good point, and as we have discussed today, we must combat not just violent extremism, but extremism itself. I think there has in the past been a sense of a conveyor belt, with some extremist groups and organisations taking people into a career of jihadism, and we will never deal with that unless we deal with the conveyor belt itself.

## Points of Order

4.39 pm

**Alison Seabeck** (Plymouth, Moor View) (Lab): On a point of order, Mr Speaker. I seek your ruling and advice on whether the Minister for Housing and Local Government has breached purdah rules. Part 6 of the most recent Cabinet Office rules state that Government announcements should not be made in an election period, yet two days before elections the media and the Department for Communities and Local Government website confirm that he has made an announcement on self-build housing today. Is it not more appropriate for such announcements to be made on the Floor of the House outside the purdah period? Should not the Minister be required to come to the House to apologise or to explain, or perhaps to do both?

**Mr Speaker:** I am grateful to the hon. Lady both for her point of order and for advance notice of it. I have not been told of any intention on the part of any Minister, including the Minister to whom she referred, to make a statement. She has put her views on the record and can find other ways of pursuing this. I note in particular what she said about the code of conduct, and my response is that the question of purdah, and of statements not being made during a period of purdah, does not apply to or flow from any rule of the House. That is to say that there may be a ministerial procedure on this matter—the hon. Lady is welcome to pursue her line of questioning in relation to that—but there has, in short, been no breach of order. Her point will, however, have been heard, including by the Leader of the House.

**Ann Clwyd** (Cynon Valley) (Lab): On a point of order, Mr Speaker. I know that half the Cabinet are not supposed to be talking to the other half, but I hope that Foreign Office Ministers are talking to one another. I say that because the answer given to me by the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt) on the case of Bradley Manning is misleading.

I have raised this issue on several occasions. I raised it with the Foreign Secretary on 16 March and again during business questions on 17 March. I raised it once more during an Adjournment debate on 4 April, when I was told that

“a senior official in our embassy in Washington called on the US State Department on 29 March”

to discuss Private Manning’s terrible situation in prison. The Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North West Norfolk (Mr Bellingham) went on to say:

“the right hon. Lady’s understanding of the British Nationality Act 1981 is accurate. Any person born outside the UK after 1 January 1983 whose mother is a UK citizen by birth is British by descent.”

He continued by saying that Mr Manning’s family had not made a “direct request” for help,

“but obviously, if it comes to consular assistance of any kind, we will look at that request as and when one is made.”—[*Official Report*, 4 April 2011; Vol. 526, c. 873-74.]

Such a request was made to the Foreign Secretary on 11 April by Bradley Manning’s mother, who said that she now understands that

“according to British law, Bradley qualifies as a British national.”

[Ann Chwyd]

She continued:

“I visited Bradley at the end of February...I was very distressed by seeing Bradley”

in the condition he is in—

**Mr Speaker:** Order. I am extremely grateful to the right hon. Lady, who is a very experienced Member of the House. I know that she would not accuse any Minister of wilfully misleading the House; I am sure that she meant to say that she thought that the Minister was inadvertently misleading the House. She will understand, and the House will appreciate, that we cannot continue Foreign Office questions now. However, as the Minister, who is among the most courteous of Ministers in the House, is on the Bench ready and waiting with bated breath to respond, he should do so.

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt):** I am very grateful to you, Mr Speaker, for allowing me some extra time. Nothing that the right hon. Lady has said is wrong in any way. Her concerns were conveyed to the State Department by an official of the Government, but the crucial point is that although I can well understand her concern and what Bradley Manning’s mother may have done, we are not able to respond to that, as any request for assistance has to come from the individual. I can only stress what I have said to the right hon. Lady, which is that Bradley Manning’s lawyers are aware of the UK Government’s position and they are also aware of how to change it. That is the situation. I can help the right hon. Lady further only in private, rather than on the Floor of the House. I hope that is all right.

**Mr Speaker:** I am grateful to the Minister. We come now to the ten-minute rule motion, for which the hon. Member for Beckenham (Bob Stewart) has been patiently waiting.

## Planning (Green Belt Protection)

*Motion for leave to bring in a Bill (Standing Order No. 23)*

4.44 pm

**Bob Stewart (Beckenham) (Con):** I beg to move,

That leave be given to bring in a Bill to increase the powers available to local authorities in relation to unauthorised development of green belt and greenfield land; and for connected purposes.

This Bill is about fairness. Laws apply to everyone across society in equal measure and the Bill reinforces the powers of local authorities so that they may take action against people who pay no regard to planning rules. It applies to developers who build a house beyond agreed specifications, the farmer who lives in a barn for a few years and then reveals it and claims it is his home, and to Travellers who attempt to circumvent planning rules. There is a need to tighten planning legislation to remedy the frustrations of my constituents about certain types of planning abuse, and the problem has been compounded in Beckenham by Ireland, which has expelled quite a number of Travellers through some of its draconian laws.

I fully support the Localism Bill and I want to reinforce some of its intentions. Everyone in the House thinks green belt land is precious and we have a duty to protect it for future generations. We all accept that unchecked urbanisation will lead to a steady eradication of both our forests and our green fields, and I am sure that we would all like to improve the speed and effectiveness with which local authorities can act when planning laws are flouted.

The local authority for my constituency is Bromley council, where I have spent some time with Bob McQuillan, the chief planning officer. I asked him what we could do and he suggested that anything that expedited responses to planning violations would be a great help. After all, only 150 yards from Parliament we see real difficulties in planning enforcement. The struggle by the authorities to move protestors has been a running saga for 10 years, and they were still there for the royal wedding on Friday. Surely we can do better than that.

Clearly, many problems relate to green belt infringements by members of the travelling community, and that is sometimes a particular problem in the Beckenham constituency. Of course the vast majority of people obey the law, but a small minority of Travellers and other itinerants often pay scant regard to it. That creates a perception that almost all who travel the roads behave illegally.

Our community relations between the settled population and the travelling community are often fractious, and that tension is only heightened when people see Travellers arrive illegally on green belt land. The settled community, after all, must jump through all the hoops of the planning process to obtain planning permission, even just for an extension. The same rule should apply to everyone in this country.

In my constituency there are several problem areas: for example, the entrance to St John’s church in Wickham court and the former All Saints school on Layhams road. Travellers have stopped there too often—three times in the past year. This is private land owned by the Roman Catholic and Church of England Southwark

dioceses, and although the council and the police try their best, responsibility falls on the landowners to take action.

This problem is a continual one for many Members of the House, and particularly in my constituency for Councillors Anne Manning, Graham Arthur and Neil Reddin. Other places in my constituency have suffered too, such as Hayes lane, at the entrance to Norman park, and Pickhurst green. Norman park and Pickhurst green are council owned. Measures to restrict entrance have now been put in place and might deter illegal trespassing—a height barrier has been erected at Norman park and a gate at Pickhurst green. The problem is that local people have to deal with illegal sites. They have to foot the bill to remove the litter and rubbish and they have to pay for barriers, height restrictions or gates. Perhaps most importantly, there is a psychological impact when people wake up to discover Travellers parked right on their doorstep.

The previous Government were criticised by many local authorities for their circular 01/06, which compelled local authorities to build, sometimes on green belt land, and to engage in compulsory purchasing. The circular seemed to favour Travellers over the local settled community, and its contents have been used time and again at hearings to prevent enforcement. I am very pleased to hear that the Government are revoking circular 01/06 as part of the new planning guidance proposed by the Communities and Local Government Secretary.

What sort of changes to the law on the unauthorised development of green belt and greenfield land would I like to see enacted? Let me give two examples that I hope to see in the Localism Bill. First, I would like the options available to those who offend to be reduced. They should be able either to appeal against an enforcement notice or to apply for retrospective planning permission, but they should not be able to do both. Secondly, there should also be a time limit, of perhaps 28 days, in which appeal decisions should be made. These problems are not easy to address, but the law should be on the side of those who obey it. In short, I should like to see powers for dealing with planning violations strengthened and speeded up. I commend this Bill to the House.

*Question put and agreed to.*

*Ordered,*

That Bob Stewart, Stuart Andrew, Thomas Docherty, Mr Jeffrey M. Donaldson, Stephen Gilbert, Karen Lumley, Sheryll Murray, Priti Patel, Mr Dominic Raab and Iain Stewart present the Bill.

Bob Stewart accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 9 September, and to be printed (Bill 184).*

## Finance (No. 3) Bill

(Clauses 4, 7, 10, 19, 35 and 72)

*[Relevant document: The Eleventh Report from the Treasury Committee, Finance (No.3) Bill 2010-11, HC497.]*

*Considered in Committee*

[MR NIGEL EVANS in the Chair]

*Ordered,*

That the order in which proceedings in the Committee of the whole House on the Finance (No. 3) Bill are taken shall be: Clauses 72, 19, 7, 4, 10 and 35.—(*Mr Hoban.*)

### Clause 72

THE BANK LEVY

4.55 pm

**Chris Leslie** (Nottingham East) (Lab/Co-op): I beg to move amendment 9, page 41, line 27, at end add—

‘(2) The Chancellor shall review the bank levy and publish a report, before 31 December 2011, on—

- (a) the Government’s analysis behind the rate and threshold chosen for the bank levy;
- (b) the adequacy of the bank levy in the context of other reforms to the wider banking system; and
- (c) the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17.’.

**The First Deputy Chairman of Ways and Means (Mr Nigel Evans)**: With this it will be convenient to discuss clause stand part.

**Chris Leslie**: We find ourselves in the Committee stage of the Finance Bill, a rather large two-volume measure that, over the coming two days on the Floor of the House, we will no doubt explore in some detail. The Bill will then progress upstairs to Committee, where more detailed scrutiny will take place.

It is a peculiarity of Ways and Means resolutions and of the way in which proposed finance legislation is scrutinised in the House of Commons that hon. Members who are not Ministers may not table amendments to Finance Bills that would have the effect of raising the level of taxation. That was news to me, perhaps because I was in government and did not think about tabling such amendments, but the rules of order are as they are, so the amendment does not propose—because we cannot—an increase in the rate of the bank levy. Instead, it calls for a review of the rate and the general approach to bank taxation adopted by the Treasury. It seeks to look into the rationale behind the rate that the Treasury has chosen for the bank levy and why a number of other choices were made.

**Mr Andrew Love** (Edmonton) (Lab/Co-op): Does my hon. Friend agree that in setting the rate the Government missed an opportunity? The bank levy could have raised significant sums to help with the other policies that we hoped they might pursue.

**Chris Leslie**: Indeed. Were it possible under the rules of order for the Opposition to table an amendment to increase the bank levy rate, we probably would have done so. However, we were unable to do so because of

[Chris Leslie]

the slightly arcane rules of order. We need to examine the rationale behind the rate chosen by the Minister and understand why the Government moved from a threshold approach to triggering the bank levy, to a tax-free allowance of a certain amount before which banks would pay against the chargeable liabilities of the bank levy.

We also need to understand whether the bank levy is, as my hon. Friend suggests, an adequate step when considered in the context of the wider economy and public finances. Ultimately, we need to understand whether the Treasury is being straight with the public and honest about the taxes that the banks will pay over the years ahead. We have debated the Government's approach to the banking sector before, and we look forward to the final report of the Vickers commission on the state of competition and regulation of the banks so that never again can these institutions take such extreme risks and gambles that land on the lap of the taxpayer when the going gets tough, as they did before the credit crunch.

**Barry Gardiner** (Brent North) (Lab): The Government are seeking to take £2.5 billion in revenue from the tax that they have imposed, but has my hon. Friend assessed the corporation tax reductions that the banks will experience, which are thought to be £100 million this year? Has he projected the figure by the end of the Parliament? Can we arrive at a net figure to see the real impact of the Government's policy?

**Chris Leslie:** My hon. Friend makes an extremely prescient intervention, because the Chancellor, under pressure from the Opposition, had to cave in to a concession on corporation tax in the March Budget. The Government announced the bank levy last June, so we knew that they would be introducing this tax, yet the corporation tax cuts will clearly benefit the banks significantly. The Treasury claims that in the March Budget it offset the benefit that the banks will apparently get as a result of the reduction in corporation tax rates, but we will have to wait to see whether the slight increase in the bank levy—around £100 million—introduced in the Budget will be sufficient to offset the full corporation tax cuts that the banks will enjoy over the lifetime of this Parliament. I recall that the written answer to a question I tabled on the predicted benefits to the banks of the corporation tax reductions suggested that that would be about £100 million in year one, £200 million in year two, £300 million in year three, and so on, but that largely reflects the reductions in corporation tax rates. That is something of a moot point, because we contend that the design of the bank levy is insufficient. Today's debate should provide an opportunity to seek proper redress for the crisis and ensure that we put the banks on a fair tax basis, but that is not what the Government are seeking with this pathetically small bank levy proposal.

**Mr Love:** Will not the combination of measures on corporation tax being introduced in the Bill advantage the banks over other businesses, and must we not be very careful not to make it appear that the banks are being let off lightly?

**Chris Leslie:** It is indeed, and that is the crux of the argument that we will make to try to encourage hon. Members to support our amendment. The overall situation is that taxation levels on the banks are reducing, not increasing. The previous Administration introduced a bank bonus tax, which yielded more than £3 billion in revenue. The bank levy needs to be put in place alongside a bank bonus tax, which would be a fairer approach to take. However, the Government are refusing to continue the bank bonus tax, and I would like to hear their rationale for not doing so.

**Duncan Hames** (Chippenham) (LD): In defending the bank bonus tax and the revenue that would have been raised by continuing with it, what allowance has the hon. Gentleman made for increasing levels of legal tax avoidance by those no-doubt skilful bankers who would have been keen to avoid paying tax under that regime?

**Chris Leslie:** If the reason the hon. Gentleman refuses to advocate a repeat of the bonus tax is that the bankers might have sophisticated accountants who can avoid it, that is a pretty poor state of affairs for this Parliament. We ought to be introducing fair and just taxation on the obscenely high bonuses that are still being paid. Even though it is supposedly claimed in Project Merlin that the bonus pot has come down by 8%, we can see that the bonuses are absolutely enormous. Today's debate is clearly about priorities. The Government are not on the side of families, teachers, nurses, working people or pensioners. Clause 72 shows that they are on the side of the highest-earning bankers who receive each year in bonuses sums that ordinary people dream of winning on the lottery once in a lifetime.

**Alison McGovern** (Wirral South) (Lab): Would my hon. Friend be interested, as I am, to find out exactly what the financial value is to the financial services sector of the now implicit Government guarantee that it enjoys? If anything, that should point us towards greater recompense to the taxpayer for that implicit Government guarantee.

**Chris Leslie:** The ongoing implicit taxpayer guarantee for the banks is very significant. Indeed, I understand that the Bank of England has suggested in its financial stability reports that an implied subsidy of about £100 billion each year offers a safety net for the profitability of the banks. Without that taxpayer guarantee, banks' borrowing costs would be higher, they would not be able to make such great profits and, therefore, their remuneration and bonuses could not be so high. So, many bonuses and excessive profits are being made on the back of the taxpayer, but does that encourage the Treasury to take action? It certainly does not.

**Nic Dakin** (Scunthorpe) (Lab): At a time when Roger Bootle of Deloitte reports that for the first time for four years in a row the real incomes of real people are falling, does my hon. Friend not think it particularly peculiar that the real incomes of bankers—of all people—are likely to rise?

**Chris Leslie:** My hon. Friend is entirely right, and that is why we have to take a step back and look at the context of today's debate. The Government are clearly still on the side of the big banks at a time not just when the living standards and wages of ordinary people are

being frozen or reduced, but when vital public services are being slashed. Indeed, it is worth reminding ourselves of the consequences of the cuts that the Government are pursuing.

Teaching assistants, youth workers, library staff and lollipop ladies are being made redundant; binmen, street cleaners, environmental health officers and park keepers are disappearing from our neighbourhoods; police detectives, forensic scientists, 999 operatives and police community support officers are no longer affordable in the fight against crime; and hospital cleaners, nurses, paramedics and wards clerks are having their posts eradicated when the NHS needs them more than ever. How dare Ministers say that we are all in this together when they take such a weak and feeble approach to the banks.

**Barry Gardiner:** My hon. Friend seeks to use an argument based on contrast, but there is also an argument based on causality. In his remarks, it has to be made clear that the causal relationship between the misery that some people will suffer over the next few years and the actions of some bankers is very real. There is real disquiet in the House about the Government's proposal not just because some people are doing well and some are doing less well, but because, given that contrast, there is a causal relationship for those people doing badly.

**Chris Leslie:** Absolutely, and, as we have heard time and again, Government Members clearly do not understand the causes of the deficit, so they are not the right people to solve it. If they understood and acknowledged that the banks played a significant role in causing the deficit, maybe—just maybe—we would take up their suggestions on how we go forward, but they choose to ignore the role that the banks played—[*Laughter.*] If the hon. Members for Chippenham (Duncan Hames) and for St Austell and Newquay (Stephen Gilbert) think that the banks did not play a role in the deficit, we will all be interested to hear from them, but surely they have to acknowledge that point.

The bonus pools and pots continue to be significant, however, and some bankers receive obscene, life-changing sums of money, so we do not really need to worry too much about poor banking executives; we should worry about those who depend on vital services but will now go without as a result of Ministers' choices.

**John McDonnell** (Hayes and Harlington) (Lab): I have only just understood the criticism from Government Members. The criticism of the bankers bonus levy, however, which the previous Government introduced, was that there would be tax avoidance and it would not raise enough. I attacked the former Chancellor on the bonus levy, because I felt that his estimate of £500 million was pathetic and did not go far enough, but may I now admit guilt? It actually raised seven times that amount, £3.5 billion, so it was probably one of most successful tax regimes that the previous Government introduced. I thought I had better get that off my chest.

**Chris Leslie:** My hon. Friend's arguments become increasingly attractive, and he makes an important point. The bank bonus tax, which the previous Labour Government introduced, appeared at first to be modest,

but in fact the yield was very significant indeed. Did the banks collapse as a result of the bonus levy? No. Did they all flee abroad to relocate somewhere else, as threatened? Absolutely not. So, too, with the continuing scale of the bonus pot, which has hardly changed at all, it is absolutely right that we look to reinstitute the levy this year, along with a decent bank levy, as we are discussing today.

Hon. Members will know that the concept of a bank levy was first developed at the G20 summit in Pittsburgh in 2009, and then championed by my right hon. Friend the former Prime Minister and taken forward by the International Monetary Fund in its report, which aimed to encourage less risky funding to enhance financial stability. Two broad conclusions were reached at the Pittsburgh summit. There was a call for a financial activities tax, or financial transactions tax, which we need to debate another time when we consider some of the extra levies that might be put on to activities. The Chancellor of the Exchequer himself still professes to be in favour of a financial activities tax, although he has done absolutely nothing to advocate it in ECOFIN or in other financial meetings around the world, so we will see whether anything comes of his repeated promises to pursue it.

The second prong of the IMF's report was a financial stability contribution, otherwise known as a bank levy, to be charged on equities and liabilities rather than assets or profits because of the need to disincentivise dangerous potential charges such as those that landed on the taxpayer during the credit crunch. The bank levy is a sensible idea in theory, and we broadly support it. However, the yield suggested in the Bill—only £2.6 billion—is not just small but pathetic by international standards when compared with the rate being pursued in other countries. It is perplexing that Ministers settled on that figure, and there has never been any evidential basis published for why they did so. Will the Minister clarify why the Chancellor chose the figure of £2.6 billion, as that seems to be the pole around which all aspects of the bank levy revolve? If there is any sense in which the revenue might go beyond that envelope, the Treasury tweaks and turns down the dials on the other aspects of the levy to squeeze it back into that £2.6 billion of revenue—the predetermined level that it put out to consultation last summer, never explaining why it was set. Compared with the substantial amounts of taxpayers' money put up in the bail-out of the banks—£76 billion of shares purchased in the Royal Bank of Scotland and Lloyds, £250 billion of guarantees, another £280 billion of other insurances, and a further £100 billion of annual implied subsidy, according to the Bank of England—a £2.6 billion bank levy is very puny.

It is interesting to look at the Treasury document that lists the respondents to the bank levy consultation. There were 44 respondents, all of which are major financial institutions.

**The Financial Secretary to the Treasury (Mr Mark Hoban):** Did the hon. Gentleman respond?

**Chris Leslie:** I will respond to the Minister when I have heard his comments. If he wants me to respond again, I am more than happy to have Government time dedicated to the general principles of bank taxation.

[Chris Leslie]

The responses showed that the Treasury's original design for the bank levy had a threshold that triggered payment of the levy for any organisations, institutions or banks with more than £20 billion of equity and liabilities. Ministers realised that that would yield £3.9 billion—nearly £1.5 billion more than the Treasury had expected—which, by the way, that would be more than enough to reverse all their police funding cuts, for example. What did the Chancellor do when he realised that the Treasury's own design for the bank levy could yield £3.9 billion? Did Ministers think that this might be something they should go ahead with? Absolutely not—they gave in, capitulated, and converted the threshold into a tax-free allowance of £20 billion. Hon. Members will know that the Liberal Democrats have long made great play of the increase in personal allowances, which is pretty much the only thing they are getting out of the coalition as they cling on to it, and there might be a few hundred pounds in that here and there. How about having a tax free allowance of £20 billion? That is what they have decided to give the banks. The banks now do not need to pay on their liabilities below that amount.

5.15 pm

As I said, Ministers could have stuck to their guns and used their original design. In the response to the consultation, the Government gave their rationale for backing off that threshold and going for a tax free allowance:

“Respondents”—

remember, that is the 44 large banks—

“were generally of the view that the threshold would create potent incentives for banks around the margin to structure their business in certain ways, or disincentives to grow, in order to avoid crossing the threshold... The Government accepts this argument”.

That is a preposterous statement from the Treasury. The argument that the puny level at which the bank levy is being set—less than one tenth of 1% on the banks' liabilities—is so punitive and high that it will stop banks from growing and prospering is ludicrous.

**Mr Kevan Jones** (North Durham) (Lab): Would my hon. Friend also contrast that with the £7 billion that banks and financial institutions are paying out this year in bonuses?

**Chris Leslie:** Indeed; the machine rolls on. We will have to look at the detailed papers on Project Merlin when they emerge. The Chancellor supposedly persuaded the banking sector to change its ways. Of course, things have fallen apart at the seams since then. As I will say in a moment, some of the bonuses are still, frankly, obscene.

If we accept the Government's ludicrous argument that they were worried about the cliff-edge marginal rate of the levy at £20 billion of chargeable liabilities, why did they not keep that trigger but have a smaller allowance, perhaps of £10 billion or smaller? But no; they caved in straight away with the £20 billion allowance and lost a phenomenal opportunity to redress the balance of the tax burden in this country. The Americans, who have not yet triggered their bank levy, have named their version a financial crisis responsibility fee. That says more accurately on the tin what it does. They have done so because it is incumbent on the institutions that caused the crisis and the consequential fiscal deficit to do their duty and pay back what they owe the taxpayer.

**Mr David Anderson** (Blaydon) (Lab): Is it not amazing that we are talking about a minute bank levy when hundreds of thousands of public sector workers will lose their jobs, and when those who stay in their jobs will see their pay frozen for two years and their pension contributions go up by 50%, all as a result of the failure of the banks? The Government parties think that that is okay.

**Chris Leslie:** It is a crying shame that there will not be more publicity for this debate; perhaps the complexity of bank taxation is difficult to report, for whatever reason. If people knew about the Government's weakness in trying to claw back the money that is owed to the taxpayer and their enthusiasm for cutting public services and raising taxes on ordinary people, they would see that it is a scandal.

**Nic Dakin:** Is it not a further irony that the Government are cutting so far and so fast, for which they have no mandate, while standing back from sorting out the bankers, for which there is an overwhelming mandate in the country?

**Chris Leslie:** Of course, the Liberal Democrats advocated the opposite of that before the general election. Obviously they had good, sound reasons to change their view rapidly over a weekend.

**Mr John Redwood** (Wokingham) (Con): Will the shadow Minister say how much tax he thinks should be imposed on the banks, and how he would go about doing it?

**Chris Leslie:** As I said, we would repeat the bank bonus tax that we instituted last year, and we think that the bank levy needs to be more substantial.

The Government's original design suggested that it would yield £3.9 billion—that was reported in *The Observer*, I think, back in November. Of course, that was why they panicked and decided that they would have to go back down to the £2.5 billion or £2.6 billion level. They stepped away from that original yield level.

Of course, we are not the Government; we are the Opposition, and we are not even allowed under the rules of order to table our suggested variants of the rate of the levy or the design of the clause. All that we can do for now is advocate a fairly urgent review of the general levels of bank taxation in this country.

**Graham Stringer** (Blackley and Broughton) (Lab): Is not the irony, when comparing pay cuts in the public sector with bankers' bonuses, that in effect some bankers are public sector workers because the taxpayer has had to bail them out? Does my hon. Friend agree that where we mainly own a bank, such bonuses should not be paid while the bank is still in deficit?

**Chris Leslie:** It is absolutely mystifying. There is a sense that the shareholder—the taxpayer—somehow has to allow all sorts of activity to take place as though it was nothing to do with them, even though those banks would not exist had we not intervened to save them. That shows the incredibly laissez-faire, hands-off attitude of Ministers, who are the shareholders of the banks making large awards.

**Mr Kevan Jones:** Does my hon. Friend agree that my hon. Friend the Member for Blaydon (Mr Anderson) is being a little unfair? Bankers are taking their share of pain. I understand that Eric Daniels, the outgoing chief executive of Lloyds bank, is getting only £1.4 million in bonus rather than £2.3 million.

**Chris Leslie:** I wonder whether *Hansard* is able to record irony in my hon. Friend's comments. Sometimes I wonder whether we need a new annotation in our proceedings, because I do not honestly think that he is showing sympathy. I think he is suggesting that even when there is an apparent reduction in bonuses, the sums of money involved are the sort for which our constituents would buy a lottery ticket in the hope of winning. If they won that amount it would change their lives tremendously, yet those life-changing sums of money are not even salaries but bonuses on top of salaries.

I wish to talk about the rate at which the Government have chosen to set the bank levy, because it is a low rate by international standards. It is less than a third of the level that has been set in France, for example. Ministers will know that the rate varies in a number of jurisdictions, but I think that it is 0.25% in France. The levels involved are still quite small, but in Hungary it is 0.53%, in the USA it is 0.15%—although, as I said, it has not been enacted at this point—in Portugal it is 0.1%, and so on. It is to be only 0.078% here in the UK for short-term liabilities, and 0.039% for long-term liabilities, which is very small by international standards.

**John McDonnell:** To emphasise a point that my hon. Friend made earlier, does he agree that the robustness of the statements of the Prime Minister and the Deputy Prime Minister on bankers' bonuses before and just after the election led the general population to expect a much stronger and more ferocious levy?

**Chris Leslie:** Indeed, and not only can we see the low yield figures in this country; we can also look at international comparisons and see that the rate is clearly very low indeed. Ministers have let it drift—as soon as it looks as though it might be a serious tax, back they come from the rate they have set, saying that it would raise too much and they must reduce it again.

**Stephen Pound (Ealing North) (Lab):** Many contributions have shown that the shade of the right hon. Member for Twickenham (Vince Cable) is noticeable by its absence.

With the exception of the National Bank of Cuba when it was governed by Ernesto "Che" Guevara, can my hon. Friend think of any example of any country where the bankers have recoiled from the brutal fiscal hammering imposed upon them by a state legislature and taken their toys and left? Is there any such country in the history of the world that he could mention?

**Chris Leslie:** In financial services it is called regulatory arbitrage. People come up with terminology that makes things sound mystical and obscure, but regulatory arbitrage is basically the threat to leave the country that is often peddled when a bank does not like proposals. We have heard such threats time and again, but they are not carried out, because banks locate in this country for reasons other than taxation. We have Greenwich mean time and the civilised rule of law, and any number of decent public services that bankers themselves like to enjoy.

**Stephen Pound:** And royal weddings!

**Chris Leslie:** And royal weddings, as my hon. Friend suggests. This is a great place to do business, and the small changes in taxation that the Opposition advocate are certainly not enough to send banks abroad.

**Lorely Burt (Solihull) (LD):** In the spirit of helpfulness, the hon. Member for Ealing North (Stephen Pound) might be interested to know that in Sweden the banking sector diminished following the introduction of such measures.

**Chris Leslie:** Even the Swedish advocate a bank levy, and we must acknowledge that the alternative financial changes are being made in a number of jurisdictions across the world. Obviously, the more jurisdictions in which such measures are pursued, the better, because that will remove the argument on regulatory arbitrage.

However, it is worth looking at the pathology and history of the bank levy, and at how the Chancellor has tweaked the rate. The Government pull back from a higher rate when they think it is too much, but sometimes the Chancellor gets into hot water and feels the need to change that approach. On the fateful morning of 8 February, at 7.30, the Chancellor went on the "Today" programme and announced a mini-Budget. It just so happened, by pure coincidence, that that was on the day of Treasury questions, when he was struggling with the banks in the negotiations on the damp squib that was Project Merlin. While we are on Project Merlin, we should not let go the opportunity to note that borrowing is increasingly expensive for small and medium-sized enterprises, and that according to the most recent data, there is less and not more availability.

The Chancellor changed the rate again in the March Budget, when, as I said, the Government were forced into a U-turn in the face of criticism of the reductions in corporation tax. That would have been a massive cash-back bonanza for the banks—it could still turn out that way, but we must wait for the final figures. At no point during the design of the bank levy have the Government said why they are capping revenues at just £2.6 billion. What is their fixation with that yield?

**Mr Love:** Before my hon. Friend moves off the subject of Project Merlin, does he agree that it was more than pathetic that, after telling the banks that they would increase the banking levy unless the banks came up with the goods, the Government made a pipsqueak change which did not rise to the occasion?

**Chris Leslie:** Absolutely. I cannot figure out why the Government refused to go beyond that £2.5 billion or £2.6 billion. That is a strange way to design a tax. Normally, a Government would think about whether the rate set was fair and just, and about the requirement for revenue yield, and they might even analyse the effect of the levy in a regulatory impact assessment or whatever. However, at no point have the Government said why they are reluctant to go beyond that £2.6 billion. Perhaps there has been a deal behind the scenes between the Chancellor and the banks, but if there has been such a deal, it is probably the only one that he has been able to reach.

5.30 pm

I have some specific questions for the Minister on the bank levy and I would be grateful if he could respond. The Minister conceded in the consultation response that derivative liabilities can be netted off against identifiable assets held with the same counter-party, along the lines, as I understand it, of the Basel II regulatory principles. Although bilateral netting between two parties might be straightforward, is the Minister confident that HMRC will be able to keep track of the obviously complex multilateral settlements, where thousands of varying derivatives products are apparently offset by supposedly thousands of other liquid assets? Can he explain what extra resources he plans to dedicate to ensure that derivatives netting does not become a licence to hide liabilities? We will be reliant on the reporting of those liability levels in the accounts of the banks themselves, but surely there will need to be some challenge, some capability within HMRC. I would be grateful, therefore, if he could explain what capability HMRC will have for understanding the netting of derivatives. I would also be grateful if he could answer the concern expressed by some that derivatives netting might create a perverse incentive for banks to shift their liabilities into more complex and perhaps more dangerous areas of business. What plans does he have to review and analyse the behavioural impact of the decision to pursue derivatives netting?

What work has been done to amend the double taxation treaties with other bank levy jurisdictions, where legal challenges could easily occur if anomalies are not resolved, which might disrupt the smooth operation of the levy in the UK? Many different levies are popping up in different jurisdictions all over the world, and it is important that the operation of the levy here is not disrupted. The UK levy is clearly calculated by reference to all chargeable equities and liabilities for UK entities, subsidiaries and branches, but some commentators claim that it is unclear what happens in respect of levies in other countries. Can the Minister therefore update the Committee on the international discussions to which the Treasury has presumably been party?

On the specific nature of some of the certain chargeable equities listed and described in the Bill, we understand that there is clearly a rationale in their design in respect of short and long-term liabilities. However, would the Minister care to explain the difference between his definition of short-term liability and long-term liability and where the line is being drawn?

**Chris Bryant** (Rhondda) (Lab): I think that my hon. Friend is referring in particular to part 2 of schedule 19, which hangs off the clauses we are debating, and which contains a seven-step guide that actually has an extra step that does not apply in some cases. Is that not the most complicated way ever in legislation of determining a charge? Why does it need to be so complicated?

**Chris Leslie:** The Minister needs to answer that question. Hon. Members might care to turn to page 297 of the Bill. The steps might at first appear quite straightforward, but then we get to this odd provision in paragraph 7, with its proportions X, Y and Z of various different amounts and so on. I understand that that provision is triggered because the Treasury has to recoup retrospectively some of the money taken, since the Chancellor tweaked

the levels of tax on 8 February and again in March. It therefore becomes incredibly complex and difficult to hold to account. The design of the bank levy has not been made easy by the Chancellor's decisions.

**Mr Love:** On the intervention from my hon. Friend the Member for Rhondda (Chris Bryant), is it not rather strange, given that the Chancellor has set up an Office of Tax Simplification and announced as his first measure in the Budget that he wanted to put the principle of simplification at the forefront of tax consideration, that here we have something that is almost as complex as it gets?

**Chris Leslie:** As I said, the reason for the complexity is that all the variables in the design of the bank levy have to be amended because the Treasury wants to squash around that figure of £2.5 billion or £2.6 billion of revenue. In other words, the whole of the bank levy is being driven by that particular sum, which is a very odd way of designing a tax.

**Chris Bryant:** In fact, there are not just one or even two different rates being introduced—which one might understand, given the difference between long term and short term—but 10, each of which will undoubtedly pay for thousands of accountants, as they crawl over what counts in each category. Surely that is nonsensical and an example of the kind of legislation that banks which might want to stay in this country will abhor.

**Chris Leslie:** Far be it from me to defend the poor banks in their compliance with the provisions, but obviously the more the compliance costs go up, the higher the likelihood that customers will end up footing the bill of taking on accountants to address the complexity of what should be a simple banking levy. Whether there are two rates or 10, however, all the rates in the bank levy are far too generous and far too low.

**Helen Goodman** (Bishop Auckland) (Lab): I do not know whether Ministers have published the change to HMRC staffing needed to deal with these complex provisions. One would think that more staff will be needed, but my understanding is that staffing at the Revenue is being reduced.

**Chris Leslie:** Staffing at HM Revenue and Customs is under incredible pressures. Indeed, there have been a number of redundancies and posts lost. It has not been explained where the extra resources will come from to ensure that the bank levy, in all its complexity, can be enforced adequately. Again, the Minister needs to say what extra capacity HMRC will have to implement this increasingly complex bank levy.

**Mr Love:** Will my hon. Friend give way?

**Chris Leslie:** In a moment, but I need to make some progress.

I understand that there is a difference between short-term and long-term liabilities. However, what will be the impact on businesses in the real economy if short-term liabilities are less attractive to major banks? For example, if a small firm has a bank deposit of over £100,000—to protect its cash flow or whatever—that happens to be above the level of the deposit guarantee scheme, what is to stop the banks from raising their bank charges on SME deposit accounts to try to divest themselves of

such short-term liabilities? That is an important point, because there will be consequences from the design of the bank levy. I would like the Minister to explain to the Committee why short-term liabilities and long-term liabilities have been divided in that way.

Can the Minister explain the position on the reported legal challenge under European Union law, which I understand many in the banking community are watching carefully? The Hungarian Government have introduced a levy on their energy and telecoms sectors. I understand that a case has been taken—or is due to be taken—to the European Court to claim that a levy on a specific sector of the economy is somehow unfair or not possible. To what extent is the Minister confident that the case will not have a bearing on the implementation of a banking levy here in the UK?

I would also be grateful if the Minister could answer the question about complexity and opacity in the bank levy accounting systems. As I understand it, overseas banks can sometimes not use IFRS—international financial reporting standards. If those banks do not use them, they will need to re-compute their chargeable equity and liabilities with reference to the UK's GAAP—generally accepted accounting principles—or IFRS, in other words, by preparing a notional consolidation under those systems, including for branches. Is that anticipated to create a problem? What do the Government foresee as a solution to that level? Obviously we have banks that cross jurisdictions and use a series of different accounting platforms, so I would be grateful if the Minister could clarify some of the comments that have been made about that.

However, it is the Government's general approach to banks and banking taxation that concerns many hon. Members—a general approach that, as we know, is quite woeful. Hon. Members have already raised their concerns about some of the bonuses that we have seen and the breathtaking behaviour that the banks have engaged in, even though they were at the root cause of the credit crunch.

That makes the Government's tax giveaway to the banks even more staggering. The post-Budget reaction last June, when the bank levy was announced, was indeed positive from the bankers themselves. They enjoyed the Government's decisions on the bank levy. One commentator said:

“We'd expect most domestically-orientated banks...to be better off after four years than they were pre-Budget”,

and a City insider said that

“some banks will have a feeling of glee at the way this has worked out”.

Clearly, we need to advocate a bank bonus tax to raise £3.5 billion, as it did before. That deserves to be repeated this year. Even if it were to raise just £2 billion, that would make a massive difference to our society and our economy. For example, we have calculated that such an amount could be used to establish a youth jobs fund—using a similar model to the future jobs fund, which this Government have abolished—creating 90,000 new youth jobs at a time when youth unemployment is close to 1 million, with one in five young people on the dole.

That money could also help to construct 25,000 new homes for low-cost home ownership and affordable social renting. That would create tens of thousands of

jobs in the construction industry and new apprenticeships alongside them. The money could also provide £200 million of funding for the regional growth fund, the Government's rather lamentable replacement for the regional development agency funding. That could help to provide for regional projects and promote growth. The Government's changes represent a two-thirds cut on the previous funding, and the first wave of £450 million in grants was several times oversubscribed with bids. We therefore need to revisit the regional growth fund, and a repeat of the bank bonus tax could support that.

The bonuses being paid are still vast; they remain at eye-watering levels. Despite the smoke and mirrors of Project Merlin, in which Ministers broke their promises to take action despite the warm words in the coalition agreement, the bonuses remain high. Let us just remind ourselves of what the coalition agreement promised. The Conservatives and the Liberal Democrats said:

“We will bring forward detailed proposals for robust action to tackle unacceptable bonuses in the financial services sector; in developing these proposals, we will ensure they are effective in reducing risk.”

That is on page 9 of the agreement, right up front among the promises that the coalition made.

The Government could not even bring themselves to promote the basic transparency that we expect when it comes to bonuses and remuneration. The most that they could extract voluntarily from the banks in Project Merlin was an agreement to report anonymously on the total remuneration of the five highest paid senior executives of the bank, excluding board members. That is a weak and shameful compromise. The Government are not even forcing the banks to disclose all bonuses above £1 million, even though Labour's legislation allows them to do so. That provision is already on the statute book.

**Mr Geoffrey Robinson** (Coventry North West) (Lab): Will my hon. Friend return briefly to the alternative uses to which that £2 billion could be put—the very low figure that the re-imposition of our levy would yield? As a result of the abolition of the Advantage West Midlands regional development agency, the funding for the west midlands has been cut by nearly 70%, and the outlook for my constituents in Coventry is very poor indeed. The additional funds could be used for investment in the proposed NUCKLE—the Nuneaton, Coventry, Kenilworth, and Leamington—railway line, and a host of other important development projects that have been put on hold or simply thrown out as a result of that 70% cut. In the west midlands, and in Coventry in particular, unemployment levels are rising disproportionately compared with the rest of the country, and the level of output is dropping disproportionately in a key area that is vital to the eventual resurgence of manufacturing that we want to see. That money could be put to great use in the regional development fund.

**Chris Leslie:** My hon. Friend is entirely correct. As I have said before, this shows the failure of the Government to understand the paradox of austerity. When they take away some of that vital investment that would support jobs and growth, they are fuelling unemployment and raising welfare bills, which will cost the country more in the long run. That is why we are seeing borrowing levels rising rather than falling, and why, in the last six months

[Chris Leslie]

of the economic experience in this country, we have seen economic growth flatlining. The House of Commons Library tells me that that will cost the Exchequer an extra £6 billion that will need to be added to borrowing. So this is the fallacy that the Government pursue—that simply cutting all elements of public investment is the way out of the deficit. They just do not understand how the economy works.

**Hugh Bayley** (York Central) (Lab): Following up that point, this applies to investment not just in manufacturing, but in services, too. Yorkshire Forward had decided to make two investments: one of £5 million to help enable the National Railway museum to redisplay its collection; and a £1 million grant towards the cost of restoring York Minster's great east window. Why did it do this? Because it realised that the additional tourism generated would create many jobs, particularly for people without high skill levels, in the York economy. When I raised this matter with the Minister, I was encouraged to get the National Railway museum to apply for the regional growth fund, which, with help from his Department, it did—yet it has received not a penny.

5.45 pm

**Chris Leslie** *rose*—

**The Second Deputy Chairman of Ways and Means (Dawn Primarolo):** Order. Before the hon. Gentleman responds, may I remind Members that interventions are supposed to be brief—not mini-speeches in their own right? There will be plenty of opportunity to join in the debate later.

**Chris Leslie:** Thank you, Ms Primarolo. Notwithstanding your strictures, that was an incredibly important intervention from my hon. Friend, who is correct, particularly in his assessment of the attractions of York as a destination for tourism, which was of course helped by the investment that the previous Administration put into some of those key elements within his constituency. I do not want to be diverted, however, as time is short and we need to focus on the amendment.

The amendment relates to the level of the bank levy in the context of bank taxation and the bonus culture. As I said, the Government could not even bring themselves to have transparency on what the bonuses were, let alone take action against them. However, we know some things about the realities of bank bonuses today, and the figures are truly astonishing. From the limited disclosure that we have seen, we know that in 2010, John Varley, the former chief executive of Barclays, received a £2.2 million bonus; Stuart Gulliver, the chief executive of HSBC, received only £5.2 million in bonuses; Stephen Hester, the chief executive of RBS—wholly owned by the taxpayer, by the way—got £2 million in bonuses; and Eric Daniels, the chief executive of Lloyds, largely owned by the taxpayer, got £1.45 million in bonuses. Let us not forget Bob Diamond, the chief executive of Barclays since January this year, who received £6.5 million in bonuses in 2010. He was head of Barclays investment banking before that and perhaps his bonus relates to that. Poor old Bob Diamond, however, loses out in the bonus bonanza when compared with the top

two managers at Barclays: Tom Kalaris received a cool £10.9 million in salary and bonuses in 2010 and its other top manager received a tidy £10.6 million.

Ms Primarolo, can you guess the name of that other top manager at Barclays? His name is Rich Ricci—and I kid you not! It would be the stuff of a Dickensian novel if it did not sound so far fetched, but it is indeed true. Between them, the top five earners at Barclays—including Mr Rich Ricci, but excluding executive directors—received more than £38 million in salary and bonuses in 2010 alone.

**Mr Kevan Jones:** I agree with my hon. Friend how mind-boggling the amounts are that these individuals receive. It makes one wonder what they do with the money. Was he shocked, as I was, to learn that more than 50% of donations to the Conservative party last year came from the City, including large donations from individuals such as Jeremy Isaacs, the former head of Lehman Brothers Europe, who donated £190,000?

**Chris Leslie:** “But surely that is a complete coincidence”, he said ironically! I do not know whether my hon. Friend was making the point that this is payback time, but the level of these bonuses is incredible.

Let me finish my point about Barclays. I was saying that £38 million in bonuses and salaries went to just the top five earners. That is enough money to pay the wages of more than 1,000 qualified nurses in our NHS. That gives some meaning to the scale—enough money to pay for 1,000 qualified nurses.

**Mr Love:** Does not the refusal to be transparent about bonuses lead to the conclusion that hidden behind the chief executives on whom we have the facts are a series of individuals whose bonuses dwarf those that my hon. Friend has listed?

**Chris Leslie:** Absolutely; but, quite apart from the obscenity of the scale of some of those bonuses, there is a hard-headed economic rationale for more transparency. If shareholders cannot see what senior executives in the banking sector are being paid, that indicates a dysfunction in the corporate governance of the banks, and if the bonus pots of certain executives are being swelled by their behaviour—by the choices that they make and the risks that they are taking—perhaps those were some of the antecedents of the credit crunch. We need transparency to prevent us from repeating the problems that occurred in 2008.

**Helen Goodman:** Surely, in the case of banks in which the Government were a major shareholder, they had an opportunity to deal with the situation as shareholders.

**Chris Leslie:** It is the inactivity of the Government, as the shareholder, that perplexes me. Ministers laugh with scorn at the idea that they, with the stewardship of the taxpayer's share, should take any action in regard to the current activity of the banks. If the Minister wishes to intervene on the specific issue of his inactivity as a shareholder I shall be more than happy to give way to him, but he clearly does not wish to say anything at this stage.

**Nic Dakin:** Would my hon. Friend care to speculate on what would be the impact on the British economy if, rather than being spent on bankers' bonuses, this money were used for lending to small and medium-sized enterprises?

**Chris Leslie:** That is one of the issues to which we shall have to return, perhaps in the Public Bill Committee. The banks are a social necessity—a utility, as it were—in our society, and whatever we think of their behaviour, it is necessary for them to exist to provide the credit that is required to keep the engine of the economy moving. We do not need a dysfunctional banking system; we need a functioning banking system that faces much more towards its customers. We need to stand up for the taxpayer interest, but also for the consumer interest, which must include businesses.

The bonus and remuneration projections are not diminishing, as the Government like to suggest. The Centre for Economics and Business Research recently released an estimate that, whereas bonus payouts in the City for 2010-11 were 8% lower than those for 2009-10—down from “only” £7.3 billion to £6.7 billion—they are forecast to rise from that level to £7.2 billion in 2011-12. The apparent fall in bonuses is largely offset by a 7% increase in the salaries of senior bank executives. So bonuses fall by 8%, and salaries rise by 7%. Obviously that pay rise outstrips pay rises in virtually every other sector of the economy.

**Alison McGovern:** Does my hon. Friend agree that for the financial services sector it is apparently business as usual, whereas for my constituents, who have seen pay held down and prices high, it is far from business as usual and incredibly tough?

**Chris Leslie:** Indeed, and I think it important for us to convince the Government of the need to act. I look forward to hearing the Minister demonstrate that he will stand up to the Chancellor of the Exchequer. We know that he is not a patsy in the Treasury. He is a senior figure there, and he is able to show the Chancellor that the House of Commons was determined to send the Treasury the message that we do not accept its policies on bonuses and bank taxation.

**Mr Anderson:** I thank my hon. Friend for giving way. He is being very generous.

UK Financial Investments, the Treasury body that manages the state’s role in the Royal Bank of Scotland, gave its approval for Stephen Hester’s package, which included £1.2 million in basic pay, a £2 million bonus, and share options that could amount to £4.5 million. It has already given in.

**Chris Leslie:** Again, I think that we need to engage in a proper debate about corporate governance of the state-owned banks. It is important for us to understand the potential powers that Ministers have, and the consequences of their choosing not to exercise those powers. If they choose to approve a certain level of remuneration, that constitutes intervention just as much as disapproval does.

**Mr Kevan Jones:** Will my hon. Friend give way?

**Chris Leslie:** May I make a little progress? Time is short.

As a result of European Union reforms championed by Labour Members of the European Parliament who tried their best to restrain some of the excess, some bank bonuses must now be deferred and given in the form of shares. Bankers cannot take them in cash immediately. However, the Minister needs to explain

why he is counteracting those bonus deferral arrangements by introducing a loophole in new section 554H, in schedule 2, allowing a concession to bankers whose bonuses are paid largely in the form of shares rather than cash. Rather than having to pay the tax at the point at which the bonus is awarded, they will need only to pay it on a date down the line when the shares are sold, possibly avoiding the current 50p rate of tax. *The Sunday Times* wrote about that last weekend. There is speculation that the Chancellor will cut the 50p rate at some point, and that, as a result of the Minister’s reforms, bankers will be allowed to wait and to avoid it. Can the Minister explain why he has made that valuable concession?

**Barry Gardiner:** Will my hon. Friend clarify the chronology? Subsection (1)(d) of new section 554H states that the section applies if

“the vesting date is not more than five years after the award date”.

Does he believe that the Government are certain to reduce the 50p rate within the lifetime of this Parliament?

**Chris Leslie:** I do not know whether we have to hope that the Liberal Democrats will take strong action before that moment comes—I do not know whether that is an oxymoron—but the Government have dangled the prospect of a tax cut for only the very richest people. It is interesting that they are designing the Bill’s provisions to allow the potential avoidance of the 50p rate following what I considered to be a fairly positive change at European level to defer bonuses in an attempt to discourage short-term high-risk activities.

**Chris Bryant:** I understand my hon. Friend’s point and I disagree with what the Government are doing, but I suspect that he is wrong. I suspect that the Government will not obtain the tax take that they will need over the next few years. Because of the way in which they are managing the economy—because of the profound risks that they are taking with the economy—there is no chance that they will introduce tax cuts of any kind before the next general election unless they also engage in another massive round of cuts in public services.

**Chris Leslie:** However, the alacrity and, almost, relish with which the Government have introduced some of their spending cuts makes me wonder whether their rewards for the bankers constitute a payback for the cover to get stuck into public investment in the way that they always wanted to do, and for which purpose many of them came into politics.

The bank levy is a weak response to the debts that banks owe the taxpayer. The Government say that they want a big society, but they are happy to see public investment shrink and rewards for banks grow, built on the backs of taxpayers. It is a big society if you are a banker, but a very small society if you are not. Our amendment would at least make the Government pause and reflect on their increasingly untenable position—we hear that they are good at pausing and reflecting—and I urge Members to support it.

6 pm

**Mr Redwood:** I listened carefully to the shadow Minister’s speech, and it is quite true that the public mood is one of wishing to see both a just return on its forced

[Mr Redwood]

investment in the banking industry and the banking sector—particularly the state-owned and subsidised banking sector—making its contribution to the recovery, in view of what happened in 2008 and 2009.

I remember in 2007 and 2008 being in dispute with the then Government, because I felt they were setting up a banking crisis that we could have avoided, but unfortunately my voice was not listened to; they did not take action on interest rates and money market conditions to prevent the crisis. When it started, I think I was the only MP who said, “Do not give all this money to the banks.” I felt it was wrong to buy shares in the banks and to support the bondholders. I thought we had a duty to the depositors and individuals who were tied up with the banks, but not to those who had financed and run the banks in those conditions. Unfortunately, the decision was made to embark on a massive subsidisation and share-buying programme, which the previous Government did. So we are where we are, and I think that we all agree that what we wish to do now is get the maximum value we can out of the banks that are subsidised or in state ownership, because that would make the public feel better about it. Surely, now is the time when those state-owned and state-subsidised banks should make their fuller contribution to the recovery, after their role in the recent crash.

**Chris Bryant:** I apologise in advance to the right hon. Gentleman if what I am about to say is an inaccurate representation of what he said in the past, but my memory is that he produced a report in which he argued there should be much less regulation of the financial services industry—in fact almost none—[*Interruption.*] He is shaking his head. I am sure he will be able to enlighten us by correcting me.

**Mr Redwood:** How many times will I have to deal with this idiotic canard that Labour dreamt up? The report was very clear: it said the then Government were not regulating cash and capital strongly enough, and it was a cash and capital problem that the banks had that led to the crisis. If the then Government had taken our advice, the banks would have been made to have more cash and capital at a much earlier stage of the cycle, so we would not have gone into the period of banking weakness during the credit crunch.

We also said that the mortgage regulation introduced by the then Labour Government was not fit for purpose, was useless and might as well be scrapped. Our case was proved extremely well, because it was the mortgage banks that crashed—the very banks that were the object of the extra regulation. The extra regulation was clearly regulating the wrong things. We were not against regulation: we said mortgage banks and other banks should be regulated, but it was vital to understand what the problem was. It was very clear in '06 and '07 that the problem was an excess of lending of poor quality. It was also very clear that the answer was more cash and capital, and that was what we recommended. It is a great pity that the then Government did not follow our advice.

**Graham Stringer:** I agree that it is clear that there was something wrong with the previous regulation, although I would not go along with the right hon. Gentleman's

argument entirely, but does he agree that there is a villain in the piece who hardly ever gets mentioned: the credit rating agencies that allowed the banks to sell snake oil to each other? Does he agree that we in this House should do something about that?

**Mr Redwood:** I hold no brief for the credit rating agencies, but nor have I prepared a case against them. I am sure the hon. Gentleman can make his own case and come up with his own remedies. In my view, there have been many villains in this historic piece, including the regulators, the Bank of England for its misconduct in the money markets, and the commercial banks that took advantage of ridiculously lax conditions and got themselves into a great pickle, which we had to sort out.

**Helen Goodman:** I am interested in the right hon. Gentleman's argument, but does he seriously think we could have made significant changes to the way we regulated banks in this country without international agreement on the way banks are regulated?

**Mr Redwood:** Yes, I think we could, which is why I made that recommendation well before the credit crunch occurred. In '06 and '07, it was obvious to me and to some other commentators that things were getting out of control—indeed, it was quite common for Opposition parties in this House to say they thought there was too much credit about. I went a bit further and said that could be remedied by changing the way we regulated the banks. It was quite wrong to allow a bank to extend more credit when it only had a 4% tier 1 capital ratio. I remember that when I was a financial regulator, we lived in an era when banks needed twice or three times that amount of capital to be acceptable to the regulator. There was a clear diminution in standards at a crucial time, which fuelled the credit binge.

**Mr Kevan Jones:** I know that the right hon. Gentleman sometimes speaks at odds with his party, and he talked earlier about historical references. Was it not his party's Government under Margaret Thatcher who deregulated the mortgage market, and is it not the case that up until the recent banking crisis hit, his party's Front Benchers were talking about lighter regulation of the banking sector, not more regulation?

**Mr Redwood:** The Front-Bench team and I were at one on this issue: we were saying that what was needed were better regulation and less regulation. The Government were regulating too many things badly. As I have just explained, they were regulating mortgage banks in a way that allowed all, or at least several, of them to be crippled and caused a great many problems. The hon. Gentleman is quite wrong about Baroness Thatcher: much stricter controls over cash and capital were imposed throughout her period in office, and, of course, no major bank went down during that period. The same cannot be said of 2007-10, when the requirements were much laxer, as I highlighted in the report, and when we ended up with banks going down.

We are not here to debate past regulation, however; we are here to debate taxation. My purpose in sketching the history of this tragic situation is to express solidarity with all those who agree with the public mood, which is that we want to get a bigger return out of the banks, whatever we may think of the reasons why they are in

their present position, but it is also to remind the House of a very important and salient fact, which is that two of the biggest banks are wholly or partially in state ownership or control. We are therefore talking about taxing ourselves in no small measure.

The issue before Ministers is a little more complicated than the Labour spokesman has suggested, because there are two ways in which we can get cash out of the banks: one is to tax them now on their stream of revenue, or their assets and liabilities in the case of the bank levy tax; the other is to move more quickly to sell off those assets back into private sector ownership and, I hope, proper private sector risk taking. If we are to get the maximum receipt, we do not want to be taking too much money out of the banks in the short term by way of taxation, because for every £1 of tax we take out of them, we lose £5, £10 or £15, depending on the multiple we sell them on when we come to sell them.

**Barry Gardiner:** The right hon. Gentleman is making a very coherent presentation, but does he not agree that if we do not want to be taking money out of the banks by taxing them, equally we do not want to see that money going out of the banks by way of bonuses paid to their high-end staff?

**Mr Redwood:** I hasten to correct the hon. Gentleman: of course I think we have to tax banks. We have to tax ourselves, and we need to tax the other banks in the system, as well as the state-owned ones, but we must also consider the balance of effects and the impact on shareholder value. I entirely agree with those who say that if a bank is state subsidised or largely state owned and is therefore in receipt of state money, it is surprising that it should be paying very large bonuses. It is even more surprising if the bank is loss-making, because although an individual employee in that bank may be able to say, "I personally made a profit to offset some of the losses," the senior people in the bank are corporately responsible for the overall results. It is at the very least surprising if a loss-making bank is making rather big pay-outs, because that is taxpayers' money and taxpayers' wealth being paid out to those individuals, which, as the hon. Gentleman rightly says, is not then available to sell as a stream of profits when the shares are returned to the private sector.

**Hugh Bayley:** The right hon. Gentleman seems to be saying that it is important that the taxpayer gets the maximum value when the publicly owned portions of banks are put back on the market and floated, and I agree. Does he agree with me that it is therefore important that the mechanism at that time should not provide incentives for would-be shareholders such as shares being valued below their real market rate in order to encourage popular capitalism, but that the shares should be sold in such a way as to maximise the return to the taxpayer?

**Mr Redwood:** No, I do not necessarily agree with that, because I think that another way of returning value to the taxpayers who have supported the bank is to make those sorts of offer. However, I will wait to see what Treasury Ministers come up with before judging whether a measure is too generous or not generous enough, and how appropriate it is.

**Hugh Bayley:** My point is that if we maximise the return to the taxpayer, everybody in the country—rich and poor—gets a share of the benefit. If we put some of the value into creating lower-priced shares to boost popular capitalism, we spend our public money on only a small percentage of the population. Surely that is less fair than maximising the return and spreading the benefits across all taxpayers.

**Mr Redwood:** The hon. Gentleman is right that there are those two sides to the argument, but this is probably not the time or place to argue that through. We may have an opportunity to argue through how the bank shares are sold and the balance in the sale process when we get nearer to that point. The issue before us now is a taxation one. We are discussing the taxation of bonuses and the bank levy—the subject of the clause—and I agree with those who say that if we take too much out in bonuses in a state-owned bank, that detracts from the value that is available to sell.

Of course, the bank levy is not the means by which we can have any impact on bonuses. Interestingly, it was the previous Government who nationalised or bought shares in banks and signed off on all the original agreements for the top directors and executives. I believe that they included generous bonus terms at the time because, they said, they had to in order to have the talent needed. The criticism being made of the coalition Government now is that they took over those inherited contracts and lived with them, rather than broke them and disrupted the management of the banks, which I regard as a lesser charge than the one against the former Government of setting up all those contracts in the first place.

This should not be a party political issue. I regret some of the contracts that were incorporated at the time of the purchase of shares, but I regretted the whole purchase of shares because I thought it neither a particularly good deal for the taxpayer, nor a necessary deal to sort out the banking problem. I would rather have sorted that out more rapidly at the time, with managed administration or something else, than adopt this expensive way of putting all that money in. We are now trying to maximise the returns because we are where we are.

**Lorely Burt:** My right hon. Friend has partly answered the point I was going to make, but I wonder whether he could help me. What did the Labour party do to control the bonuses paid to loss-making banks when it was in government?

**Mr Redwood:** Labour Members would say that they could speak for themselves and that they imposed a bonus tax. However, as the hon. Lady is suggesting, they did allow very generous bonus conditions into the contracts for their state-owned or partly state-owned banks. Perhaps some would have come to a tougher judgment at that time, had they been in a position of power to do so.

The point I wish to make in this debate is simple. I hope that when Ministers are deciding the right level of the levy, they will weigh very carefully the important fact that we are, in part, taxing ourselves. I hope that within a few years, if not within a matter of months, as I would prefer, we will return those assets and get the money back that the taxpayers deserve.

**Helen Goodman:** The right hon. Gentleman is making a coherent case, but is he not worried that Government's strategy is not as coherent as his argument? If we look at table C.3 in the Red Book, we see that no forecast is made of the value of the asset sales. Do we not need to see a forecast if we are to make precisely the judgment that he is asking us to make?

6.15 pm

**Mr Redwood:** I, too, would find forecasts helpful, but I understand the uncertainties surrounding what bank shares might be worth in one or two years' time. There may even still be considerable uncertainties about how much profit the banks will deliver. It would be much easier to get value for taxpayers if these banks deliver reasonable profits.

The second point I wish to make is that the other disadvantage of a bank levy tax is that it is a tax on exactly the kind of activities that we really want banks to perform at the moment to fuel the recovery: it is a tax on lending money to businesses and individuals. The loans that we probably most want, if we are to get the recovery going more quickly, will be the riskier ones, yet they are exactly the kind of assets that the banks will own that will score more heavily for the levy.

**Stella Creasy (Walthamstow) (Lab/Co-op):** Does the right hon. Gentleman agree that we might want to deal with the banks' behaviour in a more general sense and their impact on the economy? Might it not be worth considering a third way of dealing with the banks, particularly re-mutualisation of some of them? Might that be a way of getting banks that are more focused on their stakeholders, particularly the people to whom we might want them to lend, than on paying bonuses to people all the time?

**Mr Redwood:** I am always very happy to see ownership extended in ways that include that type of mutual, although the history of the mutual banking movement in the past 20 years provides no evidence that such banks were particularly good at reading the cycle or dealing with the capital problems—indeed, many of those institutions went to the markets and decided to exploit market opportunities because they had a capital problem that they thought they could solve by that route. It may be that we could go back to more traditional mutually owned banks with much more constrained balance sheets and activities, and that might be part of getting back to a more healthy banking sector. That is something that the market should decide.

I am firmly of the view that we need more competition and choice in the marketplace. One of the big errors was allowing banks that were too big. As a competition hawk, I was publicly very strongly against the takeover of HBOS by Lloyds; it was a great tragedy for Lloyds and for the country that that merger went through. We should have dealt with HBOS in other ways, which would have been less expensive. I was also a critic of the Royal Bank of Scotland takeover of ABN AMRO. Although the competition issues that raised were not as clear as the competition issues raised in the case of the Lloyds takeover of HBOS, I would have liked to have seen a tougher line taken. I hope that this period of change and reflection on banking, including how we tax it, can lead to a much more competitive structure. One

of the ways of doing that would be to sell off some of the assets currently owned through Lloyds and through RBS in ways that created more banking challenge in the market.

**Mr Robinson:** The right hon. Gentleman wants to ensure that we get the maximum return possible when we bring the banks back into the market, and the whole House would agree with that. He referred to the need not to reduce by too much our prospects for doing that by reducing through an excessive tax charge the multiple applied to earnings in realising the sale value, but his point about therefore moderating any tax that might be imposed is specious and certainly does not allow him to invest the seriousness that he wants, given that the multiple used is nearly always a profit-before-tax multiple—certainly, it will always be adjusted for that if exceptional items are involved. For that reason, some people, with whom I would not agree, even opt for an earnings before interest, taxes, depreciation and amortisation—EBITDA—calculation for these purposes. The fact is that the quality of the earnings is more important here than any considerations about tax levels at any one point in time.

**Mr Redwood:** I do not agree with the hon. Gentleman about that. It is true that in the venture capital world EBITDA multiples are more common, although people would not give the same value or the same multiple to a highly taxed business as they would to a more lowly taxed business; but in the open share market in the major stock exchanges, it is more normal to look at price earnings multiples based on earnings net of taxation. There is no doubt that if more tax is taken out of a business, it is less valuable to its private owners—of course that must be true. The private owners are trying to buy a stream of profit or revenue and if some of that is taken in tax, the business will be less valuable.

I had just moved on to my final point, which is about the impact everything we are discussing has on economic recovery. I urge the Minister to bear in mind that the kind of tax proposed, if carried too far, can be damaging. It impedes banks making the sorts of loan and building up the sort of asset base that we want them to at a time of recovery. In addition, any given jurisdiction going too far could become a trigger for the bank's moving some or more of its activities offshore or changing its arrangements in a way that it thinks would allow it to get around some or all of the tax impost. I would prefer that this tax had not been invented—there are better ways of taxing banks—but if we are to have such a tax, let us ensure that we have thought about two very important consequences of setting it too high: it might damage our own share values and it might damage lending for the recovery.

**Ian Lavery (Wansbeck) (Lab):** The general public are outraged at the levels of bankers' bonuses, which remain very high indeed. The Government were forced, as we are all aware, into multi-billion pound bank bail-outs during the financial crisis. Quite simply, people cannot understand why bankers and people employed in the financial institutions have been given billions and billions of pounds of taxpayers' money at a time of great austerity.

To pay massive bonuses in the midst of a financial crisis is a national disgrace, as it is to pay massive bonuses at a time when public sector services are being

destroyed and young people face an unprecedented attack via tuition fees, the abolition of the education maintenance allowance and changes in Sure Start. Last year, Barclays boss Bob Diamond and his two replacements at the head of the investment bank were paid an obscene amount of money: £28 million. The trio also received shares worth £40 million for past performance. That must have been some performance!

I have just done some calculations. The people who are now receiving redundancy notices in the public services—many council workers, nurses, doctors, police officers and the rest—would be lucky to have a bonus of £50 a week. That is £2,500 a year, £25,000 over 10 years and £125,000 over 100 years. So to make £1 million, they would have to live until they were 400. To make the £28 million that the Barclays heads were given, they would have to live to 11,200. That is highly unlikely—I am merely accentuating the point—but those figures are an absolute disgrace.

**Barry Gardiner:** I do not wish to disturb my hon. Friend's flow, but is he aware that I was informed by the Independent Parliamentary Standards Authority the other day that I could not raise any of my staff's salaries, even though they have been the same for a year, because they are public servants? If I wanted to give them any reward for exceptional service, the maximum I was allowed to give was a £15 token each year for a meal. Where can anyone get a meal for £15 around here? It is absolutely disgraceful, when such sums are being given out to the bankers.

**Ian Lavery:** I thank my hon. Friend for that question, which is a great way of introducing IPSA into the debate on the Finance Bill. I think we would have agreement on that point across the House.

Let me get back to the discussion. Barclays bosses were compared to Somali pirates by one of their own shareholders, amid anger over their obscene bonuses. Shareholders lined up to vent their fury at the annual meeting, complaining that their dividends had plummeted while senior executives continued to enjoy huge pay packets. Another shareholder accused the executives of rank historical folly, saying:

“In these times of austerity the seemingly excessive payments to senior bank staff seems to show the lack of wisdom reminiscent of Marie Antoinette saying let them eat cake.”

HSBC has tried to seize the high ground by announcing a reduction in maximum bonuses for top bosses, but chief executives could still receive a package of more than £12.5 million this year. This mammoth pay deal comprises a salary of £1.25 million plus up to £7.5 million in long-term bonus shares and a possible £3.75 million annual bonus. Some reduction. That is why the bankers must pay their share, and why the Labour party are seeking this amendment to ensure that that happens.

This recession was not made in Britain; it is a global recession. Let me set the scene for a minute or so. In the decade before the financial crisis, Labour cut Britain's national debt and Britain's deficit. Both were lower than the amounts we inherited from the Tories. Before the financial crash we had a lower national debt than America, France, Germany or Japan. The crisis was caused by the financial institutions—by these banks. Governments and central banks were also, of course, at

fault, including in Britain, where we did not see it coming and should have been tougher in regulating the banks.

The cry from those on the Conservative Benches, and from the City, for lighter regulation of the banks should have been totally ignored—and, yes, Labour should have been tougher on the banks. When the City and the Tories called for lighter regulation, we should have ignored them and been tougher still. Our priority, however, was to prevent recession turning into depression and to keep people in jobs. We always said that once the economy was growing strongly, tough decisions would be needed to get the deficit down again. The plan, as we all know, was to half the deficit in four years, including through a continuation of Labour's bank bonus tax.

The crisis was not the result of our spending on essential front-line services such as the NHS, schools, police, local authorities or any other public service.

**Mr Kevan Jones:** Does my hon. Friend share my disappointment at the sparse attendance on the Liberal Democrat Benches? Before the election, the Liberal Democrats lectured us on bank bonuses and what we were doing about the banks—and now, in places such as Northumberland, they are devastating public services through the cuts that they say are needed because of the financial mess that the banks got us in to.

**Ian Lavery:** That is a very good point about Northumberland. In my constituency in particular, 60% of women and more than 40%—nearly 50%—of men are employed in the public services. Many are being subjected to enforced redundancies by the Liberal Democrat-led Northumberland county council. We hope that will change in 2013, but let us wait and see what happens on Thursday, as that will give us a good idea of what will happen in the coming months and years.

We must realise that the recession was caused by the financial institutions and, yes, by the banks. We are certainly not alone in Britain as a nation in deficit. The financial crisis affected every major economy, resulting in national deficits worldwide. It is the different way in which those nations agreed to tackle their deficits that is the issue. We are saying that we need financing from the banks and the continuation of Labour's bank tax to ensure that we have the money to allow the programmes we had planned to go forward.

The Government are cutting too far and too fast and they are hitting the most vulnerable, as well as jobs and families. It is necessary to prioritise an economic plan that focuses on increased growth and increased employment opportunities, which would place Britain in a better position to emerge much more rapidly from the current economic situation, which has been flatlining, at best. Part of such a plan would involve repeating Labour's bank bonus and investing in growth and jobs.

The economy remains extremely fragile. The Office for Budget Responsibility has revised down its growth forecast for the UK economy in 2011 from 2.6% a year ago to just 1.7%. Last week's growth figures were hardly a triumph for the economy. Growth flatlined over the last quarter of 2010 and the first quarter of 2011—it was down 0.5% in the former before going back up 0.5% in the latter—an effect that the Office for National Statistics has largely attributed to poor weather in December.

6.30 pm

The figures are less than inspiring, and I have to say that members of the Labour party are not in any way, shape or form deficit deniers; it is pure poppycock even to suggest that. We accept that we have to get the deficit down, but spending cuts need to be fair and just. They should not be hitting the easiest targets—the most vulnerable people such as the disabled, those on benefits and those on the minimum wage—but should be hitting everybody proportionately. That is something we have been shouting from the rooftops to everyone and anyone who cared to listen.

**Helen Goodman:** I agree with my hon. Friend. Does he agree that it is very odd that the rate of the bank levy is being cut in the second year and that the revenues from the levy, which start at £630 million, will fall to only £100 million by the end of the Parliament?

**Ian Lavery:** That is strange, but it is probably what we should expect. It does not surprise me one jot that the tax on banks will reduce in the years to come rather than increasing in line with profit or productivity.

Most Members will be lucky enough to have a credit card, and many of them will have maxed it out and might still have a maxed-out card. That is a new term I have learned since coming to Parliament—“maxed-out credit card”. Incidentally, returning to IPSA, my IPSA card has definitely been maxed out: it has been stopped, as there is only £1 left on it, but that is another issue. On a serious note, many hon. Members will have maxed out their credit card and will not be looking to pay it off in the next year or so. Instead, they will be planning how and when it best suits their pockets to pay it off, when they are able to do so. Paying it off immediately would mean having to go without even the most basic of necessities. That is life: it is about having effective financial means.

The world economy revolves around borrowing and debt. People the length and breadth of the nation live off debt, and the issue is how that debt is managed and repaid. That kind of debt is like a mortgage: people have to pay it off, but it becomes like a family deficit that is paid off over 25 years. If people were told they had to pay their mortgage off in two years they could not do it, because they could not survive. That is exactly the approach that the Government are taking with the deficit. This is about having a fair process; it is about financial management. We are definitely not all in this together, but the Labour party's bonus tax would have helped to implement a number of social programmes that would have benefited many of those who feel they are being disproportionately affected by the cuts.

**Mr Kevan Jones:** I do not know whether my hon. Friend saw the *Newcastle Journal* on Saturday, but he knows that the housing market is struggling in my area. The *Journal* has reported that only 13 houses in the north-east were bought for more than £1 million last year. Is it not ironic that one of the bank bonuses that has been paid could have bought all of those houses?

**Ian Lavery:** I think that is ironic, and I assure my hon. Friend that not many houses in my constituency are valued in the region of £1 million. That is not only ironic; it is pretty sad and desperate when I think of the

number of people in my constituency and elsewhere in the north-east who are looking for social housing and who cannot even get on to the housing ladder as a result of the austerity measures that are being put in place. That is why Labour says that although it is hurting, the signs are that it is not working.

The amendment calls on the Government to review the overall taxation burden on the banks. They have declined to renew Labour's bank bonus tax, which raised £3.5 billion last year, and have instead proceeded with a bank levy that will raise about £2.5 billion. Labour is calling on the Government not to give a tax cut to the banks, but to use the money that would be raised from repeating the levy to invest in jobs and growth. The Bill's provisions for the bank levy equate simply to a tax cut for the banks, because it is estimated that it will bring in £2.5 billion a year, which is less than the £3.5 billion that Labour's bonus tax brought in last year according to the OBR.

Furthermore, the Government are giving banks a corporation tax cut of more than £100 million in 2011-12 and the value of that tax cut will rise considerably by the end of the Parliament. It is essential to repeat the bank bonus tax, to increase the bank levy and to invest in jobs, growth and housing. Labour believes that in addition to continuing with the bank levy the Government should repeat the bank bonus tax and raise at least £2 billion more, so that the banks do not get a tax cut this year. Frankly, I am opposed to the banks getting a tax cut in any year.

**Gavin Williamson** (South Staffordshire) (Con): The former Chancellor of the Exchequer thought that it would be unsustainable to impose the bank bonus tax for more than one year. Does the hon. Gentleman disagree with his colleague?

**Ian Lavery:** The simple answer is yes. Things have changed dramatically since my right hon. Friend left office; even the hon. Gentleman would agree with that.

**Gavin Williamson:** Only for the better!

**Ian Lavery:** “Only for the better.” Of course.

In future years, the Government should increase the bank levy to ensure that the banks continue to pay their fair share of tax, so that taxpayers are not left picking up the bill for a crisis caused by the irresponsible actions of those institutions. The OBR's November 2010 forecast showed that the bonus tax brought in revenues of £3.5 billion in 2010-11.

**Stephen Pound:** My hon. Friend might be surprised to hear that he is engendering in me some sympathy for bankers. The sheer, overpowering, pressing agony of having to spend £28 million would put so much pressure and pain on a person; one has only to look at Wayne Rooney to see the consequences of that. Does my hon. Friend agree that if bank bonuses are not about money, they are actually about mutual approval and standards? We could simply give bankers a golden tick on a badge, or a sticker, to show that we love them, and get the £28 million back to refresh the economy and get jobs into his constituency and mine.

**Ian Lavery:** That is the first time I have been accused of being sympathetic to the bankers, but I thank my hon. Friend for his comments. I would much rather give

the bankers a nice little tick or an A\* for the way in which they perform—or perhaps in this particular case a C, D, E, F or a fail. At the moment, an F would still equate to many tens of thousands of pounds for most bankers.

**Mr Kevan Jones:** Does my hon. Friend think that his constituents or mine believe that most of the bankers who got us into the mess we are in deserve a bonus at all, or even an F?

**Ian Lavery:** The reality is that people in my constituency cannot even get a loan from the banks. In the past they could get loans for all sorts of things, and that was a run-of-the-mill thing to do in my community and many others. If someone wanted a holiday, a carpet or a car and they could not afford it outright, they would have gone to the bank or building society and got a loan.

Now they not only cannot get loans, they cannot even get credit cards. The bankers are making billions, but the people at the sharp end, who are suffering the most as a result of the Government's cuts, cannot even get a loan from the banks or building societies.

**Andrew Gwynne (Denton and Reddish) (Lab):** My hon. Friend is right, but it is not just his constituents who cannot get a loan—many of his local businesses face the same problem. He spoke earlier about the need for growth in our economy. Is it not a scandal that many banks will not, as the right hon. Member for Wokingham (Mr Redwood) said, take a risk on small and medium-sized businesses? They will not even take a punt on a good business proposition.

**Ian Lavery:** That is exactly right. I was merely highlighting the plight of ordinary families. Small and medium-sized enterprises in every region of the country are suffering greatly as a result of the austerity measures and of the negative attitude of bankers, who think only about how much they will make at the top of the ladder, not about how anybody else—business people or ordinary people—will manage.

**Jeremy Corbyn (Islington North) (Lab):** Does my hon. Friend realise the perverse effect of the difficulty in getting loans from banks is that many people are forced to turn to very expensive money lenders, corner shops and so on, where they pay ludicrous rates of interest, with no security whatever for what they are trying to achieve? That is simply wrong.

**Ian Lavery:** I thank my hon. Friend. That is a serious matter. Many people who were once able to get bona fide loans from building societies or banks are now forced to seek finance from loan sharks—

**The Temporary Chair (Mr James Gray):** Order. We are ranging rather wide of the amendment under discussion. The Chair would be grateful for a little more focus on the amendment.

**Ian Lavery:** Thank you for your guidance, Mr Gray. I thought it was my duty as a parliamentarian to try to answer Members who were asking questions. Thank you for telling me that I may not.

**Stella Creasy:** Does my hon. Friend agree that one of the things that we could do is to consider whether the amendment on the adequacy of the bank levy could be used to deal with some of those practices and with illegal loan sharks who are preying on people to whom our mainstream banks will not lend?

6.45 pm

**Ian Lavery:** I agree 100% with my hon. Friend's suggestion, but as I have just suffered the wrath of the Chair, I shall not try to respond.

The OBR's November 2010 forecast showed that the bonus tax brought in revenues of £3.5 billion in 2010-11. We cannot know how much a repeat of the tax would yield in 2011-12, but a cautious assumption by any measure would be about £2 billion. The Labour party's view is that that estimated sum would go a long way to supporting many projects, such as, first, establishing a youth jobs fund and creating up to 100,000 new youth jobs at a time when youth unemployment is almost 1 million, its highest since records began in 1992-93. That is one thing we could do with the bank tax.

Secondly, we could build 25,000 new homes for low cost home ownership and affordable social rent. This could create tens of thousands of jobs and help create 1,500 construction apprenticeships. It is important to ensure that young people can get on to the property ladder. Thirdly, an additional £200 million could be provided as funding for the regional growth fund bids. Getting more people in work and paying taxes is the best way to bring the deficit down. The Tory-led Government are cutting too deep and too fast, and now the economy has stalled and unemployment is higher.

There is a better way. Instead of giving the banks a tax cut this year, next year or the year after, the Government should repeat Labour's bank bonus tax and use the money raised to invest in creating more than 100,000 jobs for young people and in construction, and to build 25,000 affordable homes.

The cuts are going too deep and too fast. There is an alternative. If we were still in government we would be halving the deficit steadily over four years, in line with the pledges made by major economies at the G20 last year, not trying to cut it further and faster than any other major economy in the world. Yes, tough choices are required. The deficit cannot be brought down if the economy is not growing strongly and hundreds of thousands of people are being thrown out of work. That is a simple, basic message.

In conclusion, I repeat that the most important factor in getting the deficit down is what happens to jobs and growth in the economy. That is why last year, as the economy started growing again and unemployment was falling, the deficit came in more than £20 billion lower than expected. That changed as the economy stopped growing at the end of last year and unemployment is higher. Stop the tax cuts to the banks, invest in the future of our young people, invest in this nation, invest in jobs and growth and adopt the Labour example of the bonus tax on banks.

**Nic Dakin:** It is a pleasure to follow my hon. Friend the Member for Wansbeck (Ian Lavery), who gave a comprehensive account of why we should support the very precise amendment on the bank levy.

[*Nic Dakin*]

A banker writing in the 1920s wrote:

“April is the cruellest month, breeding  
Lilacs out of the dead land, mixing  
Memory and desire”,

and went on to talk about the present month as “depraved May”. I quote T. S. Eliot—

**Stephen Pound:** He was a bank clerk, not a banker.

**Nic Dakin:** I quote T. S. Eliot to remind us that bankers have played good parts in the world of culture, finance and many other things, and to remind us through his words of the pain of growth and rebirth. Economic growth is a difficult business. That is the business that we should be in, and we should make sure that bankers play their part in that.

So bankers were not always about bonuses, and conversations about banks were not always about bonuses. Sadly, since the credit crunch and the global financial crisis, more attention has been focused on how great the anomaly is. We have heard the telephone-number salaries quoted and compared with the situation of people in our constituencies who are doing their best to bring their families up to be aspirational and to move forward in their lives.

**Helen Goodman:** Does my hon. Friend agree that the criteria for awarding bonuses are strange? Is it not ironic that at a time when the clearing banks are closing branches in our constituencies, bankers are taking huge bonuses?

**Nic Dakin:** I thank my hon. Friend for that intervention. She draws attention to the fact that people see banks closing and services becoming less available and more remote at the same time as large bonuses are being given out, with no apparent transparency and no clear criteria.

The Bill delivers a tax benefit for banks—a bonus for banks, rather than for UK plc—in the form of the £2.5 billion bank levy, which should be compared with the £3.5 billion bank bonus last year, and with £100 million being given back through cuts in corporation tax. At a time when the banks should be putting more in to atone for the situation we are in and to help the engine of the economy, the Government are allowing them to take more out. That does not seem fair to me, and it does not seem fair to the people I represent.

**Mr Kevan Jones:** Does my hon. Friend agree that it is an absolute disgrace not only that those involved directly in the big five banks are earning such bonuses, but that those who have earned a lot of money from the misery that has been caused over the past few years are also doing so, including those companies that offer advice, such as Goldman Sachs, whose average bonus is about £270,000 per individual?

**Nic Dakin:** My hon. Friend draws attention to another interesting area where we would wish the Government to apply their imagination and attention to try to get more money back for the taxpayer so that it can be invested in the economy, in public services and in growth, the engines that would drive us forward. This is a no-mandate Government. A year ago there was clearly

no mandate for what they are doing. They are taking their approach to bankers’ bonuses even though there is a clear mandate from the population—one of the few that exists—for cracking on, getting on top of bankers’ bonuses and ensuring that they play their part in reinvigorating the British economy. Where there is a mandate, the Government fail to act and give a dividend to bankers instead of a tax. There is no mandate for the things the Government are doing, such as the NHS reorganisation.

**Jeremy Corbyn:** My hon. Friend seems to have skated over the point that the majority of the banks are actually state owned, or have a majority state shareholding. Surely it is incumbent on the Government to intervene, either by appointing their own directors or sending directives to the banks on how they should behave, rather than pretending that it is nothing to do with them even though the banks are already publicly owned.

**Nic Dakin:** I thank my hon. Friend for his intervention about intervention. More intervention is needed from the Government, who have a stake in the banks. In fact, it is taxpayers and the public we serve who have that stake in the banks. He is quite right that the Government should be exercised about how they get the benefit back to the British people.

**Mr Love:** Have the Government not failed lamentably? If we look at Project Merlin, where they intervened with the banks on bonuses and on lending to small businesses, we can see the bonuses that are likely to be given this year and the fact that the Government have failed lamentably to deliver finance for small businesses in this country. They simply are not working.

**Nic Dakin:** I thank my hon. Friend for that observation. Project Merlin’s record is a sorry tale so far. We see a failure to deliver on bankers’ bonuses and a failure to reinvest the taxation from them in the economy. He is right that the record on lending to small and medium-sized enterprises is woeful. Small and medium-sized enterprises, as I think all Members recognise, are the lifeblood and the engine of our economy, and he is completely right to underline that point.

**Stephen Pound:** My hon. Friend refers to taxation arising from bankers’ bonuses flowing back into the economy. Would that that were so. Does he not agree that the ingenuity, skill and—I dare say—avarice of the average banker is best demonstrated by their ability to defer tax liability, so that the money, rather than coming back, tends to fructify in their pockets?

**Nic Dakin:** I thank my hon. Friend for his intervention. Clearly, the amendment aims to provoke a review of how we best ensure that bankers’ bonuses are taxed efficiently and effectively, rather than ineffectively, as the Government are currently, which is always a danger unless we are vigilant, as my hon. Friend suggests.

**Helen Goodman:** I shall of course vote for the amendment this evening, but it does raise the question of whether it ought to be the Chancellor who reviews the bank levy or, because of the serious problems in the way in which Government have handled it, the Public Accounts Committee.

**Nic Dakin:** My hon. Friend makes an interesting and valid point, but amendment 9 proposes specifically that:

“The Chancellor shall review the bank levy and publish a report, before 31 December 2011, on—(a) the Government’s analysis behind the rate and threshold chosen for the bank levy; (b) the adequacy of the bank levy in the context of other reforms to the wider banking system; and (c) the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17.”

That is what we are debating today, although my hon. Friend makes a good point.

**Mr David Ward (Bradford East) (LD):** On the hon. Gentleman’s point about the mandate, presumably if Labour had got 3% or 4% more in the vote and a majority of 60 or 70 seats on 35%, he would have considered that to be a mandate to do whatever Labour wanted to do?

**The Temporary Chair (Mr James Gray):** Order. That has absolutely nothing to do with the amendment we are discussing.

**Nic Dakin:** Thank you, Mr Gray, although I think that the hon. Gentleman was reminding me of the part in my speech in which I referred to mandates, as it was important to reiterate that the Government have no mandate for the NHS reorganisation, for police cuts, for the VAT rise, for abolishing the future jobs fund or for trebling tuition fees, and they certainly have no mandate for cutting too fast and too deep. However, they do have a mandate for listening to the amendment we are considering today on the bank levy. There absolutely is a mandate on the bank levy.

**Mr Ward:** This point has occurred so many times, so can we pick this one off? The figure of £3.9 million is certainly bigger than £2.5 million, but £3.9 million for one year is surely smaller than £2.5 billion for four years. How on earth can this be a cut in the banking levy?

**Nic Dakin:** I thank the hon. Gentleman for his intervention. We are arguing that because of the fragility of the recovery, it is time to repeat the bank bonus tax. The Government should make their decisions now when they are not constrained. The decision now should be to repeat the bank bonus tax and increase the bank levy year on year, rather than leaving it static. That is what this review of the bank levy would allow us to establish, and that would produce an additional income, he will be pleased to hear, of at least £2 billion in each year of this Administration. That additional £2 billion could be used by the Government on behalf of the British people, the taxpayers and, indeed, the shareholders of these companies.

**Jim Fitzpatrick (Poplar and Limehouse) (Lab):** Would my hon. Friend be surprised to hear that the hon. Member for Bradford East (Mr Ward) was in Westminster Hall this morning, alongside many other Members, seeking additional funding for ESOL—English for speakers of other languages—training? My hon. Friend is giving a solution that would allow the Government to provide that additional funding, which would produce growth

in the economy, rather than the shrinkage we are seeing promoted by the coalition Government.

**Nic Dakin:** I thank my hon. Friend for his intervention. The review of the bank levy, which is at the heart of the amendment, would allow the Government to look at the sorts of things that that money could be spent on. It could be used for a youth jobs fund, for putting £25 million into new homes or for providing the regional growth fund with an additional £200 million. My hon. Friend the Member for Nottingham East (Chris Leslie) has already explored those issues in some detail.

7 pm

There is a lot at stake in this proposal to review the bank levy and to publish a report before 31 December. Such a review and report would be the intelligent way forward, the intelligent government that the British people would expect and hope us to deliver, because reviewing the bank levy and producing an appropriate report would allow a full examination of whether those moneys are available to allow us to do such things, whether they be ESOL training, a youth jobs fund, more money for economic development or whatever. There is an opportunity here, which I hope the Committee will not miss.

**Stella Creasy:** It is a pleasure to follow my hon. Friend the Member for Scunthorpe (Nic Dakin) and his eloquent description of the problems facing us as a country. I rise to speak to clause 72 and amendment 9 because this debate is about the bank levy and whether it is being applied in the right way and to the correct extent.

I support the amendment, because it seeks to address the challenges of any new legislation and answer the question of how we as a Parliament ensure that the legislation that we pass is effective at doing what we want it to do. The amendment would meet the challenge of asking whether bankers pay their fair share of the cost of dealing with the global financial crisis, just as we as taxpayers have paid more than our fair share, some might say, in trying to support them. That goes to the heart of today’s debate about clause 72 and what the Bill will do for the financial future of this country, so I support the amendment because it highlights the need to address the adequacy of the bank levy.

I also pose a wider question about how the clause will work to ensure that all those who have benefited and, indeed, continue to benefit from the financial crisis that this country has endured pay their fair share in helping the economy out of recession and back into growth, not least because I am deeply concerned, as many Members know, about this Government’s policy of reducing the national debt by increasing private household debt, and about what that might mean for many of our constituents.

I spoke at length on Second Reading last week about the impact of that policy on families throughout the country, and I do not propose to repeat the measures that I put forward, but, on the adequacy of the bank levy, the clause makes an omission that I hope the amendment will address. High-cost lenders are benefiting disproportionately from the impact of the Budget on our people, and from the fact that mainstream lenders are not lending due to banks paying out more in bonuses than they do to the people of this country, who need that money. Indeed, perhaps the omission calls for a

[Stella Creasy]

new clause to deal with that issue and, therefore, to make sure that that money benefits our economy.

The industry has certainly benefited greatly from this Government and from the events of the last year alone. Of the £216 billion of unsecured lending in this country, £8.5 billion comes from that market, which has increased by £1 billion in the past year, and £8.5 billion is the same amount of money that it would cost to repair all the schools in England—a cause dear to many Opposition Members. It is also the entire budget of the Department for International Development; we are talking about a substantial amount. The market is growing not least because of the lack of regulation—the lack of Government action to deal with the high-cost credit industry—and the amendment could deal with that omission.

**Mike Gapes** (Ilford South) (Lab/Co-op): My hon. Friend refers to schools, and she knows from her constituency and borough how the coalition parties' drastic, ruthless and unplanned cuts to Building Schools for the Future have caused great grief to her constituents, yet she says that they could have been compensated for by the measures to which she has just referred—

**The Temporary Chair (Mr James Gray)**: Order. I have been quite generous so far in not picking up hon. Members on what they have said, but we have to focus on the bank levy, how much it should be and whether it should be reviewed annually. Debating the way in which the Government might spend the proceeds from any such levy is not in order during discussion of this amendment.

**Stella Creasy**: Thank you, Mr Gray. I appreciate very much the passion with which my hon. Friend the Member for Ilford South (Mike Gapes) expresses his concern about BSF, which is a sentiment that I share, but I take the Chair's point, and the bank levy is exactly what I want to speak to. I am concerned, because it offers an opportunity to deal with the challenges to our economy, and therefore the Bill should be amended by amendment 9.

I return to the case that I am trying to make about the high-cost credit market in the UK and its impact. It is precisely because the market has not been subject to any regulation, which could be introduced under the amendment, that we have seen a massive explosion in payday lending—a quadrupling of the industry in the past 18 months alone.

Dollar Financial, which Members may know better as The Money Shop, has already stated that the lack of regulation here brought it to the UK. The company had one store in the country in 1992, 273 by 2009, and it has announced plans for a further 800 this year alone as a result of that lack of regulation.

The question of adequacy, which the amendment raises, includes how those companies act—certainly, that is how I interpret it—and the opportunity that the levy and its review could provide for dealing with the impact of their actions on consumers in the UK. By using the review, we could ask whether the levy might be applied in such a way as to deter consumer detriment.

**Jeremy Corbyn**: I pay great tribute to my hon. Friend for her work on those scoundrels who lend money at huge rates of interest. What she has done is very welcome. Does she also consider it important that the bank levy be used beneficially to promote and to develop credit unions, which provide a decent system, help people when they are desperate, do not charge them excessive interest and are democratically run? They seem to me to be a beneficial service all round which should be encouraged.

**Stella Creasy**: My hon. Friend hits the nail on the head, because proposed paragraph (b) of amendment 9 talks about wider reform of our banking system. Many Opposition Members have called for action on access to affordable credit, but this is not just about credit unions; it is about the schemes that housing associations have put forward. In that context, I register my disgust at the fact that a housing association was recently taken to the Advertising Standards Authority by The Money Shop for daring to point out to their tenants the cost of borrowing from such companies—and was, indeed, censured.

The question of how we deal with banking reform, so that everybody can access affordable credit and there is not a new dividing line in our communities between those who can get on in life and families who are scarred with debt for generations, is a key concern for me, and many Opposition Members are concerned about what the Bill and the amendments can do to promote such measures.

**Barry Gardiner** (Brent North) (Lab): I welcome all the energy and work that my hon. Friend has put into that subject. Does she share my disgust at the fact that, here we are, debating an issue that affects literally hundreds of thousands of our constituents and, in terms of bankers' bonuses, dealing with one of the biggest issues before the public, yet there are precisely two people sitting on the Conservative Benches?

**Stella Creasy**: My hon. Friend makes a good point about the importance of this Bill putting first the needs of this country and, therefore, about the importance that others attach to it. I hope that we can seek support from members in all parts of the House for the need to act on the high-cost credit market. There has certainly been support among Government Back Benchers; noticeably, however, Government Front Benchers have so far reacted with negativity to that support. I hope that they will change their minds, given the possibilities that we have through the Bill, the amendment and, indeed, the regulatory measures being considered to make progress on an issue that concerns many Members. Our concerns are about a number of products—I want to put on record what we are talking about—and the lack of action on such products in contrast to dealing with the bank levy and whether it is applied appropriately.

First, there are payday loans. Many people will be familiar with the concept of a short-term loan, and given that almost half of households cannot make their pay cheques last to the end of the month, it is no surprise that almost one third of households are now considering such products. Interest rates on such loans include one from a company called Oakam, of about 443%; and many people will be familiar with Wonga, whose rates are more at the 4,000% level. We are also

talking about the home credit industry and companies such as Provident. Many people will be familiar with Provident going from door to door in their communities lending money to people at interest rates of, say, 272%. That means that if someone borrows just £300 from the company—perhaps to buy a new sofa or TV, or to fix a washing machine or a boiler that has gone wrong over the winter—that will cost them £546.

Were we to use this amendment and the opportunity of the bank levy to deal with some of these problems and with the actions of some of these companies, we would be encouraging the Government to look at the concept of adequacy and consider some of the issues in that market. First, there is the lack of competition in providing credit to those who are denied mainstream credit. That is embodied by the fact that there is no innovation in these products; they are very similar. There is therefore a great contrast with people who are able to borrow from mainstream creditors. Many people will be familiar with mainstream banks offering preferential rates and loyalty schemes to customers who they want to hold on to because they know that they have alternative sources of credit. We could apply the bank levy to the question of adequacy and ask whether these companies are acting in a way that is detrimental to consumers and whether the lack of competition is detrimental to consumers and to our economy. Many people have expressed concern that our banking industry is already overloaded, which requires more competition. I would argue that there needs to be more competition in lending to people who cannot access mainstream credit, and this is one way in which we could achieve that.

A quarter of the customers who use high-cost-credit companies cannot borrow from other lenders. As a consequence, they do not build up the evidence of being good borrowers that would allow them to use mainstream sources of credit. These companies do not share information on their customers, making it incredibly difficult for customers to prove that they could use more mainstream sources of credit. The question of adequacy could also be applied to companies' use of rollovers and stepping up of loans, which means that borrowers are stuck with using them. In particular, because they often lend only small amounts of money to begin with—

**The Temporary Chair (Mr James Gray):** Order. The hon. Lady is making a passionate point, but it is associated only very loosely with amendment 9 to clause 72, so I wonder whether she could bring herself back to the matter that we are discussing.

**Stella Creasy:** I apologise to the Chair if I am not being clear, but I see this in the context of paragraph (b) of the amendment on the wider regulation of the banking system, and the importance of trying to use the opportunity that the bank levy presents to effect a positive impact on the way in which money is lent to those on low incomes.

**John McDonnell:** My hon. Friend has campaigned on this issue for a considerable period. Is it not true that the bank levy could be used as a lever to prise these other reforms out of the overall system?

**Stella Creasy:** My hon. Friend is absolutely correct. This is born out of my frustration at the fact that the Government have so far refused even to contemplate

taking action. I hope that this time round the Treasury team will seriously consider how the bank levy could be used to effect such action. The concept of adequacy in the amendment offers us an opportunity to ask whether the bank levy is being levied in a way that deals with high-cost credit and its impact. This debate has been about the appropriate level of the levy and its impact on banks, and I would argue that it could be extended to an appropriate levy on high-cost credit industries. We could then look at the way in which such companies pass on their costs to consumers who are particularly struggling in the economic conditions that we face. As Debt on our Doorstep points out, the fixed costs of lending in the home credit industry represent about 15% of revenues, yet the cost of borrowing from such companies is £82 in collection charges for every £100 lent. It is therefore no surprise that their profits have gone up by 40% in the past year as the lack of regulation in the industry allows them to run riot in our local communities.

There is broad agreement on the need to act on the impact of these companies, and the clause could be amended and applied in such a way as to enable that to happen. Citizens Advice has argued that the Government should not use the need for regulation of the financial sector as a cover for failing to act in these markets, as has the Centre for Responsible Credit—and as have many Ministers. I urge Ministers to talk to colleagues who, prior to 2010, advocated caps on the cost of interest rates. The Minister with responsibility for consumer affairs was very supportive at that time, but he seems to have changed his mind. *[Interruption.]* I agree entirely with the suggestion that perhaps that is yet another broken promise. We are talking about the 5 million to 7 million people in our communities who are affected by not being able to access mainstream credit and who are forced to use such companies. The bank levy gives us the opportunity to send a strong message to those companies that the way in which they act is deleterious to our communities and to our economy as more people are stuck in debt.

**Mr Ward:** We have heard numerous calls for the additional bank levy that the hon. Lady supports, involving a couple of million pounds, I understand. The hon. Member for Ilford South (Mike Gapes) wanted it spent on the Building Schools for the Future programme, which would have blown the full amount. Does she support its use for BSF or would she like it all to be allocated to the very important cause that she is propounding?

7.15 pm

**Stella Creasy:** The hon. Gentleman appears to be arguing that the money that would be raised by the bank levy should be given to the high-cost credit industry. Far be it from me to suggest that he wants to support those kinds of businesses. I know that some Liberal Democrat Members have been very supportive of these companies—mistakenly, because if they were to talk to the local communities affected by them, they would realise how damaging they are.

Let me be very clear: I am arguing for the ability of the Government to review the bank levy and for a review to consider whether it could be applied in such a way as to discourage lending that is detrimental to consumers. I have firmly in my sights the high-cost

[Stella Creasy]

credit industry and the detriment that it causes to our local communities. I hope that Ministers will accept the amendment and explore whether the bank levy could be used to act as a positive behavioural challenge on these companies, because that would benefit many people in our country. I do not want to see investment in the high-cost credit industry, and I am sure that the hon. Member for Bradford East (Mr Ward) did not mean to suggest that, but I do want to see action on it, and I know that I am not alone in this House in hoping for that.

If the Government will not accept the amendment, I will table more amendments and keep pressing this issue, and I hope that other Members will join me in support. The Minister is shaking his head. I hope that he has spoken to the many Members on his own Benches who do not shake their heads and walk on by as people are preyed on by these companies. I spent yesterday with 900 members of London Citizens Black Clergy Caucus, who will be seeking urgent meetings with the Ministers responsible. Ministers may think they can ignore me or ignore Labour Members, but I hope that they will not ignore the millions of people who are struggling to pay their bills and make ends meet, and for whom these companies are increasingly the only option. Regulation has worked effectively in other countries, and it could be achieved through this Bill. I hope that the Minister will look at the case seriously and not dismiss it out of hand as he appears to be doing.

**Barry Gardiner:** It seems to me that when it comes to bonuses, the clue is in the word. If one looks at the etymology, the word “bonus” comes from the Latin; it means “good”. In fact, it should be “bonum”, as with “maximum”, “minimum” and “premium”, so that we had “bonum” and “bona”, but let us leave that aside. The bonus culture in the banks is supposed to be for something good—for good performance—and yet, certainly within the banks that are largely owned by the public, these bonuses are being given almost uniformly for bad performances: they are “malum”, not “bonum”. It is really quite ridiculous that these bonuses should be paid and that the Government should be proposing to levy such a low rate against them.

The right hon. Member for Wokingham (Mr Redwood) gave us a bit of the history of how the recession had come about and the context in which these bonuses were being paid. Interestingly, however, his history stopped in 2006 or 2007, when he published a paper about the regulatory regime and the need for tighter regulation. To find out the true history of this, one has to go back to a time before 2006 and 2007, and beyond this country, to look at the sub-prime market in the United States in 2000. At that time, the proportion of mortgages in the United States that were lent to sub-prime borrowers was just 5%. Between 2000 and 2005, that increased to 47%. That meant that by 2005, 45% of mortgages in the US were in arrears by two months, or more than 60 days. That is the origin of the problem.

Much has been said by Government Members to try to set the recession in context. For months, they have said that it was because of the Labour Government’s disastrous economic management. Of course, the context for it is in the United States, where what happened with

Fannie Mae and Freddie Mac, the two major mortgage-lending institutions, was the beginning of the collapse of what had been a virtuous circle, and what became a vicious one. Those institutions could not lend because they were not getting revenues in, which was because people with mortgages were more than two months in arrears. That meant that there was a drying up of credit in the system in the United States.

One of my hon. Friends—I cannot remember who—mentioned the role played by the rating agencies. The way in which the situation impacted more widely on the economy, first in the United States and subsequently elsewhere, was through the securitisation of mortgages into bundles to create revenue streams for companies and, indeed, for financial institutions.

**Andrew Gwynne:** My hon. Friend is making a perfectly good point about the historical context of the global downturn. Is it not the case that the bubble burst because financial institutions across the globe were not certain about the packages that they had bought, because of the unpicking of those packages, and because of the percentages of those packages that were made up of bad debt?

**Barry Gardiner:** My hon. Friend is right, but perhaps he has missed a further element of that toxic mix. That is not the role of the rating agencies, although they played their part in bundling up sub-prime mortgages. In order to securitise them into revenue streams for companies, they had looked at the historical rate of default in the sub-prime sector in 2000, when only 5% of the market was being sold to sub-prime borrowers, not in 2005, when the figure was 47%. The effect was that many companies had security streams that were not very secure. The piece of the toxic mix that we need to introduce is the way in which hedge funds brought to bear their financial might.

**The Temporary Chair (Mr James Gray) rose—**

**Barry Gardiner:** I give way to Mr Gray.

**The Temporary Chair:** Order. The hon. Gentleman is not giving way to the Chair, but resuming his seat. He is giving an interesting explanation of the causes of the banking crisis. He must relate his point to amendment 9, which we are discussing, rather than dilating more generally on the subject.

**Barry Gardiner:** Of course I wish to abide by your ruling, Mr Gray. I am referring to earlier comments in the debate, which I am sure you heard, from the right hon. Member for Wokingham, who was not ruled out of order. He gave an interesting explanation of the history of what we are discussing.

**The Temporary Chair:** Order. I was not in the Chair at that time. It seems to me important that we relate the debate to what we are supposed to be debating, namely amendment 9. I am not aware of what happened previously, but I suggest that the hon. Gentleman relates his comments directly to the amendment.

**Barry Gardiner:** I am very happy to do so, Mr Gray. We are talking about a bank levy, and amendment 9 refers to

“the Government’s analysis behind the rate and threshold chosen for the bank levy”.

It seems to me that if one is to perform an analysis of the rate and threshold chosen, one has to understand how these things came about and the historical context. More importantly, one has to understand the regulatory context and what went wrong in the regulatory system. Much of the debate has been about that regulatory structure. I am seeking to address subsection (2)(a) proposed in the amendment. That is exactly the import of my remarks.

As the hedge funds brought their pressure to bear, they identified the problem of the companies' overvaluation in the market. They saw that the structure of the bundled streams of security were not providing the security to the companies that the market believed they were providing. The hedge funds then short sold on those companies. That was an important regulatory failure. There was no uptake rule and no clear limit on the arbitrage window that was allowed for trading on such shares, so the short selling allowed the hedge funds to beat down the value of those financial institutions in such a way that there was a precipitation of the collapse of the credit that could flow through the financial institutions, which infected all the other companies in the stock exchange. That is how the situation became a global crisis.

In addressing the analysis that the amendment asks the Government to engage in, I urge them to take seriously the regulatory failings at that time. *[Interruption.]* The Financial Secretary says from a sedentary position that those were the mistakes of the previous Government. What I am pointing out to him is that they were not simply mistakes made by the previous Government, but mistakes that were made on a global scale. The financial crisis started in the sub-prime market in the US, and that infected the global markets. The reason that it took hold in the UK, to the detriment of this country, was that we had placed an over-reliance on the financial markets and the financial sector as opposed to manufacturing and industry.

**Mr Kevan Jones:** Does my hon. Friend agree that if we had listened to those on the Conservative Front Bench, including the Chancellor of the Exchequer, who did not want to intervene in Northern Rock and wanted to let banks go bust, the banking crisis in this country would have—*[Interruption.]* The Economic Secretary chunters from a sedentary position, but what I am saying was said by the—*[Interruption.]* She can keep chuntering, but the truth hurts. The fact of the matter is that if we had listened to the Chancellor—

**The Economic Secretary to the Treasury (Justine Greening) rose—**

**Mr Jones:** You cannot intervene on an intervention. I am going on because the Economic Secretary has been wittering on for so long.

**The Temporary Chair (Mr James Gray):** Order. Interventions must be short. The tenor of the debate is moving widely away from the amendment that we are supposed to be discussing. The amendment is about the bank levy, the way in which it is raised and the way in which it affects the wider banking sector. I accept that there is a point about that, but we must return to our consideration of the amendment, rather than having such a wide discussion.

**Barry Gardiner:** I am of course always happy to abide by your ruling, Mr Gray, so I will move on to focus on the adequacy of the bank levy in the context of other reforms to the wider banking system. It is clear that those other reforms are necessary. We can debate the history at length, and we may take different lessons from that history about the type of regulatory reform that we wish to see, but I want to focus on the adequacy of the levy.

7.30 pm

My hon. Friend the Member for Nottingham East (Chris Leslie) sought to contrast the payments that bankers would be receiving this year—the million pound-plus bonuses—with the situation of ordinary working families in this country, many of whom are seeing their own financial position severely worsened or are losing their jobs or benefits. He expanded on the modest emoluments that those people would receive this year.

However, the force of our argument is not just the contrast between the difficult situation of those people and the greed at the other end of the scale. It comes from the fact that there is a direct causal relationship between the two—the bankers are the ones who have caused the misery that our constituents will be enduring. More than that, the funds from the bank levy—the funds that are being paid in bonuses, from which we would seek to extract more for the Exchequer—could be better spent in tackling the problem in the other dimension. Instead of considering the matter from the point of view of its inequity, we should consider it in the context of achieving a resolution to the deficit crisis. That resolution can come through growth and through the spending of these resources in ways such as my hon. Friend the Member for Scunthorpe (Nic Dakin) explained clearly. We want the Government to accept the amendment, so that we can consider the adequacy of the bank levy in the context of other reforms to the banking system. We want a policy that is for growth in the economy, not simply one that is for taxes.

**Mr Love:** Is it not also the case that the taxpayer has given the banking system an unlimited guarantee, and that according to the Bank of England, we are subsidising the banks to the tune of about £100 billion a year? Yet even with all that support, they still demand that they should be able to pay massive bonuses.

**Barry Gardiner:** Indeed. The support that the country has given the banks is perfectly right, in my view. I disagree with the right hon. Member for Wokingham on the matter. He said that he would not have bailed out the banks at all. His position was very clear—he takes a very hard monetarist line and says that if the banks fail, they fail. Labour Members believe that the consequences of that failure cannot simply be ignored.

**Mr Kevan Jones:** Is that not exactly the line that the Chancellor took when he was shadow Chancellor? He argued that intervention was not important in the case of Northern Rock, for example. If we had followed what he suggested and had less regulation of the banking system, we would have been in a worse situation than we are now.

**Barry Gardiner:** My hon. Friend is absolutely right. To give the right hon. Member for Wokingham his due, he did differentiate his own position on the issue from

[Barry Gardiner]

that of his party's Front Benchers. Both would have failed to support Northern Rock, the consequences of which would have been disastrous for savers, but the right hon. Gentleman would have gone further. He would have stopped any support for the wider banking system, including for Halifax, the Royal Bank of Scotland and Lloyds. There we see the consequences of policies that had their origin in "There's no such thing as society." Only if someone does not pay regard to society can they adopt such a hard-line position, because it ignores the consequences of failure and the effect on ordinary human beings—not just savers but, as he said, investors. The structural consequences of the failure would have been economically disastrous for this country.

**Andrew Gwynne:** Is it not also the case that the banking system is getting the best of both worlds? Over the past few years it has received very substantial support for the taxpayer, but at the same time as paying itself ever-increasing bonuses it is refusing to invest in local companies and valid business propositions in all our constituencies, thus hampering economic growth across the country. Is it not right that the bank levy is introduced for a second year and beyond through the reviews suggested in the amendment, so that we can get that growth back into the economy?

**Barry Gardiner:** My hon. Friend makes an excellent point in contrasting the lending policies of the banks with the bonuses that they seek to pay, particularly to their higher-end staff. The Government have to be much clearer in the regulatory demands that they impose on the banks, because they are speaking with forked tongue. On one hand, they are insisting that there is tighter regulation and that there is a regime to ensure that there are adequate reserves and far more stringency in the banks' investment policies. On the other hand, they are on the side of business, urging the banks to lend more money. It is not possible for them to have it both ways, and we must not fall into that trap either. Either the Government have to say, "We want tighter regulation, and to hell with small business", or they have to say, "No, we want small businesses to thrive, because we want growth in the economy", in which case the regulatory regime for banks has to allow for that.

That does not affect my hon. Friend's point, because he is absolutely right to contrast the bonus structure with the banks' lending policy. The bankers expect the situation to be all good for them, but it is not so good when they are dishing out the money at the other end.

**Andrew Gwynne:** My hon. Friend is exactly right. Is not the real problem that we are actually getting neither of the things that he mentions? We are getting neither effective regulation of the banks nor money flowing into small and medium-sized enterprises.

**Barry Gardiner:** That is the sad fact of our situation. I am sure that all of us, as constituency MPs, have business people coming to us saying that they cannot get credit. Indeed, many successful businesses that have had no change in their circumstances are suddenly being told by their banks that their credit facilities are no longer there. The banks are unilaterally changing the terms of those facilities, and the Government must do

something about that. They cannot on one hand let the banks off with a £20 billion tax allowance for bonuses and, on the other hand, say that they do not have to ensure that they are lending to small businesses.

The difference between Opposition and Government Members goes right to the heart of whether we believe that the most important thing to do is to get growth back into the economy, get money flowing into small businesses and pay people a decent wage rather than make them redundant—that means that their spending on goods and services does not contract, and they spend money on brown goods and white goods and generate wealth and jobs in the economy, so that we grow our way through the problems—or whether we believe that we have simply to cut, cut, cut the public sector and pay, pay, pay the bankers' bonuses.

**John McDonnell:** I would welcome the amendment because I think it is time to stand back and review the future role of levies. The amendment seeks to prise out the Government's analysis regarding the rate and the threshold of the levy, but it also gives us the opportunity to debate the overall adequacy of a levy and its role in the economic situation that we face.

I echo the right hon. Member for Wokingham (Mr Redwood) in saying that the world has moved on and the role of bank levies is different now. The first early-day motion on this matter, tabled by my hon. Friend the Member for Islington North (Jeremy Corbyn) and I eight years ago, in advance of the crisis, related specifically to the profligacy of the banks in their distribution of bonuses. We gained the support of 40 Members of the House. At that stage, the role of the proposed levy was fairly clear cut and straightforward: it was to act as a disincentive to the payment of such obscene bonuses, as others have described them.

Then, economic crisis hit us. The first sign was Northern Rock. I remember being in the Chamber when we exposed the role of Granite in Northern Rock and the tax fiddles, avoidance and evasion—whatever we want to call it—that were taking place. We called for the Government to use public ownership to nationalise and stabilise the banking system, but we added to that a call for the maintenance of a levy system, because we wanted to prevent a recurrence of the bankers' bonuses during a period of recession caused by their profligacy.

As the right hon. Member for Wokingham said, the world has moved on, and we now have a bizarre situation. Yes, a levy on privately owned banks that are making profits and paying large bonuses is relevant, but introducing a levy on publicly owned banks is bizarre—it is a circular form of taxation—which is why the review proposed in the amendment is important. Surely if we own banks, we should end such bonuses by diktat and force reasonable lending using our management control. I hope that the review will examine the adequacy of future bank levy arrangements.

I compliment a number of my hon. Friends who have spoken in this debate, none more passionately than my hon. Friend the Member for Wansbeck (Ian Lavery), who reflected the climate of anger in which this debate takes place. There is anger about how individuals have been treated by the banks, but also anger about the impact of the banks on the overall economy. The impact has also been felt by families in the loss of jobs and cuts in services. If we are to have a review of the bank levy, I

would welcome a commitment to absolute openness and transparency about the nature of the banks' current operations. Many people are bewildered by the banks' lack of adherence to the exhortations of successive Governments on the role that they should play, particularly in lending and long-term investment.

I welcome the proposed production of a report, but I would prefer it to be published earlier. The amendment proposes a deadline of "before 31 December 2011", but I would want the report no later than the autumn, because I believe we need a tighter analysis and review regime for the banks.

I am no longer sure that the Government know what the levy is meant to achieve; they are certainly not clear on the appropriate rate, or even to whom and what the levy should apply. The previous Chancellor's levy was clearly a bonus tax: it was an attempt to influence the behaviour of the banks and to end the remuneration system that encouraged reckless behaviour and the taking of excessive risk. The objective was also to raise income, although that was not the stated primary aim. Bizarrely—this is why I admitted an error earlier—the levy failed to influence behaviour, because the bonuses continued, but at the same time, it was extremely successful at raising income. In fact, it was seven times more successful than was originally predicted. As I said, the original prediction was that it would reap £500 million, but £3.5 billion was gained.

7.45 pm

The review is important because when the current Chancellor was asked what the role of the proposed levy is, he replied that it was a lump-sum tax, or simply an aimed-for sum. However, that sum has changed as the rate has metamorphosed over the past year. On at least six occasions, there have been changes in the rate calculated, and therefore in the estimated amount to be gained. Why is the levy set at the level the Government propose? They have given us no clear understanding of that tonight. All we know, from various media reports, is that the bankers have laughed all the way to their banks. The tax take has been described as "relatively insignificant". A number of commentators, some of whom appeared before the Treasury Committee, described the levy as generous, and others have described it as an easy ride for the banks. If the levy were set purely to generate a lump-sum tax take, why at that level? Why not double, triple or quadruple that level? I fail to see what analysis of the estimate has been made. In fact, so far, the Government have published no independent analysis that would allow the House to understand the rationale for the estimated take.

**Mr Kevan Jones:** Does my hon. Friend agree that if the levy was designed to change the behaviour of bankers, it has failed? Barclays, for example, paid more than £110 million to five of its top bankers.

**John McDonnell:** I agree with my hon. Friend, but I will come to that point later. The way in which the banks have continued their profligate distribution of bonuses looks like them cocking a snook at the Government and the level at which the levy has been set.

When the Chancellor appeared before the Treasury Committee, he advanced two arguments on how the levy was constructed. First, he argued that the levy was

based on the price of the insurance that the Government and the taxpayer now implicitly offer for the wholesale funding of the banks; the levy is therefore a tax on the wholesale funding of banks' operations. However, a calculation of the appropriate insurance for that scale of banking insurance, which could surely be done, would show that that sum is significantly more than the current bank levy proposal would raise.

The Chancellor's second argument was that the levy was in the interests of equity: the banking sector, as well as the rest of us, should make a contribution to resolving the economic crisis. However, the amount that the bankers are being asked to provide to help to tackle the crisis that they created is piffling in comparison with the damage caused to our wider society, and minute in comparison with the burden that is being carried by others in terms of job losses and services cuts. Whole communities now face significant suffering and deprivation.

The Chancellor himself admitted that the targeted revenue sum was "relatively small" because, he argued, it balanced fairness with competitiveness, yet no study has been published and no evidence has been produced on the impact on banking competitiveness of varying the levy. Like my hon. Friend the Member for Nottingham East (Chris Leslie), I want to know what independent assessments have been made of the balance between fairness and competitiveness and how the calculation was arrived at. I agree with my hon. Friend the Member for Edmonton (Mr Love), who said that the measure throws the Government's commitment to tax simplicity out the window. The taxation system on this issue is now more complex than any other point of taxation in the tax book, so I endorse the questions about how HMRC, with its current staffing cuts, can cope with the implementation of the levy. I would also welcome the Government publishing the consultation on the assessment of the amount of tax take from the proposed levy, because it looks like consultation was either non-existent or fairly minimal.

The amendment would require the report to consider "the adequacy of the bank levy in the context of other reforms". Our understanding is that the levy was set to assist the implementation of the Merlin agreement and to ensure that the banks had a lending strategy to help get the economy moving and out of recession. As others have said, the levy must be set so as to ensure a continued influence on banks' behaviour in relation to remuneration and bonuses. While promoting the bank levy, the Prime Minister and Chancellor exhorted bankers to show restraint. Is the levy set at the right level to ensure that the other reforms linked to it are completed and adhered to?

**Ian Mearns (Gateshead) (Lab):** The evidence of our eyes and ears of the relationship in recent months between the Chancellor and the Prime Minister and the bankers is that there has been one word from the Chancellor and another word from the Prime Minister, and the banks have continued to do exactly what they want.

**John McDonnell:** That is exactly my point. It might be that the levy is being set in relation to other banking reforms, particularly those on bonuses and remuneration, but not only have we seen the complete disregard of the Chancellor and Prime Minister's exhortations, with bonuses continuing at a very high level, but we have seen, as

[John McDonnell]

another Member said, a diversion into other forms of remuneration and salary increases. That is almost an abuse of the system as set out in the Government's proposals.

If the debate is about the adequacy of the levy, and in view of the fact that in spite of the Government having set down a marker in the proposals, bonuses have continued and remuneration has increased, can the Government not support the amendment? If the review reported at least by December—I would prefer the autumn—we could consider increasing the levy to ensure adherence to the wider banking reform proposals the Government want implemented. It is clear from the evidence produced today that the banks need a continuing threat—a sword of Damocles—hanging over their heads, if we are to get any change in the bonuses and remuneration that are so offensive to all our constituents suffering in the recession.

It might be that the levy was set so that the Merlin agreement could become fully operable and lending might start in earnest again. As my hon. Friend the Member for Nottingham East noted, however, so far all the indications are that the revival of lending has not taken place. The Government's proposals therefore warrant a review at the earliest stage, because even now, while they are still being implemented, they are not working. The evidence for that is all around us. It is clear now—this is why the review is so important—that the levy has become almost irrelevant to the real issues of capitalisation and regulation.

**Mr Love:** I agree with my hon. Friend about the review's importance. On the one side, bankers are telling us that they are lending money and that money is available to lend; on the other side, we have small business organisations unified in saying not only that money is not available, but that the terms on which it would be made available are so onerous as to make it impossible for them to take out a loan. The review could resolve who is right and who is wrong.

**John McDonnell:** The review would certainly test the adequacy of the levy as an instrument for influencing banks' behaviour, which I believe is its purpose. However, the problem is not just the lack of lending; it is the continuing profiteering in the mainstream banking system—let alone the shadow banking system that my hon. Friend the Member for Walthamstow (Stella Creasy) has been so assiduous in exposing. In the main Budget debate, I highlighted some of the interest charges being made. A report by Moneyfacts last August showed that the profit margins enjoyed by the banks on fixed-rate deals are the highest since 1988, and that the average interest rate on personal loans was 12.6%, which at 12.1% over the base rate is an all-time high. So far, the threat of the levy has done absolutely nothing to change banks' behaviour in any aspect, whether remuneration, bonuses or lending. We are in danger of allowing the banks not merely to return to business as normal, but to get even worse. Even those in public ownership out of public control. I find that extraordinary.

The review must take place in the context of other attempts, such as the Basel discussions, to restrain or control banks' behaviour. Basel II seems to let the banks off the hook on a range of issues, from remuneration

to capital ratios. The levy is meant to come in the context of the reforms the Government are engaging in nationally and internationally, but the *Financial Times* reported today that discussions about global standards on bank lending risks are not moving towards an agreement, so now we are not even moving forward in capital ratio discussions.

We need to consider the levy in the context of the banks' role overall and the anger in our wider communities. Many believe—rightly—that the banks played the key role in creating the recession, and now, if we are not careful, by not lending or engaging in economic growth, they will play a role if not in tipping the economy into a double-dip recession, at least in leaving the economy to scrape along the bottom of economic activity. I have referred before to the words of Graham Turner, from the Left Economics Advisory Panel. He works in the City and is an expert on what happened in Japan. We face the prospect of a long, low-level, depressed, deflationary spiral if we do not use the levy to stimulate the banks into playing a responsible role within our economy.

We will come out of recession only through an astute mix of fiscal and monetary policy. In the 1930s—this is the whole point about Keynes—it was about not just deficit funding and quantitative easing, but more importantly banking reform. Banking reform is one element of the strategy that any Government must adopt to take us out of recession, and the banking levy is one of the few tools and weapons at our disposal that can force through banking reform. So far, the threat of the banking levy has failed to engage even those banks that are in public ownership in a proper discussion about banking reform and the role that they will have to play in tackling the recession and encouraging economic activity.

8 pm

I urge the Government and all parties to accept the amendment. All it does is seek a review, so that we can come back to this place—the amendment says in December; I would welcome doing it earlier—having reviewed the banking levy's effectiveness. I do not understand why that is difficult for the Government to accept. At that stage, if we find that the banks are continuing to ignore the Government's exhortations and to ignore the levy as a means of encouraging them to engage in constructive activity in our economy, we can adjust the policy. We can then use it as a proper lever to encourage new banking practices, increase transparency and accountability in the banking sector and get the regulation for which everybody across all parties is now clamouring, but which in the past has been ignored.

I support the amendment because it could be the start of a valuable process of engaging realistically with banking regulation in this country. I also support it because if the banking levy proves to be ineffective and we do not review it and make it effective, if the bonuses are let rip again next Christmas but lending is not happening and the bankers and the banks are not playing their full role in tackling our recession, the anger among our constituents will be immense, especially if they are on the dole or are facing cuts, or if their communities are facing severe deprivation. That anger will also fall upon our heads for failing to act by simply having a review to ensure that we have the right mechanism to tackle the banks and the recession.

**Mr Kevan Jones:** It is a pleasure to follow my hon. Friend the Member for Hayes and Harlington (John McDonnell), who summed up the anger that is still out there among many of our constituents, who do not understand why neither of the parties that now form this push-me, pull-you coalition is following through on their rhetoric in the general election.

I support the amendment, which stands in the name of my right hon. Friend the Member for Delyn (Mr Hanson) and those of my hon. Friends the Members for Bristol East (Kerry McCarthy), for Wallasey (Ms Eagle) and for Nottingham East (Chris Leslie). The amendment addresses clause 72 and schedule 19, which deal with the bank levy. The explanatory notes say:

“Clause 72 and Schedule 19 impose a new tax”—

the point that my hon. Friend the Member for Hayes and Harlington emphasised—

“the bank levy, which applies in relation to periods of account ending on or after 1 January 2011. The Schedule identifies who will be liable to pay the tax and how the tax is to be administered.” The complexities have been referred to, some of which I will cover later.

I have already referred to the rhetoric that we heard in the lead-up to the general election. My hon. Friend the Member for Ealing North (Stephen Pound) has referred to the hobby of bashing bankers, which was certainly the sport of the day for the future Prime Minister and the Deputy Prime Minister. In every TV studio that we saw them in, they talked about who would be tougher on the bankers, arguing that if they were elected, they would be as tough as possible on the bankers—who, as everyone recognised, got us into the mess whose economic consequences this country and our constituents are now facing.

**Mrs Jenny Chapman** (Darlington) (Lab): This is not just about banker bashing, as my hon. Friend will know; this is about an opportunity cost, particularly in regions such as ours in the north-east. My constituency did not succeed in securing any grants from the regional growth fund. It is that lack of opportunity, too, that makes people so angry.

**Mr Jones:** It does, and my hon. Friend makes a good point. The rhetoric from Conservative central office, now joined by the Liberal Democrats, is that we are in this economic mess because of the recklessness of the Labour Government, somehow forgetting both the international economic climate and the effects of the irresponsible lending by banks, on which the levy will now be imposed. My hon. Friend is quite right: I know that her constituency is facing a tough time at the moment, and not just in the public sector. A number of private sector companies are closing in Darlington as a direct result of the fiscal straitjacket that this coalition Government have put on the north-east region. Before the election the Prime Minister said that there would be a “day of reckoning” for bankers, but if this is a “day of reckoning”—[*Interruption.*]

**Stephen Pound:** Does my hon. Friend agree that we seem to have had an example today of the Sage of Twickenham being seduced by the subtle perfumed blandishments of the banking industry? Might this not be time for us to say, “We’ve had enough of ‘Double Your Money’ and ‘Who Wants to Be a Millionaire?’ Let’s go for ‘Call My Bluff’”?

**Mr Jones:** That is exactly what the electorate will be doing: calling the bluff of this Government and asking whether they will live up to the promises that they made. Indeed, it is interesting that when I mentioned the Prime Minister’s “day of reckoning”, someone on the Government Benches said that it would be a bank holiday. If I was a banker, that is exactly what I would think this weak banking levy and these weak banking regulations were delivering.

The Deputy Prime Minister even joined in on the act, saying on Radio Sheffield that he wanted to “wring the neck of these wretched people”.

I am not sure whether he was referring to the Conservatives or the bankers—or, after Thursday, some of his Cabinet colleagues, when the AV referendum delivers a no vote, which is how I recommend everyone should vote on Thursday. Despite all the overblown rhetoric, we have seen no action to follow it through. As was said earlier, many of our constituents cannot understand why, if we were going to tax the bankers through this levy—and thereby control their reckless behaviour, as my hon. Friend the Member for Hayes and Harlington said—they seem to have completely ignored it.

We need to consider that when thinking about the appearance of the head of Barclays before the Treasury Committee, when he said,

“there was a period of remorse and apology for banks.”

I am sure that many of our constituents are very grateful for that. However, he continued:

“I think that period needs to be over”.

It might be over for him, but it is not over for many of our constituents, including those running small businesses who are struggling to get loans from banks. He went on: “we need our banks willing to take risks...so...we can create jobs”.

Well, lending money to those businesses would be a start. Another starting point for doing that might also be Barclay’s five top bankers. They have just received bonuses of £110 million, which does not—

**Stephen Pound:** Each?

**Mr Jones:** No—not yet.

Those bonuses do not reflect the behaviour of bankers who have been responsible in their lending.

**Andrew Gwynne:** My hon. Friend makes an excellent point. Does he understand the dismay of those from small and medium-sized companies in Denton and Reddish who come to see me? They would not mind their banks being a bit more generous in their lending now and then. They cannot even get a decent proposal through their local banks for funding to expand their businesses. These are not risks; they are sound business proposals that would generate jobs in my constituency. No doubt the same happens in my hon. Friend’s constituency, too.

**Mr Jones:** My hon. Friend makes a good point. Those examples can be seen up and down the country.

Given the amounts of money that some of the directors of Barclays are being paid, they could lend money to those small businesses themselves. The two highest-paid managers, Jerry del Missier and Rich Ricci—great name!—

[Mr Kevan Jones]

were handed more than £40 million each after share deals awarded over the previous five years. Bob Diamond, the chief executive, took the helm in January this year and, in that period of remorse, has received £27 million, including £6.5 million in bonuses for 2010 and £2.525 million awarded in shares, which could be paid out in the future. The share deal for the past five years paid out £40 million, and the one for 2007 paid out £5 million.

We know about those amounts because of the Government's great deal under Project Merlin to force banks to expose what their directors are being paid. If that was supposed to act as a threat to them, they seem to be ignoring us and doing it all anyway. They seem to have very tough hides, because rather than being remorseful for the mess that they got us into, they are still taking the money.

**Ben Gummer (Ipswich) (Con):** The hon. Gentleman is speaking of remorse. He was one of the more eminent members of the previous Government; is he remorseful about the pay-off given to Sir Fred Goodwin, who broke the Royal Bank of Scotland and who was given a knighthood by the previous Government and was a member of the council of "wise men" who advised the previous Chancellor of the Exchequer and Prime Minister?

**Mr Jones:** I had only a small walk-on part in the previous Government. However, when asked whether we can justify some of the bonuses that were paid, I would say no, we cannot. I agree with the hon. Gentleman about that.

When our constituents vote this Thursday, they should be aware of the lack of Conservative and Liberal Democrat Members present for this debate today. I note, however, that the hon. Member for Bristol West (Stephen Williams), who speaks for the Liberal Democrats on finance, has referred to the Barclays bankers' pay deal as "obscene". As part of the coalition, the Liberal Democrats need to speak out loudly to ensure that something is done about the bonuses.

The levy is supposed to curb behaviour, but I agree with the hon. Member for Ipswich (Ben Gummer) that the greatest scandal is the bankers' bonuses being paid by banks controlled mainly by the Government. For example, the Royal Bank of Scotland is 87% owned by ourselves as taxpayers, yet more than 100 of its bankers were paid a bonus of more than £1 million last year, totalling more than £1 billion. We are talking about the bank levy raising more than £2 billion a year, but the banks are paying out £1 billion in bonuses. That raises the question of whether the levy is high enough. If it is not going to change the behaviour of the banks it clearly is not high enough, and we should look in greater detail at the idea of raising the levy.

We have heard a lot of rhetoric on the regulation of the banks, but we have seen very little action. The bankers' bonus tax raised £3.5 billion for the taxpayer, but the levy that we are now discussing will raise only just over £2 billion a year. The new levy will add about £800 million to that. The banks have got off pretty lightly. In addition, as my hon. Friend the Member for Nottingham East said earlier, they will gain about £100 million from the reduction in corporation tax from 28% to 24%.

The danger that was threatened by the banking sector to Labour when we were in power, and is still threatened today, is that if we do not allow these large bonuses to be paid, or if we charge the banks too high a levy, they will move offshore or elsewhere. The example of Sweden has been mentioned as the only example of that, however. I have looked into whether the lack of such bankers' bonuses elsewhere affects where people live. An interesting survey has been carried out by eFinancialCareers, which looked at 2,511 bankers, 654 of whom were in the UK. It showed that bonuses rose by about 5% in this country, whereas in the United States they decreased by the same amount.

8.15 pm

Another issue of concern to many of us is the fact that banks will increasingly come up with ways of paying bonuses other than in cash. We have already seen arrangements whereby 40% to 60% of bonuses can be paid through share options at a future date. It was pointed out earlier that some of those individuals could defer accepting their bonuses for several years, possibly until tax rates have gone down, or in order to use other mechanisms to avoid payment of tax.

If we are to follow through on the rhetoric, we need to ensure that the proposed levy is justifiable, as my hon. Friend the Member for Nottingham East said earlier. But what is wrong with the amendment? It is simply asking for something quite reasonable—that the Chancellor

"review the bank levy and publish a report"

on that levy. Such an analysis would also examine the thresholds involved. I would also be interested to hear from the Minister why the first £20 billion is exempt. Why was the figure of £20 billion chosen? That measure will take out quite a number of small institutions. It has been argued that it was set at that level to discourage larger banks, but it will also benefit those banks, which will avoid paying anything on the first £20 billion.

**Andrew Gwynne:** Why does my hon. Friend think that those on the Government Front Bench are so apprehensive about having a review of their own banking levy? Does he suspect, as I do, that the findings could show that it was not working?

**Mr Jones:** Yes, possibly. The Government are getting used to performing U-turns on a daily basis: and after Thursday, the reinvigorated Liberal Democrats might be able to force a change and get the levy increased.

**Stephen Pound:** Irony!

**Mr Jones:** Indeed.

We need time to see whether the system is working, and whether it is a way of increasing the money that we get from the banks. At the end of the day, the taxpayer has put huge amounts of public money—rightly, in my opinion—into supporting the banking system. I do not agree with the suggestion made by the right hon. Member for Wokingham (Mr Redwood) that we should have let the banks fail three years ago. If that had happened we would certainly have had a real problem, not only with Northern Rock but with a large number of other banks. That would have ruined the UK banking system, and there would have been international implications as well.

**Mr Anderson:** It is not only my hon. Friend who disagrees with the right hon. Member for Wokingham (Mr Redwood); the OECD disagreed with him as well, saying that the actions of the previous Government prevented the recession from turning into a depression.

**Mr Jones:** I agree with my hon. Friend. The Tory spin doctors forget that if we had followed the first reaction to the Northern Rock crisis from the then shadow Chancellor, the right hon. Member for Tatton (Mr Osborne), we would have let Northern Rock go, which would have had a knock-on effect on other banking systems and the recession would have turned into a depression. It is perhaps not fashionable to say it, but we should thank the Chancellor and the Prime Minister of the time for the decisions they took to ensure that that depression did not materialise.

**Jim Shannon** (Strangford) (DUP): It is a pleasure to see my hon. Friend the Member for South Antrim (Dr McCrea) in the Chair. I understand that this is the first time a Northern Ireland MP has chaired a Committee of the whole House, which is particularly fitting on the 90th birthday of Northern Ireland's formation as a state.

Does the hon. Member for North Durham (Mr Jones) agree that one thing that annoys people about the banks and their bonuses is that after the Government and taxpayer bailed them out, they went on to make excessive profits? Does he agree that some of those profits should be returned to the taxpayer and the Government to pay off the money spent bailing them out in the first place?

**Mr Jones:** I agree. I am sorry that I forgot to welcome Reverend McCrea to the Chair; it is a pleasure to serve under his chairmanship. The hon. Gentleman makes a good point. It was taxpayers' money that rightly bailed out the banks; if they are making excessive profits now, which clearly they are, the banking levy would allow some payback.

If the Government are feeling timid and do not want to upset the banking sector, the amendment provides them with an obvious get-out by making it clear that there is a review at the end of the year that would enable us to see whether the levy was having a detrimental effect. Evidence to date suggests that the £3.5 billion that the bonus tax took out of the banking sector has not damaged the banking system in any way, shape or form. The public expenditure effects, however—they will affect my region and also the area that the hon. Member for Strangford (Jim Shannon) represents—are going to be absolutely devastating.

**Ian Mearns:** I wonder whether my hon. Friend would reflect on the view of many of my constituents, who feel that the Government's reticence in tackling the bonus culture or in tackling the banks in any tangible way has much to do with the number of Members sitting on the Government Benches who have an employment history within the banking sector?

**Mr Jones:** My hon. Friend brings me on to a new relevant area, because he shows how the banking and financial sector are able to influence the debate. The previous Labour Government as well as this Government might have been somewhat in awe of the threats made by the banking sector—for example, to move offshore, with a consequent effect on jobs, if too much regulation

is imposed. It might just be coincidental, but since the right hon. Member for Witney (Mr Cameron) became Leader of the Opposition, donations to the Conservative party have increased, and about 50% of them come from the City and the financial sector, including some donations of £500,000 from four or five key individuals, including from Finsbury and Pelham PR, whose job it is to persuade politicians and other decision makers of the importance of, and the need for, the banking sector. As I say, it could be completely coincidental that the Tory party gets large amounts of money from this sector, but one could draw the conclusion that this is one of the reasons this Government have taken such a light-touch approach to regulation of the banking and finance sector.

**Hugh Bayley:** I wanted to follow up the intervention of my hon. Friend the Member for Blaydon (Mr Anderson). It was not only the OECD that praised the London summit, which got the leaders of the western world to work together through fiscal stimulus to avoid recession. I remember going to the IMF in spring 2009 and what it described as “the Brown plan” was, it said, the only thing that stood between a global financial meltdown and getting the world economy back on a level footing. Does my hon. Friend share my concern and dismay at the Prime Minister saying that he would not support the former Prime Minister if he decided to run for the job of managing director of the World Bank? Surely the best way to test the Prime Minister's thesis about whether the former Prime Minister's leadership was good or not is to allow him to run and see whether other countries support his candidature.

**Mr Jones:** I would not want to stray too far down that avenue, but it does say something about the pettiness and smallness of our present Prime Minister, whereas the previous incumbent is not only respected in financial circles but has proven ability to do the job. Pettiness is one aspect of this Government but another part of their mantra is that they must sound tough. They won an election by sounding tough, but they have not followed it through when it comes to banking regulation.

The right hon. Member for Wokingham spoke about banking regulation. He is no longer in his place, but he used a wonderful phrase about his being in favour not of less regulation, but of “better and less regulation”. My hon. Friend the Member for Wansbeck (Ian Lavery) touched on whether the previous Government should have regulated the banking sector more. In hindsight, I think yes, they should. I think we all accept that; it is not an admission of failure to concede that. We also need to remember who else at the time was arguing, along with the right hon. Member for Wokingham, for less regulation and less red tape in all areas, including banking. The answer is, the Conservative Front-Bench team—those same Conservative Front Benchers who were arguing for the same spending levels that we had right up to 2007, although that seems to have been forgotten about in the revisionist history that has developed since they gained power with the Liberal Democrats last May.

The Government's bank levy is estimated to bring in £2.5 billion a year—less than Labour's bank bonus measures, which according to the Office for Budget Responsibility brought in £3.5 billion. We should not

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forget that the cut in corporation tax in 2011-12 will give the banks £100 million in tax relief, but that at the same time local government is being asked to make cuts. My own county council, for example, is going to lose 40% of its budget—£125 million—over the next four years as a result of the unnecessary austerity measure proposed by this coalition Government.

**Mrs Mary Glendon** (North Tyneside) (Lab): On a day when a leading economist has said that affordable income is falling by 2% and that the average family will be worse off by £780, it falls on the Government to support this amendment and show some care for the people who are working so hard out there and suffering while the banks are simply laughing all the way to the bank!

**Mr Jones:** My hon. Friend makes a very good point. One of this Government's favourite soundbites is that "We are all in it together", but it is quite clear that we are not all in it together. When bankers are claiming bonuses such as the ones we know certain individuals have got, it is just mind boggling to think about what could be done with the money.

**Mr Ward:** It is useful to have on record your opposition to the reduction in corporation tax, which will enable the companies concerned to employ many of the people about whom you have been talking. However, what really interests me is why, when the Government are monitoring every single day the repayment of loans to the banks, the effect of the tax levy and its adequacy, banks' lending to businesses—which was mentioned by the hon. Member for Denton and Reddish (Andrew Gwynne), who is sitting next to you—and the strengthening of the banks' balance sheets, you are prepared to wait—

**The Temporary Chairman (Dr William McCrea):** Order. Let me draw the hon. Gentleman's attention to the fact that "you" refers to the Chair, and that I am not participating in the debate.

**Mr Ward:** I apologise, Dr McCrea. I should like to know why the hon. Member for North Durham (Mr Jones) is prepared to wait seven or eight months for a review of something that the Government are doing every single day.

8.30 pm

**Mr Jones:** Given the hon. Gentleman's interventions, I am pleased that he will be here for only one term. It is simply not worth responding to some of them. I should have more respect for him if he asked—

**Mr Ward:** Answer the question.

**Mr Jones:** I would answer the question if it were not so stupid. If the hon. Gentleman believes that the review would be delayed for too long, why does he not table an amendment demanding that it be produced immediately? I am happy to give way to him if he wishes to intervene again.

**Mr Ward:** If you are interested—if the hon. Gentleman is interested—in any of this, he need only table some written parliamentary questions. He could obtain answers

to all of them without amending the Bill. This is absolute nonsense. The hon. Gentleman is prepared to wait eight months for answers that he could obtain in response to a written question.

**Mr Jones:** If the hon. Gentleman believes that it is possible to obtain all the answers that he requires by means of parliamentary questions, that demonstrates his naivety. Having been in the House for nearly 10 years and having, as a Minister, spent many hours trying to avoid answering parliamentary questions, I can only say "Good luck to him".

Let me quote from the amendment—

**Mr Ward:** I have read it.

**Mr Jones:** Then let me remind the hon. Gentleman what it says. It refers to

"the Government's analysis behind the rate and threshold chosen for the bank levy"—

we have not yet been given that analysis, a point made by my hon. Friend the Member for Nottingham East—and to

"the adequacy of the bank levy in the context of other reforms to the wider banking system".

We have heard a good many statements on bank regulation and on how the bankers can be made to lend more responsibly, but if the hon. Gentleman thinks that he can obtain the information that he requires by means of parliamentary questions, he is a better man than I am.

**Stephen Pound:** According to the current edition of *Private Eye*, when the hon. Member for Ipswich (Ben Gummer) enters a room, it lights up. No doubt my hon. Friend agrees with me that when the hon. Member for Bradford East (Mr Ward) enters a room, a tenebrous gloom seems to hang around his shoulders. May I adjure my hon. Friend to resist the temptation presented by the hon. Member for Bradford East, and say quite simply that if the hon. Gentleman thinks that December 2011 is too late, we will happily consider an amendment from him that would introduce the damned thing next week?

**Mr Jones:** I agree, but I am not sure that it would help much. Given that subsection (c) of the amendment refers to

"the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17",

I think that that would be very difficult to do. However, I look forward to seeing all the written questions tabled by the hon. Member for Bradford East (Mr Ward). I am sure that his coalition partners in the Treasury are longing to get hold of them. May I suggest that the hon. Gentleman table his questions on a Wednesday on a named-day basis? That usually messes up Ministers' weekend boxes.

**Stephen Pound:** He should not table them after 3 pm.

**Mr Jones:** No, because otherwise some Ministers might not get them in their weekend boxes. Anyway, it is nonsense to say that the information could be obtained in that way.

**Mr Ward:** Will the hon. Gentleman give way?

**Mr Jones:** Oh! With pleasure.

**Mr Ward:** Is the hon. Gentleman really not aware of the in-depth investigation conducted by the Business, Innovation and Skills Committee of the role of the banks and the contribution that they need to make to the economy?

**Mr Jones:** I am, but that is part of the scrutiny process, and so is this. If the hon. Gentleman is so interested in the banking levy and the effects of the Bill on his constituents, why does he not speak? At one point he was alone on the Liberal Democrat Benches. The Government Benches have been fairly deserted this evening: the poop deck of the *Mary Celeste* may have had more life in it. Members who support the proposal in the Bill should at least turn up to argue in favour of it. No doubt we will be receiving “Focus” leaflets from the Liberal Democrats—although after Thursday they may be called something different—describing how tough they have been in regulating the banking system, but it is clear that they have not.

The hon. Gentleman has until late tonight, and tomorrow, in which to contribute to the debate so that he can reproduce his contribution in his “Focus” leaflets ad nauseam, which I know the Liberal Democrats love doing. People will be able to learn about how he stood up for them against the bankers rather than just listening to the hollow words and rhetoric of the Prime Minister and the Deputy Prime Minister in the run-up to the general election. The beauty about being in government is that politicians can actually do things. I know it has come as a big shock to many Liberal Democrats that they are in a position of responsibility whereby they can actually affect the lives of ordinary people. [*Interruption.*] Yes, responsibility without influence, as my hon. Friend the Member for Gateshead (Ian Mearns) says from a sedentary position. As the Liberal Democrats are in government, they can follow through and make sure that the Bill deals with the people who were responsible for getting us into this mess three years ago. They also have an opportunity to tackle the excessive profits. I do not know what the average salary is in Bradford, but I am sure that £1 million is a lot of money to the people there. I know that in 1914, prior to the first world war, Bradford won the competition for being the place where the most Silver Ghosts were sold, because it was a rich mill town back then; I learned that from the predecessor of the hon. Member for Bradford East when I was working for him in a by-election many years ago. I doubt whether many Rolls-Royces are sold in Bradford nowadays, however, and the hon. Gentleman’s constituents can only dream of some of the bonuses he is supporting this afternoon.

**Andrew Gwynne:** Will not such a review serve to make it clear that many of the commitments made by the Liberal Democrats in opposition have not been implemented—and, indeed, have not even made it off the drawing board to become Government policy?

**Mr Jones:** Yes. I do not particularly like giving opportunities to Liberal Democrats, but it would give them an opportunity to show that they have the teeth that the Liberal Democrat Cabinet Ministers claim they have got in this coalition, because they would be able to say to the Conservative part of the coalition that they want change—that they want, for example, to increase

the levy or to make sure that the huge bonuses being paid are taxed in a different way, or to bring in regulation. Let us be honest about this, however: most Liberal Democrat Ministers have not got sharp teeth—unless they have been to the dentist in the last few weeks. In the next few days we will see the beginning of the demise of the Liberal Democrats, and, as it were, the extraction of their teeth. It will certainly be interesting to see how sharp their teeth are after Thursday.

The current Government’s bank levy should take the same amount as the Labour Government’s bank bonus measure raised, which was £3.5 billion.

**Mr Ward:** As repeating the same point time and again is not a problem in this Chamber, I will do what everybody else here does and repeat myself: £3.5 billion is a lot less than £10 billion, which will be the amount generated—£2.5 billion times four years—so to talk about it as a reduction is just silly.

**Mr Jones:** This is becoming a bit like bashing Bambi to death. The fact of the matter is that the hon. Gentleman is either being very obtuse or something else that I will not say. We are talking about £3.5 billion for each year, which would add up to more than what is being proposed. We are talking about four times £3.5 billion.

**Mr Robinson:** Which is £14 billion.

**Mr Jones:** Yes, £14 billion.

**Mr Ward** *rose*—

**Mr Jones:** Yes, the hon. Gentleman can intervene again if he does not quite understand.

**Mr Ward:** The amount levied by the previous Government was stated very clearly as being a one-off that could not be repeated. Everybody knows that, so why cannot the hon. Gentleman admit it?

**Mr Jones:** That is because I have said that we should do it again. I am sorry if the hon. Gentleman does not get that. He might say that it is a one-off deal, but perhaps it is a bit like one of those once and only, one-off sales that we see on television that furniture companies have every other week. I am proposing that we repeat the levy and raise that £3.5 billion again. Does he get it now?

**Mr Ward:** Yes, I do get it. I see not only Bambi before me, but the ice that the hon. Gentleman is stood on.

**Mr Jones:** That was too subtle for me.

The important point was made by my hon. Friend the Member for Nottingham East when he talked about what we would do with this money. As my hon. Friend the Member for Hayes and Harlington said, if the levy is seen as a tax, it is a pretty meagre tax on the banks, as it raises a small amount of money. However, the question is still about what we then do with the money. We could put it into rebuilding the economy by investing in housing and the regional economy, as has been said. The Government have allocated £1.4 billion over the next three years to projects, which is two thirds less than the £1.4 billion that the previous Labour Government invested in regional development agencies per year. In regions such as mine, the north-east, companies and

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individuals have to bid for that money. A banking levy could come in very useful for the investment that is being put forward.

The problem with the Conservatives—the Liberal Democrats have gone along with this—is that they have this notion of “Public sector bad, private sector good.” What they have failed to realise in regions such as the north-east is that large-scale public expenditure cuts have a huge knock-on effect on the private sector. The unemployment level is already 10.2% in the north-east, whereas it was as low as 4% under the previous Labour Government. Durham university has done a study suggesting that if 45,000 to 50,000 public sector jobs in the north-east are cut, 20,000 jobs will actually go from the private sector. Regions such as mine had no responsibility for the mess, but those responsible for it could pay for some of that reinvestment and that could be done through the banking levy.

**Ian Mearns:** The point that my hon. Friend is making about the north-east economy is appropriate. Clearly the job cuts in the public sector have not yet hit the employment market, yet the statistics for last month showed that although there had been a national decrease in unemployment of 17,000, it had increased by 11,000 in the north-east, which has a population of only 2.5 million. That is happening even before the job cuts hit the market, so the situation up there is very serious indeed.

**Mr Jones:** It is very serious. What my hon. Friend describes will have an effect on the private sector and on what has already been seen in the banks. The Government have set great store by making sure that banks lend to small businesses. That was one of the things talked about at the general election by both the Conservatives and the Liberal Democrats, but we have seen little evidence of it actually happening. As I said, it will be painful for many small businesses, particularly those in the north-east, when they see the amount of bonuses being paid to bankers and find that when they ask those same banks for investment they are told that either it is not available or that the terms on which it is available involve such horrendous rates of return. As my hon. Friend the Member for Wansbeck (Ian Lavery) has said, the same may also be true of personal finance, whereby certain individuals who would in the past have got access to credit will no longer be able to do so.

**Hugh Bayley:** It is not just that banks are still not providing finance for small and medium-sized businesses. Under the Labour Government, we had support through the regional development agencies—Yorkshire Forward in Yorkshire—to help businesses with the Government loan guarantee schemes, and in my constituency that secured a very important investment for a packaging factory. The RDAs are now being done away with and so there is not that support from the Government to get the banks lending.

8.45 pm

**Mr Jones:** That is right. My hon. Friend might have examples from his constituency—I certainly did—of the RDA underwriting small business loans for small companies when the banks, particularly Barclays and

others, suddenly withdrew the finance. One company came to me that wanted a £1 million overdraft for six months to get some investment and the RDA helpfully underwrote that to allow the investment to go forward and create in the region of 25 new jobs. That is the important point about the relationship between the banking system and the regions.

**Mr Robinson:** Before my hon. Friend leaves this point, I would hate for the Government not to realise the impact that their refusal to have this levy or even a review of it is having not only in the north-east and the north but in the west midlands—the area from where the Government are apparently looking for the big revival in the private sector and manufacturing to come. Advantage West Midlands, the RDA, has had its funds cut by no less than 70% and schemes that were going to have the go-ahead, triggered either by a guarantee or seedcorn funding, will simply be stopped. The resurgence in manufacturing and of the economy as a whole will certainly not come from the west midlands, where the level of activity is below the national average and where the level of unemployment is above it.

**Mr Jones:** My hon. Friend makes a good point. That small seedcorn funding made all the difference for small companies as they established themselves and grew. The problem we have in the north-east—I am not sure whether things are the same in my hon. Friend’s region—is the lack of confidence in the regional economy for the reasons mentioned by my hon. Friend the Member for Gateshead. The uncertainty about what will happen in the next few months as the public sector job cuts work their way through the economy means that there is no appetite to invest in small businesses. A few weeks ago, I was talking to someone from a small building company who relied as part of his turnover on school building contracts with the local council, which had suddenly been stopped, so the money is not available and people will have to be laid off. We have not yet seen the effects of such decisions.

If we add to that the fact that banks are not lending and are going to carry on in their own way, those involved with small businesses end up wondering why decent hard-working people like them who, in many cases, have built up businesses over many years are suddenly through no fault of their own having either to lay people off or to fold the businesses completely. These are family businesses which have been going for many years, and people see individuals getting bonuses that involve amounts of money of which they can only dream and which are equivalent to the turnover for their companies over two or three years, never mind one year.

**Stephen Pound:** My hon. Friend has teased out a very important element of the amendment. In Northern Ireland, the public sector accounts for approximately 74% of all economic activity and for perfectly sound and understandable reasons the private sector has not been able to generate economic activity. I implore my hon. Friend, following on from his points, to take on board the reality of the situation: a reduction in expenditure could have a disastrous effect, especially in Northern Ireland.

**Mr Jones:** I agree. I spoke in the last Budget debate about the effects of the public expenditure cuts on the north-east and our dependence on public sector jobs is very similar to, if not as high as, Northern Ireland's. This is another example of the nonsense that is being put about that suggests that if those jobs and that money are taken out of the economy we can somehow replace them overnight with private sector jobs. Those jobs are not just there; they are linked directly to public expenditure. If we also have a situation in which banks are not lending and companies are fearful of borrowing because they fear what the economy will bring in future, one can understand how we can get into a downward spiral. As I have said before, I fear that we could have a recovery that bobs along the bottom, as my hon. Friend the Member for Hayes and Harlington has described. We could end up with a two-speed Britain with a boom in the south-east economy—possibly again drunk on the excesses of the financial markets—while regions in the north-east, Northern Ireland and elsewhere struggle and do not get a look in when it comes to the growth that is expected on the back of the huge numbers of jobs that the Government say will be created.

The bank levy is a missed opportunity and I do not think the amendment is at all radical. It is quite modest to ask for a review of the situation; the Government will have to review the levy sooner or later anyway. Political expediency will lead them to do so when it starts to dawn on people that, despite the rhetoric of the election, the Government are not being tough on bankers at all but are letting them off—and many people will ask why. I believe that in the past five years, since the Prime Minister became its leader, the Conservative party has accepted about 50% of its donations from the financial sector; that prompts questions about why it is not taking a tougher and more robust stance against the financial sector.

Let me conclude with a few questions that I think the Minister needs to answer. My hon. Friend the Member for Nottingham East raised the issue of the tax-free allowance of £20 billion. The explanatory notes on clause 72 and schedule 19 state:

“Paragraph 6 sets out the steps to be followed in order to ascertain the amount of the bank levy. The steps show how the allowance of £20 billion is to be applied and how the bank levy charge is calculated for long and short chargeable periods. Part 6 of the Schedule provides details of how to identify the entity responsible for payment of the bank levy.”

I have asked why the figure is £20 billion and not £5 billion, £10 billion or £50 billion? *[Interruption.]* Hon. Members say “Higher!” but we have not heard any explanation why £20 billion was the figure arrived at. If we are not only to maximise the amount of money we get from the banking levy but be able to justify to our constituents how fair the measures are, we must be able to explain how that figure was arrived at.

**Mr Robinson:** Does my hon. Friend know why the Government set £2.5 billion as the absolute limit for the amount they wanted to raise from banks and made everything fit with that? Does it not all come down to the fact that the Government have struck an awful deal with the banks? They have limited so much and got Merlin in return—and perhaps some other things to which my hon. Friend has referred but which I shall not go into now. They have tied themselves in knots, complications and contortions to deliver this deal

and the banks have simply walked away from Merlin saying, “Thank you, very much.” Is not that the problem?

**Mr Jones:** My hon. Friend makes a clear point. I do not know which wag in the Treasury came up with the nickname Merlin for this project. Having dealt with the Treasury and Treasury Ministers I have never thought of them as having a sense of humour, but whoever came up with that name clearly had one. Again, my hon. Friend makes a good point. There is no explanation for the figure of £20 billion other than the yield that it is intended to produce. The Minister needs to provide the evidential basis for the £2.6 billion yield. If we levy, for example, £2.7 billion, £2.8 billion or £2.93 billion, at what point do the Barclays bankers pack their bags and move to Zurich? Would the entire system of bankers' bonuses fall apart if the figure were more than £2.6 billion?

I have raised the issue already, and I accept that international finance is a global business and can move, but in terms of bonuses, bankers are clearly not bothered about the £2.6 billion figure. May we see the evidential basis on which the figure was arrived at? What would be the effect if it were a little higher or lower than £2.6 billion? It is important that we know that.

**Mr Gregory Campbell** (East Londonderry) (DUP): The hon. Gentleman makes an interesting point. The Government would be helpful to us if they clarified the figure that they think would be the tipping point. Would it be £3 billion, £4 billion or £5 billion? We want the banks to be profitable and to lend money to our constituents, but at what point would they move overseas? The Government have so far failed to tell us.

**Mr Jones:** The hon. Gentleman makes a good point. That is the acid test. The Government must explain why they set the figure. I am happy to listen to the evidence—even the evidence that the hon. Member for Bradford East could come up with. I do not think we are anywhere near the tipping point at which the entire banking system crashes, especially as Barclays and others are paying large bonuses. If we had a review and analysis, we could see how the figure was arrived at. Unfortunately, we are in the dark about that.

A further point is the progress that the Chancellor has made on tax activities. If we are to remain competitive internationally, is there an international tipping point across Europe in respect of bank levies and caps on bonuses?

The hon. Member for Bradford East seems to be dreaming if he thinks he will ever find himself in the Front-Bench team of the Liberal party or the coalition, but it is nice to see him sitting on the Government Front Bench.

Is work being done internationally to look at what other countries are doing? We need to study that in detail to see whether £3.5 billion would be too much. We need to achieve agreement across Europe.

The subject of Project Merlin has been raised. What leverage does the Treasury have over lending to SMEs? To what extent will the cost of the levy be passed on to customers of the commercial or private sector—in other words, to all of us who use banks? Will it become more difficult for SMEs to borrow money if bank charges are passed on? To explain Project Merlin, much

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more needs to be put forward. A review would enable us to look in detail not just at the bank levy, because we must remember that the amendment also relates to other areas of banking tax. That would also lead to the public having a lot more confidence in politicians actually following through on their rhetoric about being tough on bankers.

9 pm

In conclusion, this is a missed opportunity. If we followed through on the rhetoric and showed that we were not only fair but tough on the banks, we would be able to stand in front of our constituents and say that we had stood up on their behalf to those responsible for the crisis that hit this country, which our constituents are all paying for today through the austerity affecting them, and that the mess we got into as a result of the crisis a few years ago will not be repeated. If they do not do that, the Government will have to review and change, because otherwise the electorate will do it for them. The Government will not be able to stand up and say that somehow they have been tough, that they have followed through on the rhetoric and, more importantly, that they have made sure that such a crisis will never happen again.

**Mr David Lammy** (Tottenham) (Lab): It is a great pleasure to follow my hon. Friend the Member for North Durham (Mr Jones), whose eye for forensic detail and lucidity in these matters is second to none. He could not be described as brief, and on this occasion I intend to be a bit briefer. The amendment seeks a review of this proposal because, at its heart, this is about equity and fairness. You, Dr McCrea, understand better than anyone what fairness and equity mean.

There has been much talk about small business men. A small business man came to see me a month ago about the lack of finance from Barclays bank. It is true to say that even though we all have stories of small businesses that are unable to get loans, many constituents come and ask Members specifically not to contact their banks, because they are scared, frankly, that they will be cut loose and that the intervention of a Member of Parliament could make things worse. The fact that across the Chamber no party is suggesting that we have got back to a situation in which there is access to loans indicates that industry and small businesses in this country are in a very serious way.

That brings me to the other deceit, or conceit, that lies at the heart of what has been suggested. Much has been made of the manufacturing sector. Yes, it is hugely important, but it employs 4 million people or thereabouts, whereas 23 million are employed by the service sector, which is a depressed sector. That is perhaps why, alongside the public sector cuts we are now seeing, unemployment in Tottenham is the highest in London. The levy, set at the right amount and consistently reviewed, could have done something to ameliorate that.

It is about fairness and equity, and it is also about what the Government's story on growth really is. Some of what we are hearing on how they see the levy and the box into which they want to put it, with the constraints of £2.5 billion only, can only mitigate the growth that we want to see in our constituencies.

The single mums who came to see me a few weeks ago because the after-school activity club is being cut for their young children and they are wondering how they are going to get back from work by half-past 3 to pick them up need to feel that bankers, too, are making a contribution. The elderly suffering from Alzheimer's in one of my local residential homes, against a backdrop of three being closed because the local authority is being squeezed, need to feel and want to believe, because of the age they have reached and the contribution they have made to this country, having paid into the system, that the banking sector is also making a contribution that is fair. The many public sector workers who received their payslip for the last time just a few days ago also want to believe that bankers are making their contribution.

They cannot understand why, despite the fact that growth in our economy is so sluggish, at barely 2% over the most recent period, City workers are taking home an increase of 7% on average. Why have 231 workers at Barclays bank managed to receive bonuses of £554 million between them? How is that possible, when the dividend for those who have shares in that bank was just over £600 million? That is a bonus culture that has not been checked, that has not been sorted out, and that feels brutally unfair.

When I was canvassing in Slough at the most recent general election, a 90-year-old said to me, "Love, you know what it is? The poorer you are, the more you give in this country." That is how it feels at this point, when we have to come back to a subject on which really we ought to agree. We know that the banking sector led to this depressed economy, so why should it be let off the hook at this time?

When my hon. Friend the Member for North Durham asked, "Where did we get this £20 billion from?", I asked the Minister to begin his contribution with the answer. Where did that £20 billion allowance come from? It is a staggering amount of money to slot in at the last minute so that the figure drops beneath the £3.9 billion mark which the industry itself originally predicted. Where did that money come from, and how did we secure the millions in tax relief for that sector? We owe a bigger contribution from the banking sector to the young people of this country, one in five of whom is currently unemployed.

This Government have led us to a situation in which the new arrangements for funding higher education are between the student solely and the university. They have taken the state entirely out of the picture, cutting teaching funding by 80% and abandoning arts and the humanities and any contribution to them. Effectively, with a proper banking levy they could have said that the state could stay involved. Industry, the other sector that benefits, could have made a contribution, too, but the banking sector is certainly somewhere where we could have started. The Government, however, turned their face against that, saying, "No, we'll land the debt on our young people and let the very people who have led to their unemployment off the hook."

I want to understand why the Minister has made that decision, and how we will get back to growth, given that young people are to be dealt with in that way.

**Mike Gapes:** My right hon. Friend asks why. Is it not clear why? This is a Government of millionaires and toffs, and they are in the pocket of the banksters. That is what it is all about.

**Mr Lammy:** My hon. Friend is exactly right.

The Government's rhetoric prior to the general election about what they would do with the bankers, and about recklessness and bankers paying their dues, led some to believe that at least we could agree that bankers were responsible for the situation and that they should make a contribution—and a serious one at that, which we should constantly keep under review for obvious and clear reasons. As my hon. Friend the shadow Minister said, the amendment is incredibly tame: it simply asks for a review and says to the Minister, "Can you look at this again?" It seems reasonable to ask him to do so, given that the state of our economy could change between now and Christmas, but he has said no even to that. As other Members have suggested, that can only be because of the slightly peculiar relationship between the Conservatives and the many friends in the sector who bankrolled them. That is unfair, and it is not right, and the public know it. I suspect that on Thursday we will see that they have sensed this injustice in the balance of how we should deal with the difficulties that we face.

It is not the first time that we have had a debate in this House about how we deal with an economically depressed situation. There are those who believe that we should invest—in fact, reinvest. That is a Keynesian approach to growth from the same party that did not back away after the second world war, when this country was in rubble, but invested in the NHS. Then there is the party that says we should cut, and the cuts fall hardest on the poorest while those who can afford to make a bigger contribution get let off. Yes, there is a balanced argument as to why one would support a reduction in corporation tax: in order to see growth in the economy. However, when people set that tax reduction against this levy, which is minuscule relative to the huge sector that has brought us to this point, and then against the £20 billion tax relief that has come out of nowhere, of course they get suspicious. I hope that the Minister will explain why this proposal is fair to a young person who is one of the one in five who are unemployed, to someone who is experiencing their local authority cutting services that they desperately rely on, or to a public sector worker who has just received their last payslip because they have lost their job. Will he also explain how it gets us back to growth? If he is to let off this sector of all sectors, how are we to develop that growth strategy and generate the funds for the investment that we need to stimulate recovery?

The Chancellor of the Exchequer said that we must move from retribution to recovery. That is an interesting play on words. What most Labour Members want is not retribution but reciprocity—a bit of give and take, and something that is fair and honourable. I have to say to the Minister that this proposal is deeply dishonourable, unfair and wrong, and he should come to the Dispatch Box and explain why the simplest of reviews is not possible on this occasion.

9.15 pm

**Mr Love:** I congratulate my next-door neighbour and right hon. Friend the Member for Tottenham (Mr Lammy) on a very competent speech.

It will not come as a surprise to those in the Chamber that I support the amendment. I support it primarily because there is so much public interest in and concern

about bankers' bonuses and the contribution being made by bankers when we are all supposed to be pulling our weight. I also support it for the reason given by the shadow Minister: a peculiarity of our system is that we cannot amend upwards any proposal in the Finance Bill, and the amendment offers an alternative way to look critically at the levy by proposing a review, which is not unreasonable. By December, we should have some idea of how it is working.

The most important feature of the amendment, as discussed earlier, is that it asks for a report to be published that can be debated by this House. Because of the importance of the issues involved, that is critical. The report will include an account of how the rate and the threshold were decided. As we have watched the measure's development over the past few months, we have started to have a sneaking suspicion that Ministers decided what amount of tax should be paid by the banks and then worked back to what the threshold and the rate should be. I will come back to that point later.

Much has been said by Opposition Members about the measure's adequacy. It is right to say that it will not raise as much as the bank bonus tax did and it is felt widely, within the House and outside, that the levy does not reflect the contribution that bankers ought to make. That relates to new subsection (2)(c) in the amendment. I will come back to bankers' bonuses, because they have an important implication for the contribution that bankers should make.

In what the Government propose, we are being asked to agree to a levy on UK banks and building societies and on the UK operations of foreign banks. It is estimated that it will affect between 30 and 40 institutions, covering all the largest financial services institutions in the City of London and throughout the country. That proposal seems reasonable, but it is important that it is reviewed to see whether it is appropriate.

The tax will be levied on what the Chancellor termed the wholesale funding of banks, which is the liabilities and equity minus a number of items that are considered safe, such as tier 1 capital and insured retail deposits. I think that we are being asked to agree that that will incentivise the use of prudent balance sheets, rather than risky balance sheets. Of course, the wholesale funding that the Chancellor talked about was a major cause of the difficulties in the credit crunch. We all remember the collateralised debt obligations and the exotic funding regimes, although I do not think that any of the major institutions are into any of that now. The proposal, which mirrors the proposal that was discussed internationally, is intended to incentivise our banks to hold safer liabilities than they held before.

Many Opposition Members have commented on the threshold of the tax, which has been set at £20 billion. I hope that the Minister will respond to the concern that that figure is far too high. The rate has been a moveable feast, and there have been many different rates and proposals. As was mentioned earlier, the Chancellor got up one morning—it just happened to be the day of Treasury questions—and announced another change. Changes have also been announced presumably because of corporation tax, and there has been concern that the rate may have been raised as a result of the failures of Project Merlin, which I will talk about later. We have had many different threshold rates, and I ask the Minister to clarify how we reached all those rates, where we are

[Mr Love]

now and how much money the levy will raise. It is suggested that it will raise between £2.5 billion and £2.8 billion, which, as other Opposition Members have said, seems a very low figure in the present situation. I hope that he will respond to that concern.

What is the levy meant to achieve? Supposedly, it deals with a number of matters. First, numerous speakers have mentioned the implicit public subsidy that we provide to banks. The Bank of England has done some work and suggests that there is a £100 billion subsidy; others have suggested lower figures, but there is consensus that the figure is very substantial. If the bank levy will raise only one twentieth or one fortieth of that sum, that puts the matter in context.

To pick up on a point that the right hon. Member for Wokingham (Mr Redwood) made, the bank subsidies make life for new entrants to the marketplace—they are called challenger banks—very much more difficult, as they do not have any of those subsidies, reflecting the idea of banks being too important to fail. That notion should be the crux of our discussion about the financial services sector, because it raises the question of moral hazard: will banks that are too important to fail take riskier decisions, as happened in the lead-up to the credit crunch? I would like the Minister to explain how those issues relate to the levy. We understand that it will provide only part of the contribution that has to be made, but what contribution will that be?

I mentioned banks being incentivised to hold less risky liabilities. The reason for that is clear: if things go wrong, it is not just the financial services sector that is affected. Unlike other industries, in which problems affect other companies in the same industry, if the financial services sector hits difficulties, the whole economy is hit, as we found out to our great cost in 2007. It is critical that we reduce the possibility of that contagion happening in future.

We must deal with a number of issues peculiar to our financial services sector. Many believe that too much is concentrated in four or five very large banks and that as a result there is not sufficient competition. I will not go into the details of the Banking Commission's report or the most recent Treasury Committee report, but those who have read them will know that both have strongly suggested that consumers do not have a great deal of choice in our banking system, that the banks are too concentrated and that it is very difficult for new banking companies to come into being. There is not sufficient competition and, by common consent, the cost is that banks make excessive profits. The levy should tax those profits. I would like the Minister to say whether he believes it will do that sufficiently.

To return to a point that I made a few moments ago, in the light of the subsidy given to the banks—£50 billion is one suggestion, £60 billion is another and the Bank of England says it is £100 billion—a levy of £2.5 billion, which is between a twentieth and a fortieth of that subsidy, does not seem to address the problem that we face. Why does the Minister believe that the measure answers the concern about the financial services sector?

I could be more generous and suggest that the Government are moving in the right direction. After all, all the changes in the rate of the banking levy have been increases—from 0.07%, to 0.075%, and for longer held

assets, from 0.04% to 0.05%. I think I got those right, but I would be unsurprised if someone stood up and said, "You're wrong. It's changed," or if I woke up tomorrow to find that the Chancellor had re-announced the rate. Those changes have raised the take from the levy by £200 million or £300 billion, so that £2.5 billion will be raised in the first year. However, as I said at the start of my speech, given how the £20 billion threshold was constructed and the rate changes, we cannot escape the conclusion that the Government have set the overall amount that they wish to take and then gone back to work out the threshold and the rate. I should like the Minister to explain why that is not the case.

Of course, critically, at £2.5 billion or £2.8 billion, the levy does not raise as much as the bank bonus tax, so the suggestion—I put it no stronger than that—is that the banks are getting off lightly. The corporation tax reduction—corporation tax seems to have been constructed because the banks do not invest a great deal but have high turnover—and other changes could have been ideally designed for the banks. There is therefore a suspicion that banks are doing really rather well out of this year's Budget. If that is not so, I should like the Minister to tell us why not.

There are many good reasons why the Minister should have been more draconian in introducing the levy. After all, as has been said by many hon. Members, when the coalition parties were in opposition, they told us that negotiations between the Government and the banking industry on proposals such as Project Merlin would produce certain results; on bonuses, however, the Government got absolutely nowhere. Statements were made about constructive negotiations, so it was embarrassing to find bankers telling us that there was no change.

Of course, still more critically, we were told that small businesses are the lifeblood of our economy—that mainly small businesses in the private sector would make a reality of the Government's so-called strategy of getting the private sector to take up the slack created in the public sector. If they are to achieve that, they need to grow.

**Roberta Blackman-Woods** (City of Durham) (Lab): May I draw my hon. Friend back to the use of the bank bonus tax to promote growth? We heard last week that the construction industry was struggling to come out of the recession. Of course, applying the bonus tax and giving it to the construction to, for example, build affordable homes, which are very much needed in my constituency and many others, would have helped to stimulate the economy.

**Mr Love:** I agree with my hon. Friend. Clearly, the sector of the economy that has lost out the most is construction. If the Government intend to contribute only the homes bonus and changes to the planning regulations to the construction industry—they are creating uncertainty up and down the country—I foresee a bleak future for the construction sector in the next two to three years. I urge the Government to consider that carefully. They say they have a growth strategy but they do not, and we are now suggesting one. It would repay them to listen to what people are saying and to address the inadequacies of their response, particularly in the construction sector.

9.30 pm

I was speaking about lending to SMEs. The failure of Project Merlin is risible, and it is a sad reflection that all the Government could get from the banking industry was a gross figure of an additional £10 billion of lending. If, as someone said earlier, figures are to be released to show how things are developing and to ensure transparency, I suspect they will show that the banks are not coming up to par. However, I hope I am wrong, so I ask the Minister to reassure me on that.

The cut in corporation tax is another reason why the Government should have been firmer in how they introduced the bank bonus tax. I understand that the cut is worth £100 million a year. If there are now to be two reductions in corporation tax—the Budget includes a further 1% reduction—the cut will be worth £200 million, which seems to me a good reason why the Government should have been tougher. They are giving back in corporation tax, so they should have been tougher on the bank bonus tax.

There is confusion in the Government about what they are suggesting the financial services sector ought to do. On the one hand, we are asking banks to lend more, and on the other, we are asking them to hold more capital and, into the bargain, to pay more tax, as the right hon. Member for Wokingham said. That is not a coherent policy. Banks have to lend to keep the economy going, but they also need to increase their capital. One of the major advantages of the bank bonus tax was that it incentivised the retention of profits, which would have helped to build up banks' capital base.

The real failure of tonight's proposal, however, is that it does not live up to the Chancellor's own expressed reason for its introduction. When pressed on the matter, he said that equity was the reason. He had to prove to the public that he was looking to get from the banks their contribution to the austerity measures that had to be introduced as a result of the banking sector's failures. In my view and that of other Opposition Members, however, he clearly has not done that. Although we look forward to him agreeing to the review that will tell us whether he has done it, perhaps the Ministers could give us some reassurance.

That brings me to the bank bonus tax. I would like to refer to an earlier intervention. If, as is likely, we pass the bank levy in its present form, despite the amendment, we simply will not raise enough money to do all the things the economy needs if it is not to bump along the bottom, as someone characterised it earlier. If we are not to bump along the bottom for the next few years, we need to do something. I commend the work done on the bank bonus tax and how it would have been used. That was a tax of 50% only on bonuses over £25,000, so it did not tax the smaller end of the bank bonus market. The particular merit of the bank bonus tax was that the bank paid, not the employee.

I mentioned earlier that the bank bonus tax raised £3.5 billion. Why did we introduce it? First, it should be noted that it had widespread support among the public, who felt that we were directly addressing bonuses and the bonus culture. Taxpayers kept saying, "Why have you guaranteed the banking sector and not any other part of the economy?" We in this House know why that was, but they needed a justification for it. One justification for that implicit guarantee was that we wanted to rescue

the economy. We did not give that guarantee so that we could enrich bankers a year later. That was not the idea. We were doing everything we could to reflect public concern, as well as ensuring that the system was stable and that bankers paid their fair whack.

However, the bonus tax was described by the bankers—these are direct quotations—as "populist", "political" and, believe it or not, "penal". There were also threats to leave the country. We have been looking out for additional electoral registrations in Zurich, Paris and New York, and although there is a flow backwards and forwards, to and from those countries, the reality is that the bankers did not leave. They did not leave because the banking industry recognised that we made the correct and appropriate response, which I would commend to the Minister.

Finally—this comes back to the earlier intervention—let us look at what the Government have brought forward in what they call their growth zones. Enterprise zones? I mean, come on! As for the idea that they are an appropriate growth strategy, we need only look back at the experience of previous enterprise zones to know that creating jobs under such a regime is prohibitively expensive. The national insurance holiday is another centrepiece of what the Government said they wanted to do. However, although they will not release any concrete figures, it was already clear from an article in the *Financial Times* in January that, far from 400,000 businesses being helped over the four or five years of the policy, at that time only 1,500 had been helped.

**Mike Gapes:** My hon. Friend mentions the national insurance holiday for new businesses, but it discriminates against London and Londoners. Some of the poorest people in the poorest communities in the poorest boroughs in this country are in London, as are some of the areas with the highest unemployment, yet the national insurance holiday does not cover London, which he, as a London Member, knows as well as I do.

**Mr Love:** I thank my hon. Friend for that intervention. He is correct. When that legislation was passed, we argued that many parts of London had suffered tremendously from the credit crunch and were as deserving as—if not more deserving than—other parts of the country. However, that argument was not listened to. Perhaps the policy would be a little more successful if the Government had included London, along with all the other parts of the country.

The policy has clearly not been a success. The Government's growth strategy is not producing growth. I would therefore like to suggest an alternative growth strategy, the merit of which is that it was beginning to bear fruit at the time of the general election.

I will pick out just a few areas at which the Government need to look carefully, while searching their conscience and trying to construct a positive growth strategy and address these concerns. First, youth unemployment is just about topping 1 million. One in five of our young people aged 16 to 24 are unemployed, and a focus on getting young people back into work, as we were trying to do before the general election, would pay dividends. We shall lose a whole generation if we do not address the youth unemployment problem, and that should be a priority for the Government.

**Mr Robinson:** The whole House will agree with my hon. Friend that youth unemployment is the single biggest threat on the unemployment front at the moment, at 20% and rising. Was not the cancellation of the future jobs fund a short-sighted, perverse reaction by the Government that could well result in a repeat of what happened in the 1980s—a whole generation being lost to the working population because of the rise in youth unemployment?

**Mr Love:** Yes, the future jobs fund was the very vehicle to provide a job, training or relevant work experience so that our kids did not have to sit on the sidelines without a future, getting demoralised and not being in a position to take up the job opportunities that will be available when the economy turns round. It is a dereliction of duty on the part of the Government not to address that issue.

**Nic Dakin:** My hon. Friend is giving a cogent and coherent analysis of the amendment before us. Does he not agree that the review suggested in the amendment represents a real opportunity to find the money needed to invest in young people and their job opportunities? It is not too late for the Government to address this error.

**Mr Love:** Absolutely. The merit of the amendment is that it would give Parliament, and particularly the Government, the opportunity to review the operation of the levy, as well as providing the banking sector with other opportunities to make a contribution to sorting out some of the deep-seated economic problems in our country. I hope that the Liberal Democrat part of the coalition will be sympathetic to our arguments and speak up where it matters, to try to get the Government to recognise that there is an alternative that would be good for the economy and good for our society.

A second issue is house construction. In my local authority area we have the fourth worst housing stress in the country. Things are difficult, and they are going to get significantly worse. I mentioned earlier the Government's incoherent construction policy, with its homes bonus that is not a bonus, and its planning system that is so riddled with inconsistency and lack of certainty that major construction is now off the agenda. It is a system that allows local considerations to dominate and outweigh much-needed construction in different parts of the country. I can see only a bleak future for public and private housing construction—but our proposal provides one small, modest way in which the Government could improve the situation.

**Mrs Chapman:** Does my hon. Friend agree that it is not only the house builders who have a hard time when the construction industry suffers? In Darlington last week, we heard the announcement of the loss of almost 200 manufacturing jobs in a company that builds conservatories. Obviously, that is a difficult business to be in with the construction sector in its present state.

**Mr Love:** I agree entirely with my hon. Friend, and I hope that someone on the Government Front Bench is listening. These are urgent problems.

Let me mention two other brief points about a growth strategy. We do not have a Sheffield Forgemasters contributing to growth. I remind Government Members

of that because a viable, well-thought-through and supportable project was put forward, yet it has still not received any funding—

9.45 pm

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** Order. As we know, we are debating the bank levy. There has been some stretching of the debate already, and we are in danger of stretching it even further. We have had a good debate so far, and I am sure that the hon. Gentleman will want to keep to the amendment.

**Mr Love:** I bow to your advice, Mr Hoyle. I will conclude my remarks about the lack of a growth strategy by saying that as an optimist, I believe that it is never too late. I hope the Government will think carefully and recognise that the growth strategy they produced on paper simply does not respond to the real needs of the economy.

I finish where I started, by commending the amendment to the Government. It poses no threat to them; it simply seeks to review the bank levy system that they are introducing. They will know, because they have spent a great deal of time on this, just how important the public think the role of the banks in getting our economy sorted out is. After all, it is widely perceived that the banks were the main cause of the problem in the first place, so people are looking to them to help our economy in a meaningful way. For the reasons that I have stated, the amendment will address some of those issues and provide an opportunity to examine how the levy is working in December. I hope that it will provide us with an opportunity to straighten out and ensure that the levy really addresses the needs of our country.

**Mr Hoban:** Amendment 9 seeks to require a report into the effectiveness of the new bank levy, which is introduced in clause 72. I will come to the components of the amendment shortly, but I think it would help hon. Members if I first explained the role and features of the levy.

The levy is a new tax that will ensure that the banks fairly contribute to the Exchequer, while encouraging them to move to less risky forms of funding. This levy forms part of the Government's far-reaching plans for banking reform. We have already announced an overhaul of financial regulation, marking a break from the light-touch regime championed by the shadow Chancellor when he was the City Minister. We have created an Independent Commission on Banking, which published its interim report last month and is due to publish its final report in September.

When Labour Members were in government, they refused to debate the structure of the banking sector. They were afraid of banking reform and they were afraid to understand and tackle the lessons from the financial crisis. This debate would have been better if one of them had had the courage to accept the failures of the previous Government on the regulation of the banking sector. Not one of them did so. I think this whole debate is a cover for their bluster. When we proposed in March last year to introduce a bank levy, on a unilateral basis if necessary, Labour Members were against it. The then Chancellor was against it and the present leader of the Labour party, who wrote the Labour manifesto, was against it, too. What we have

heard today is a whole load of bluster, rhetoric and empty words about how we must tax the banking sector properly when Labour Members lacked the courage to champion these moves when they were in government. We have taken the lead on the issue, when they would have hung back and waited for international consensus and agreement. We have taken the lead, as I say, and France and Germany have joined us in announcing levies. Others have since followed, including Hungary, Austria and Portugal.

The hon. Member for Nottingham East (Chris Leslie) made great play of the various rates that other countries were introducing. Let me point out to him, then, that in France the levy is expected to raise only €500 million. In Germany, the levy is expected to raise €1 billion annually. The hon. Gentleman prayed in aid the US on two occasions, but the US has not yet introduced legislation, so his comments are empty—

**Chris Leslie:** Will the hon. Gentleman give way?

**Mr Hoban:** No, I am not going to give way. We have had quite a long debate already, and it is time we made some progress.

**Chris Leslie:** On a point of order, Mr Hoyle. I understood that this was a Committee stage, and that we were considering the Bill in detail. Is it usual practice for a Minister responding to a debate not at least to give way and allow a dialogue on the clause in question?

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** That is not a point of order. It is up to the Minister to decide whether to give way, and I am sure that he heard the cries for him to do so.

**Mr Hoban:** Subsection (2)(a) of the amendment requires a report on

“the Government’s analysis behind the rate and threshold chosen for the bank levy”.

It might help Opposition Members if I explained how we designed the levy, and why we set the rate and threshold as we did. The levy is intended to ensure that the banking sector makes a fair and substantial contribution, reflecting the risks that it poses to the financial system and the wider economy. It is intended to encourage banks to move away from risky funding models, and complements the wider regulatory agenda to improve standards and enhance financial stability. During the crisis, it became clear that some banks had become over-reliant on short-term funding for long-term lending. When financial markets seized up, those banks were exposed.

I must emphasise that the levy is based on the liabilities of a bank, not on its assets. It is based on the bank’s deposits, its share capital and loans made to it, not on loans made by it. It applies to the global balance sheets of UK banks, building societies and banking and building society groups, and to the UK operations of banks from other countries.

In determining the scope of the levy, we concluded that foreign banks operating in the UK also posed potential risks to the UK financial system and the wider economy, whether they operated as branches or as subsidiaries. It therefore follows that they should contribute on the same basis, and branches and subsidiaries of foreign banking groups are included to ensure that they

cannot avoid the levy by group restructuring. That will ensure the provision of a level playing field for all banks operating in the UK.

The levy will be paid by between 30 and 40 building societies and banking groups, and we have made it clear that we expect it to yield about £2.5 billion of revenues each year in its steady state. That appropriate contribution balances fairness with competitiveness, and the rates of the levy were chosen to allow it. We initially announced that a reduced rate would apply for 2011, recognising the uncertain market conditions prevailing at the time, but we no longer consider that to be necessary.

In December the Bank of England noted that the near-term outlook and resilience of the UK banking sector had improved. Markets also now have greater certainty about the timing and direction of regulatory change, with the Basel III regulatory reforms being introduced in 2013 and transition periods being extended to 2015. We therefore decided that from 1 March this year, the full rate of the levy should be introduced for 2011. The levy will now yield £2.5 billion in that year. The steady state target yield was set out last year, when we also announced our intention to make significant cuts in the main rate of corporation tax.

**Chris Leslie** *rose*—

**Mr Hoban:** I am going to continue my speech.

We were clear at that time, as we are now, that the bank levy yield far outweighs the benefits that banks receive from the corporation tax change. Other sectors will benefit from the reduction in corporation tax, but the banks will not benefit because of the levy. In the March Budget, the Chancellor went further in helping our economy to grow, and announced an additional 1p reduction in the main rate of corporation tax. At the same time, to offset the benefits to banks from that further cut and maintain the same incentives for them to move to less risky funding, we announced that the rate of the levy would increase from 1 January 2012, to 0.078%.

The threshold has prompted some discussion. The initial announcement on the bank levy last year proposed that it would include a threshold of £20 billion. However, as part of the subsequent consultation exercise, we explicitly sought views on whether it would be preferable to make it an allowance rather than an all-or-nothing threshold. A threshold would provide a cliff edge that banks would avoid by restructuring. Respondents to the consultation made that clear to us, and even suggested that banks, or indeed building societies, might avoid growing their UK operations to avoid the threshold and to avoid paying the levy. We accepted that argument, and have therefore decided that there should be an allowance on the first £20 billion of liabilities liable for the levy. That means that smaller banks, building societies and foreign banks with a small UK presence—that is, those whose liabilities are less than the £20 billion allowance—will not pay the levy.

The allowance will ensure that the levy is proportionate to the risks inherent in banking businesses of different sizes. It balances the probability that the failure of a bank could pose a systemic risk against the relative burden imposed in order to gather additional revenue at the margin. While size is not the sole factor in determining risk to the system, it is an important one. Increasing the

[Mr Hoban]

allowance would risk excluding banks or building societies that are highly likely to pose a systemic risk if they fail. Similarly, setting the allowance at a lower level—which Opposition Members seem very keen on doing—would risk imposing an unnecessarily high burden on institutions that do not pose a systemic risk to the UK economy in the way that larger banking institutions do. These details, along with many others, have already been made public, and I am sure that the Opposition Members who tabled the amendment are aware of the steps the Government have taken to explain the basis of the decisions. All tax measures now have a tax information and impact note, which sets out clear information relating to the measure and its impact, and which has provided a significant amount of analysis on the levy so far. It is clear that there is no need for a report to provide an analysis of the rates and threshold of the bank levy.

Let me turn to the second element of the amendment.

**Mr Lammy** *rose*—

**Mr Kevan Jones:** Will the Financial Secretary give way?

**Mr Hoban:** Let me make progress. The hon. Gentleman spoke for over an hour and I am responding to the speeches made in five hours of debate. I therefore think the hon. Gentleman should hear me out, after which I may consider taking interventions.

Let me turn to the second element of the amendment, on the adequacy of the levy in the context of other reforms to the wider banking sector.

**Mr Lammy:** On a point of order, Mr Hoyle. In Committee, when Ministers have not answered questions from Back Benchers, is it normal for them not even to give way? Surely the Financial Secretary could simply photocopy what he is reading out, and send that to all of us so we can go home?

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** That is not a point of order. It is up to the Minister to decide how he wishes to reply to the debate.

**Mr Hoban:** I think that is the best suggestion the right hon. Gentleman has so far made in this debate. I shall send a copy of my speech to all hon. Members who are interested in it, so they can then go home.

The levy is a permanent tax, and is part of our wider package of far-reaching reforms. It is designed to be consistent with global regulatory practices, drawing on proposals from the International Monetary Fund and reflecting emerging proposals from the Basel committee. Excessive risk taking in the financial sector was a significant contributory factor in the recent financial crisis. As I said earlier, the levy is intended to encourage banks to move away from riskier funding.

The levy should not be seen in isolation from other reforms to the banking system. Domestic, European and international banking reforms will change the landscape of banking. For example, Basel III will lead to higher capital levels, and its liquidity reforms will change the funding profiles of banks. There is a vigorous debate within the EU and the G20 about whether the holders of bank debt should be required to contribute to the recovery or resolution of banks, for example through

the conversion of debt to equity. As I said earlier, we have established an independent commission on banking to consider structural and related non-structural reforms.

The hon. Member for Edmonton (Mr Love) raised issues to do with the implicit guarantee, to make sure the right reforms are in place so banks are not dependent on the guarantee from the taxpayer. We have tackled that issue, whereas when his party was in government, it failed to do so. I wish he would give us some credit for the action we have taken to reform the regulation of the banking system during the year in which this Government have been in office.

The final element of the report calls for information on the total tax revenues expected from banks in each year to 2016-17. We have been clear that we expect the levy to raise about £2.5 billion each year. We have also taken other steps to ensure that banks pay their fair share. The previous Government introduced the code of practice on taxation for banks, but they utterly failed to get banks to sign up to it. They talk tough now, but they failed when in government; only four of our leading 15 banks actually signed up to that code of practice when they were in office. By the end of November, however, all the top banks had signed up to the code, and by March 2011 some 200 banks had adopted it. We therefore need take no lessons from the Labour party about getting the banks to sign up to codes.

We are very clear that banks should make a contribution reflecting the risks they pose to the UK financial system and wider economy. While amendment 9 calls for a report, this Government are delivering action. We have already set out the reason for the rates chosen and the decision to set an allowance at £20 billion. We have been clear on how the bank levy fits with and complements our wider reform package and we have been clear that we expect revenues from banks to grow as the economy recovers. We have also secured agreement from the top banks on the tax revenues they expect to pay over the spending review period. We are raising more in this levy than the previous Government raised through their one-off bank payroll tax. Labour Members refused to introduce a bank levy when they were in government. We backed it where they have failed to act and I ask hon. Members to support the clause.

10 pm

**Chris Leslie** *rose*—

**The Parliamentary Secretary to the Treasury (Mr Patrick McLoughlin)** *claimed to move the closure (Standing Order No. 36).*

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** Order. I think it would be of interest to the House to hear from the hon. Member for Nottingham East (Chris Leslie), and I am sure that he will not take too long.

**Chris Leslie:** Thank you, Mr Hoyle. The Chief Whip really needs to take a breath and perhaps calm down for a moment. [*Interruption.*] I did not quite put it in the way that the Prime Minister might.

The Financial Secretary to the Treasury usually does act honourably by trying to respond to the debate, and probably he secretly would have done so today. Our debate was wide ranging and we covered a number of specific points on the detailed design of the bank levy, with which he entirely refused to engage. He refused to

give way in this Committee stage of the Finance Bill, which shows the Government's thinly veiled contempt for the parliamentary process. No debate, no scrutiny and no contributions came from those on the Government Benches, other than the speech by the right hon. Member for Wokingham (Mr Redwood). They have accepted absolutely no challenge and no scrutiny. They have put their heads down and ploughed on—the Lansley strategy of policy making in action.

The Financial Secretary gave no explanation of why the Government set the banking levy at this puny £2.6 billion or why they have given a very generous tax-free allowance of £20 billion to the banks. Their original design, as set out in June, could have netted £3.9 billion, but when the banks complained the figure went back down to £2.6 billion. He says that we should not criticise the levy for being set at such a low rate because the French levy will raise less, but of course it will because the French banking sector is smaller. The fact is that our banking levy is being set at a third of the rate that the French are pursuing. He did not answer any questions on the netting of derivatives, the double taxation treaties or what would happen in terms of accounting practice. He certainly did not address the outrage in the country, never mind in the House, about the continuing appalling abuse of bonuses in the banking system. That is an obscene ongoing process and although bonuses might reduce slightly in one year, that is offset by the increase in the salaries that those bankers are enjoying. He did not even address the new loophole he is introducing in the Bill so that those enjoying deferred bonuses will now be able to pay the tax rates in future years, thus perhaps avoiding the 50% income tax rate when eventually the Government scale back from that.

**Mr Kevan Jones:** Does my hon. Friend agree that we had a wide-ranging debate, including on bankers' bonuses, and that the Financial Secretary did not even address that issue in his wind-up?

**Chris Leslie:** Astonishingly, the Financial Secretary, having had his coat tugged by the Government Chief Whip, did not even address many of these points at all. As I say, the right hon. Member for Wokingham made his points about the role of the state-owned banks, how they ought to behave and how perhaps they would change their behaviour in a different market position.

My hon. Friend the Member for Wansbeck (Ian Lavery) made an important point about the comparison between those who enjoy exceptionally high bonuses and ordinary working people who, I think he said, might take 125,000 years on average to earn the bonuses that some bankers earn in one year.

My hon. Friend the Member for Scunthorpe (Nic Dakin) said that the Government have no mandate for their approach, and that is absolutely true.

My hon. Friends the Members for Walthamstow (Stella Creasy), for Brent North (Barry Gardiner) and for Hayes and Harlington (John McDonnell) also made important points about the feeble nature of the design of this element of bank taxation.

My hon. Friend the Member for North Durham (Mr Jones), in his rapid canter across the landscape of banking taxation, made a point about the obscenity of bonuses, which the Government have singularly failed to address through their failures on Project Merlin. My

right hon. Friend the Member for Tottenham (Mr Lammy) talked about the impact on his constituency of the public services that will be cut because the Government will not pursue the sources of revenue that could be necessary to help ameliorate some of those reductions.

My hon. Friend the Member for Edmonton (Mr Love) made, I think, the most important point of all: our amendment is no threat to the Government. We are simply asking for a review and a report on the levels of bank taxation and the banking levy. The Government are introducing a tax cut for the banks and the bank levy proposal is weak and fails to ensure that banks pay their fair share. This is a simple amendment that is surely unobjectionable and I think we should seek the Committee's view.

*Question put,* That the amendment be made.

*The Committee divided:* Ayes 153, Noes 296.

**Division No. 261]**

**[10.5 pm**

**AYES**

Abrahams, Debbie	Farrelly, Paul
Ainsworth, rh Mr Bob	Field, rh Mr Frank
Alexander, Heidi	Fitzpatrick, Jim
Ali, Rushanara	Flint, rh Caroline
Allen, Mr Graham	Flynn, Paul
Anderson, Mr David	Fovargue, Yvonne
Bailey, Mr Adrian	Gapes, Mike
Balls, rh Ed	Gardiner, Barry
Barron, rh Mr Kevin	Gilmore, Sheila
Bayley, Hugh	Glindon, Mrs Mary
Beckett, rh Margaret	Goggins, rh Paul
Begg, Dame Anne	Goodman, Helen
Benn, rh Hilary	Green, Kate
Berger, Luciana	Greenwood, Lilian
Blackman-Woods, Roberta	Gwynne, Andrew
Blears, rh Hazel	Hain, rh Mr Peter
Blomfield, Paul	Hanson, rh Mr David
Brown, Lyn	Healey, rh John
Brown, rh Mr Nicholas	Hepburn, Mr Stephen
Bryant, Chris	Heyes, David
Buck, Ms Karen	Hillier, Meg
Burden, Richard	Hodge, rh Margaret
Burnham, rh Andy	Hodgson, Mrs Sharon
Campbell, Mr Alan	Hoey, Kate
Campbell, Mr Gregory	Hopkins, Kelvin
Chapman, Mrs Jenny	Hosie, Stewart
Clwyd, rh Ann	Howarth, rh Mr George
Coaker, Vernon	James, Mrs Siân C.
Coffey, Ann	Johnson, rh Alan
Cooper, Rosie	Johnson, Diana
Corbyn, Jeremy	Jones, Mr Kevan
Creasy, Stella	Joyce, Eric
Cruddas, Jon	Kaufman, rh Sir Gerald
Cryer, John	Keeley, Barbara
Cunningham, Mr Jim	Lammy, rh Mr David
Cunningham, Tony	Lavery, Ian
Curran, Margaret	Lazarowicz, Mark
Dakin, Nic	Leslie, Chris
Darling, rh Mr Alistair	Lewis, Mr Ivan
David, Mr Wayne	Lloyd, Tony
Davidson, Mr Ian	Love, Mr Andrew
De Piero, Gloria	MacNeil, Mr Angus Brendan
Donohoe, Mr Brian H.	Mactaggart, Fiona
Dowd, Jim	Mahmood, Shabana
Dromey, Jack	McCann, Mr Michael
Efford, Clive	McCarthy, Kerry
Elliott, Julie	McCrea, Dr William
Ellman, Mrs Louise	McDonagh, Siobhain
Engel, Natascha	McDonnell, John

McFadden, rh Mr Pat  
 McGovern, Alison  
 McKechin, Ann  
 Meacher, rh Mr Michael  
 Meale, Mr Alan  
 Mearns, Ian  
 Michael, rh Alun  
 Miliband, rh David  
 Miller, Andrew  
 Morris, Grahame M.  
*(Easington)*  
 Mudie, Mr George  
 Nandy, Lisa  
 Pearce, Teresa  
 Phillipson, Bridget  
 Pound, Stephen  
 Raynsford, rh Mr Nick  
 Reed, Mr Jamie  
 Reynolds, Emma  
 Robertson, Angus  
 Robertson, John  
 Robinson, Mr Geoffrey  
 Rotheram, Steve  
 Ruane, Chris  
 Ruddock, rh Joan  
 Seabeck, Alison  
 Shannon, Jim  
 Sharma, Mr Virendra  
 Sheerman, Mr Barry  
 Skinner, Mr Dennis

Slaughter, Mr Andy  
 Smith, rh Mr Andrew  
 Spellar, rh Mr John  
 Straw, rh Mr Jack  
 Stringer, Graham  
 Stuart, Ms Gisela  
 Timms, rh Stephen  
 Trickett, Jon  
 Turner, Karl  
 Twigg, Derek  
 Twigg, Stephen  
 Umunna, Mr Chuka  
 Vaz, Valerie  
 Walley, Joan  
 Watson, Mr Tom  
 Watts, Mr Dave  
 Weir, Mr Mike  
 Whiteford, Dr Eilidh  
 Whitehead, Dr Alan  
 Wicks, rh Malcolm  
 Williamson, Chris  
 Winnick, Mr David  
 Winterton, rh Ms Rosie  
 Wishart, Pete  
 Wood, Mike  
 Wright, David

**Tellers for the Ayes:**  
**Mark Hendrick and**  
**Phil Wilson**

#### NOES

Adams, Nigel  
 Afriyie, Adam  
 Aldous, Peter  
 Alexander, rh Danny  
 Amess, Mr David  
 Andrew, Stuart  
 Arbuthnot, rh Mr James  
 Bacon, Mr Richard  
 Bagshawe, Ms Louise  
 Baker, Norman  
 Baker, Steve  
 Baldry, Tony  
 Baldwin, Harriett  
 Barclay, Stephen  
 Barker, Gregory  
 Baron, Mr John  
 Barwell, Gavin  
 Bebb, Guto  
 Bellingham, Mr Henry  
 Benyon, Richard  
 Beresford, Sir Paul  
 Bingham, Andrew  
 Binley, Mr Brian  
 Blackman, Bob  
 Blackwood, Nicola  
 Blunt, Mr Crispin  
 Boles, Nick  
 Bone, Mr Peter  
 Bottomley, Sir Peter  
 Bradley, Karen  
 Brady, Mr Graham  
 Brake, Tom  
 Bray, Angie  
 Brazier, Mr Julian  
 Brine, Mr Steve  
 Brokenshire, James  
 Bruce, Fiona  
 Bruce, rh Malcolm  
 Buckland, Mr Robert

Burns, rh Mr Simon  
 Burrowes, Mr David  
 Burstow, Paul  
 Burt, Alistair  
 Burt, Lorely  
 Byles, Dan  
 Cable, rh Vince  
 Cairns, Alun  
 Campbell, rh Sir Menzies  
 Carmichael, rh Mr Alistair  
 Carswell, Mr Douglas  
 Cash, Mr William  
 Chishty, Rehman  
 Chope, Mr Christopher  
 Clark, rh Greg  
 Clarke, rh Mr Kenneth  
 Clifton-Brown, Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Colville, Oliver  
 Cox, Mr Geoffrey  
 Crouch, Tracey  
 Davey, Mr Edward  
 Davies, David T. C.  
*(Monmouth)*  
 Davies, Philip  
 de Bois, Nick  
 Dinenage, Caroline  
 Djanogly, Mr Jonathan  
 Dorrell, rh Mr Stephen  
 Dorries, Nadine  
 Doyle-Price, Jackie  
 Duncan, rh Mr Alan  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellison, Jane  
 Elphicke, Charlie  
 Eustice, George

Evans, Jonathan  
 Evennett, Mr David  
 Fabricant, Michael  
 Fallon, Michael  
 Featherstone, Lynne  
 Field, Mr Mark  
 Foster, rh Mr Don  
 Francois, rh Mr Mark  
 Freeman, George  
 Freer, Mike  
 Fuller, Richard  
 Garnier, Mr Edward  
 Garnier, Mark  
 Gauke, Mr David  
 Gibb, Mr Nick  
 Gilbert, Stephen  
 Glen, John  
 Goldsmith, Zac  
 Goodwill, Mr Robert  
 Graham, Richard  
 Grant, Mrs Helen  
 Gray, Mr James  
 Grayling, rh Chris  
 Green, Damian  
 Greening, Justine  
 Grieve, rh Mr Dominic  
 Griffiths, Andrew  
 Gummer, Ben  
 Gyimah, Mr Sam  
 Hague, rh Mr William  
 Halfon, Robert  
 Hames, Duncan  
 Hammond, rh Mr Philip  
 Hammond, Stephen  
 Hancock, Matthew  
 Hancock, Mr Mike  
 Hands, Greg  
 Harper, Mr Mark  
 Harrington, Richard  
 Harris, Rebecca  
 Hart, Simon  
 Harvey, Nick  
 Haselhurst, rh Sir Alan  
 Hayes, Mr John  
 Heald, Oliver  
 Heath, Mr David  
 Heaton-Harris, Chris  
 Hemming, John  
 Henderson, Gordon  
 Herbert, rh Nick  
 Hinds, Damian  
 Hoban, Mr Mark  
 Hollingbery, George  
 Hollobone, Mr Philip  
 Holloway, Mr Adam  
 Hopkins, Kris  
 Horwood, Martin  
 Howarth, Mr Gerald  
 Howell, John  
 Hughes, rh Simon  
 Huhne, rh Chris  
 Hunt, rh Mr Jeremy  
 Huppert, Dr Julian  
 Hurd, Mr Nick  
 Jackson, Mr Stewart  
 James, Margot  
 Javid, Sajid  
 Jenkin, Mr Bernard  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, Mr David

Jones, Mr Marcus  
 Kawczynski, Daniel  
 Kelly, Chris  
 Kirby, Simon  
 Knight, rh Mr Greg  
 Kwarteng, Kwasi  
 Laing, Mrs Eleanor  
 Lamb, Norman  
 Lancaster, Mark  
 Laws, rh Mr David  
 Leadsom, Andrea  
 Lee, Jessica  
 Lee, Dr Phillip  
 Lefroy, Jeremy  
 Leigh, Mr Edward  
 Leslie, Charlotte  
 Letwin, rh Mr Oliver  
 Lewis, Brandon  
 Lewis, Dr Julian  
 Lidington, rh Mr David  
 Lilley, rh Mr Peter  
 Lloyd, Stephen  
 Lopresti, Jack  
 Lord, Jonathan  
 Loughton, Tim  
 Luff, Peter  
 Main, Mrs Anne  
 Maude, rh Mr Francis  
 May, rh Mrs Theresa  
 McCartney, Jason  
 McCartney, Karl  
 McIntosh, Miss Anne  
 McLoughlin, rh Mr Patrick  
 McPartland, Stephen  
 McVey, Esther  
 Menzies, Mark  
 Mercer, Patrick  
 Metcalfe, Stephen  
 Miller, Maria  
 Mills, Nigel  
 Milton, Anne  
 Mitchell, rh Mr Andrew  
 Moore, rh Michael  
 Mordaunt, Penny  
 Morris, David  
 Morris, James  
 Mosley, Stephen  
 Mowat, David  
 Mulholland, Greg  
 Munt, Tessa  
 Murray, Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newmark, Mr Brooks  
 Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 Nuttall, Mr David  
 O'Brien, Mr Stephen  
 Offord, Mr Matthew  
 Ollerenshaw, Eric  
 Paice, rh Mr James  
 Parish, Neil  
 Patel, Priti  
 Pawsey, Mark  
 Penrose, John  
 Percy, Andrew  
 Perry, Claire  
 Phillips, Stephen  
 Pincher, Christopher  
 Poulter, Dr Daniel  
 Prisk, Mr Mark

Pritchard, Mark	Swayne, Mr Desmond
Pugh, John	Swinson, Jo
Raab, Mr Dominic	Syms, Mr Robert
Randall, rh Mr John	Tapsell, Sir Peter
Reckless, Mark	Teather, Sarah
Redwood, rh Mr John	Thurso, John
Rees-Mogg, Jacob	Timpson, Mr Edward
Reevell, Simon	Tomlinson, Justin
Robathan, rh Mr Andrew	Tredinnick, David
Robertson, Hugh	Truss, Elizabeth
Rogerson, Dan	Turner, Mr Andrew
Rosindell, Andrew	Tyrie, Mr Andrew
Rudd, Amber	Vaizey, Mr Edward
Russell, Bob	Vara, Mr Shailesh
Rutley, David	Vickers, Martin
Sanders, Mr Adrian	Villiers, rh Mrs Theresa
Sandys, Laura	Walker, Mr Charles
Scott, Mr Lee	Walker, Mr Robin
Selous, Andrew	Wallace, Mr Ben
Sharma, Alok	Walter, Mr Robert
Shelbrooke, Alec	Ward, Mr David
Simmonds, Mark	Watkinson, Angela
Simpson, Mr Keith	Weatherley, Mike
Smith, Miss Chloe	Webb, Steve
Smith, Henry	White, Chris
Smith, Julian	Whittaker, Craig
Smith, Sir Robert	Whittingdale, Mr John
Spelman, rh Mrs Caroline	Wiggin, Bill
Spencer, Mr Mark	Williamson, Gavin
Stanley, rh Sir John	Willott, Jenny
Stephenson, Andrew	Wilson, Mr Rob
Stevenson, John	Wollaston, Dr Sarah
Stewart, Bob	Wright, Simon
Stewart, Iain	Young, rh Sir George
Stewart, Rory	Zahawi, Nadhim
Streeter, Mr Gary	
Stride, Mel	
Stuart, Mr Graham	
Sturdy, Julian	
Swales, Ian	

**Tellers for the Noes:**  
**Stephen Crabb and**  
**Jeremy Wright**

*Question accordingly negatived.*

*Clause 72 ordered to stand part of the Bill.*

### Clause 19

FUEL DUTIES: RATES OF DUTY AND REBATES FROM  
 23 MARCH 2011

**Kerry McCarthy** (Bristol East) (Lab): I beg to move amendment 7, page 12, line 36, at end add—

‘(8) The Chancellor shall publish, within 3 months of the passing of this Act, an assessment of the impact of taxation on fuel prices.’

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** With this it will be convenient to discuss clause stand part.

**Kerry McCarthy:** The backdrop to today’s debate is an economy that is flat-lining, as the Chief Secretary to the Treasury admitted last week. Since the Chancellor’s spending review, we have had no economic growth, and it is ordinary people who are hardest hit by that stagnation, with 2.5 million people out of work, including nearly 1 million young people—one in five 16 to 24-year-olds. An increasing number of people have been jobless for more than a year—nearly 850,000 and rising. This year, as the Government’s cuts start to bite, hundreds of

thousands more people could lose their jobs. I believe that that is what the Minister of State at the Cabinet Office called an

“immediate national crisis in the form of less growth and jobs than we need.”

Apparently, it is what the Chancellor describes as “good news” and a sign that the economy is on the right track. Families are feeling the effects of the crisis in their pockets. Prices are still rising by more than 5% on the retail prices index, while earnings are growing at just 2% a year.

Rising fuel prices are a big part of this squeeze. According to the Office for National Statistics, fuel prices are currently one of the most significant contributors to consumer price inflation. According to this week’s figures from the Department for Energy and Climate Change, the average UK pump price is now £1.36 for a litre of petrol and £1.42 for a litre of diesel. I am sure that many Members will be aware that at their local petrol pumps prices are even higher. That means that petrol is more than 3p a litre more expensive than it was last month, or 15p more than this time last year, and that diesel is 3p more expensive than last month, or nearly 20p more than last year. Unfortunately, the 1p saving we got from the Chancellor’s cut in fuel duty lasted barely a week before price rises at the pumps wiped it out.

**Mr John Spellar** (Warley) (Lab): My hon. Friend rightly draws attention to fuel prices. Does she not find it extraordinary that the coalition Government are proposing to subsidise fuel prices in some of their friends’ constituencies, thereby increasing by default the duty on those in many of the urban constituencies that we represent?

**Kerry McCarthy:** My right hon. Friend is quite right that the Government are looking for a derogation in some rural areas, but only a very limited number. When the House last discussed the proposal, considerable representations were made by Government Members who argued that if there was to be a derogation, other areas should also benefit from it and that it was unfair that just a few remote islands should see the benefit.

**Stewart Hosie** (Dundee East) (SNP): The argument that a derogation in remote and rural areas is somehow an increase elsewhere is an interesting one. Should we take it from that that the hon. Lady is opposed to the road equivalent tariff being implemented in the Western Isles as well?

**Kerry McCarthy:** The point that my right hon. Friend the Member for Warley (Mr Spellar) was making was that if taxes are to be cut for some people somewhere, but the same amount of revenue has to be raised, that means that someone else is subsidising it. That is a fairly simple point to take on board.

As I was saying, it is not just rising fuel prices that are hitting people. Rises in fuel prices feed through to higher food prices and higher energy prices for household bills. Despite a recent up-tick, the OECD estimates that food prices in the first quarter of this year were nearly 6% higher than they were last year, and energy prices more than 9% higher. As real incomes fall, spending on basic items, such as food—*[Interruption.]*

**Mr Kevan Jones:** On a point of order, Mr Hoyle. You have many attributes, but you do not have eyes in the back of your head. Would it be possible for you to ask those Members behind the Chair to leave the Chamber in order to reduce the noise level, so that others can follow the debate?

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** I must admit that, if there was noise interference, I did not know where it was coming from and could not hear it in front of the Chair. I am sure that Members will be quieter in future.

**Kerry McCarthy:** I thank my hon. Friend the Member for North Durham (Mr Jones) for that, because it certainly seemed quite noisy from where I was standing.

As I was saying, as real incomes fall, spending on basic items such as food, energy and fuel make up an increasing proportion of the average family's weekly spend, as the Office for National Statistics acknowledged in March when it changed the make-up of its retail prices index basket. That means that families are increasingly vulnerable when prices rise quickly.

The Opposition accept that no Government can control the price of oil, which the global markets set, and that the situation in the middle east is affecting people in countries throughout the world, to which the UK is of course no exception, but the Government have control over fuel taxation, and that has a significant effect on pump prices. When so many people are out of work and real wages are falling, the Chancellor has a responsibility to do all he can to help business and to promote economic growth and jobs; and when ordinary working people are struggling to make ends meet, he has a responsibility to do everything possible to help them get on.

That is why we tabled amendment 7. It is important that Parliament has the opportunity to scrutinise the Government's policies on fuel taxation and their total effect on fuel prices at the pump, because the Chancellor's cut in fuel duty, as set out in clause 19, is not all that it seems. In January the Government decided to increase VAT on fuel from 17.5% to 20%, even though the Prime Minister told voters just before the election that he had "no plans" to increase VAT. Without that VAT rise, petrol would be almost 3p cheaper now, swamping the 1p cut that the Bill brings in.

The Federation of Small Businesses said that the UK's small and medium-sized enterprises would be "severely affected" by that hike in fuel tax. A survey of its members in January pointed to the increase as the single biggest threat to their business—something that will resonate with Government Members, who I am sure have been lobbied by the FSB on that point. Some 89% of businesses that responded thought that the Government's measures would add £2,000 to their costs over six months. A spokesperson for the FSB said in response to the January rise in fuel tax:

"The Government have said it is putting its faith in the private sector to put the economy on a firm footing, yet 36% said they will have to reduce investment in new products and services and 78% said their profitability will be reduced—hardly conducive to growth."

Many small business people in my constituency are struggling to stay afloat, particularly in the face of cash-flow difficulties. The VAT increase at the beginning

of this year was expected to put severe strain on their cash flow, so the Chancellor's 1p reduction in fuel duty has to be seen in that context.

Some people will be able to cut down on their use of fuel or even stop using petrol all together. Some people are switching to cycling or to public transport, and for those who are able to do so that is a good thing. As an MP for Bristol, which saw investment from the previous Labour Government so that it could become the UK's first cycling city, I welcome people taking up cycling.

**Mr Kevan Jones:** The argument that my hon. Friend puts forward is very interesting, but does she agree that the situation is difficult for rural constituencies such as mine, where bus subsidies are being cut because of the Government's cuts to Durham county council and some communities will not have any access to any public transport whatever?

**Kerry McCarthy:** My hon. Friend makes an absolutely valid point, which I was just about to turn to. Some people will say that the rise in fuel prices is an incentive for people to use public transport such as buses, but they can only do so if they are in an area that is well served by public transport. Bus subsidies are being cut, and increasingly some areas—particularly remote rural areas—are being completely left without a bus service, meaning that people simply have no choice but to use their car. They include not just people who are poorly served by public transport, but those who run businesses and have to visit customers and suppliers and transport goods throughout the country. They include those who have to run around in the morning dropping children off at different schools or at nursery and then get to work on time, and many other people besides. At a time when fuel prices are rising, adding to them with extra tax is hammering people at the worst possible time. These are often families who are already running a very tight budget, and even a few extra pounds a week on their bills makes a real difference to their ability to get by.

10.30 pm

**Mr Chuka Umunna (Streatham) (Lab):** Has my hon. Friend noticed the projections for the increase in household debt under this Government? The Office for Budget Responsibility is projecting that it will increase by more than £500 billion this year and over the next five years, and it is also saying that the reason for this is not only inflation but the comprehensive spending review and the Budget.

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** Order. We must keep questions to the subject of the amendment that we are dealing with.

**Kerry McCarthy:** Before the election, the Economic Secretary said in this House during a debate on fuel duty:

"What people want from the Government today is a helping hand to get them out of their financial troubles. Instead, what they see from the Government is no help at all. Far from providing a hand to pull them out of their troubles, the Government are pushing them further down into them."—[*Official Report*, 16 July 2008; Vol. 479, c. 359.]

How astonishing, then, to find that that is exactly what she and her Government are doing. They may have made a show of helping people up with a small fuel duty cut, but that is after they have given them a much bigger push down with their VAT rise on fuel. Before the Chancellor gave his Budget statement, Labour Members called for him to look again at the fuel duty escalator, which I think the Economic Secretary is muttering about from a sedentary position. In previous Budgets, we cancelled or postponed fuel duty rises when pump prices were rising quickly. In the 2010 Budget, the then Labour Chancellor phased in the increase for that year in three stages to ease pressure on business and household incomes. In the 2008 Budget, the previous Government postponed the increase in fuel duty for six months, again to support the economy and help businesses and families. We therefore welcome the fact that the Chancellor has done so again in this Finance Bill. However, when that cut is put in context, we see that families and businesses are facing more pressure than before as a result of the Government's policies on fuel tax.

This is not the only policy in the Bill that is not all that it seems when it is put in context. The Government have made much of their increase in the personal allowance for income tax. The Chancellor said:

“The increase in the personal tax allowance already announced will vastly exceed anything lost through employee NICs uprating”.— [*Official Report*, 23 March 2011; Vol. 525, c. 954.]

However, he failed to mention that the rise in the allowance is swamped by his VAT rise, which will take £450 a year, on average, from the pockets of families with children. Families earning as little as £31,000 could lose their child tax credits as the Government take £400 million out of the system, while the Government's Welfare Reform Bill creates uncertainty for families over whether they will keep their child care support and free school meals. In a couple of years, a family with two children with a single earner earning just £44,000 could find that the Government have taken £1,750 a year away from them in child benefit. It is no wonder that the Institute for Fiscal Studies said that the Chancellor was

“giving with one hand...and taking away with lots and lots of other hands.”

Nor is it surprising that the economist Roger Bootle said today that household incomes were “all but certain” to fall.

All this comes at a time when Government cuts mean front-line cuts in services that people rely on—schools, the NHS, social care, even the police—and workers in those vital public sector jobs are facing redundancies. The Government may say that some factors are outside their control. When we were in government, oil prices rose substantially, as we are seeing now, but we left government with a proportional tax take on fuel lower than when we came into government—down from 75% to less than 65% on petrol and down from 74% to 64% on diesel. It is no coincidence that under the last Conservative Government fuel taxation shot up from 66% of the price of petrol in 1992 to 75% in 1997, and from 66% to 74% for diesel.

The Minister of State for International Development made the front pages in March, saying:

“if this does go wrong”,

referring to the Budget,

“£1.30 at the pump could look like a luxury, \$200 a barrel is on the cards”.

He can hardly have expected that remark to put a stop to speculation in the oil markets.

Rather than helping people through the tough times, the Government seem to want to make things worse. There was an alternative for the Government. Before the Budget, we called on the Chancellor to scrap the hike in VAT on fuel. That would have been of genuine help to families and businesses.

**Andrew Gwynne:** Is my hon. Friend, like me, extremely surprised at the lack of ambition from the Government parties when it comes to seeking a derogation for the rise in VAT on fuel? Given that President Sarkozy managed to get a derogation on VAT for French restaurants, does she not think that the British Government should do the same for fuel?

**Kerry McCarthy:** My hon. Friend makes a valid point, which I will come on to in a moment. [*Interruption.*] Ministers are peddling the line that it would take six years to achieve such a derogation from the EU. I ask them, have they even tried? I suspect that the answer is no. It is a fairly defeatist attitude to say that we will not even ask because we know what the answer will be. That is not fighting for Britain's corner in the European Union.

As I was saying, there was an alternative for the Government. We called on the Chancellor to scrap the hike in VAT on fuel, which would have been of genuine help to families and businesses. It could have been paid for from the £800 million more than expected that was raised from the bank levy. Unlike the stabiliser proposed by the Conservatives in the run-up to the general election, that would not have been “unbelievably complicated and unpredictable”, to use the words of the Secretary of State for Business, Innovation and Skills.

The stabiliser is based on the idea that taxation will vary according to fluctuations in petrol prices, so that “when fuel prices go up, fuel duty would fall. And when fuel prices go down, fuel duty would rise”,

to use a direct quotation from the Conservative party consultation document on the issue. The stabiliser was a flagship policy for the Conservatives in the general election campaign. The present Prime Minister made an issue of it when he visited a Coca-Cola plant in Morley just a week before polling day, where he said that

“it would give you certainty as you go about your lives, knowing what your salary is, knowing what your mortgage is, we'd be helping with the cost of living by trying to give you a flatter and more constant rate for filling up your car”.

When the Conservative party got into government, it soon realised that that was an empty promise, made glibly without doing the homework required, as we have seen with so many of its policies in its year in government. In the Budget, the Chancellor resorted to a different so-called stabiliser by increasing the supplementary charge on North sea oil. We will discuss that issue later tonight when we come on to the next group of amendments.

It is true, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) mentioned, that asking for a special rate of VAT would require our asking for a

[Kerry McCarthy]

derogation from the European Commission. The Chief Secretary to the Treasury said that the Government could not afford to “sacrifice income willy-nilly”. However, he was willing to go to the EU to ask for a derogation for remote islands, although not for the rest of Scotland or the UK. Even members of the Conservative party agree that the solution should apply to the rest of the UK.

**Justine Greening:** I just want to check that the hon. Lady is aware that she is talking about two entirely different taxes. The tax that relates to rural areas is fuel duty, and the other derogation that her party is unwilling to accept is illegal to pursue relates to the EU VAT directive.

**Kerry McCarthy:** I am making the point that there are precedents for applying to the EU for a derogation, and I will come on to examples of other Governments who have done so.

I was about to quote the hon. Member for Brigg and Goole (Andrew Percy), who said from the Conservative Benches when we were debating the rural derogation:

“The pressures that affect the islands of Scotland and the Scilly Isles affect our constituents too.”

He went on to say that

“if any solution is applied to one part of the United Kingdom, it must be applied to other parts of it as well.”—[*Official Report*, 16 March 2011; Vol. 525, c. 352.]

Incidentally, we have heard reports that the Chief Secretary’s derogation on that issue may be approved by this summer, after he applied only on Budget day. That is rather quicker than the six to seven years that the Government have claimed would be needed for a broader derogation on VAT for fuel.

The French Government were willing to go to the EU to ask for special dispensation for French restaurants, and several member states have asked for other derogations in the past. Derogations have been granted for goods as diverse as fertilisers, pesticides and works of art, and for services from amusement parks and hotels to cleaning and cable television. In 1994, the British Government secured a derogation for domestic fuel, and in the past derogations have been granted to some member states for reduced VAT on goods such as heating oil.

**Justine Greening:** Since the hon. Lady gives a whole list of derogations, perhaps she will also be prepared to tell the Committee how long they took their respective Governments to achieve.

**Kerry McCarthy:** As I said before, the Economic Secretary invents a mythical time frame which she says it would take for her to achieve a derogation from the EU on VAT on fuel. I have asked her several times now in various debates whether efforts have even been made to raise the subject with the European Commission, and answer has come there none.

**Justine Greening** *rose*—

**Kerry McCarthy:** Perhaps the Economic Secretary is going to answer now.

**Justine Greening:** The hon. Lady obviously does not know the answer, but I do—it took more than six years. Does she think motorists should have to wait six years before her party’s policy can come into effect? It is unlikely ever to be accepted.

**Kerry McCarthy:** The hon. Lady invents a mythical obstacle to achieving a derogation, without even having tried. Many of her Back Benchers who are constantly urging Ministers to stand up to the European Commission will be very disappointed that they are using the Commission as an excuse. They could have avoided this situation by not introducing the rise in VAT on fuel earlier this year. They should have considered the consequences before entering into such a policy.

The UK has not applied for as many derogations as other member states. We have only one reduced rate, which is used largely for energy and energy-saving materials and a number of health products, as well as the zero rate. France, Italy and Poland have each secured three different reduced rates of VAT, in addition to a zero rate, so there is clearly scope for the UK to ask for a little more.

While Labour was in government, we never applied for a special rate of VAT on fuel, but the reason for that is simple: we never raised VAT on fuel in the first place. This is a problem that the Government have created, so rather than simply telling the Committee that a derogation would be illegal, perhaps the Economic Secretary can once and for all tell us whether the Government have made any serious attempt to start negotiations with the European Commission on the matter, or whether they are simply capitulating to the Commission without putting up a fight.

We have tabled the amendment so that the Government’s fuel duty cut will be shown for what it really is—a 1p cut that is wiped out by the 3p a litre increase resulting from their VAT rise on fuel. It comes at a time when petrol prices are already rising rapidly and reaching record highs, when families are already squeezed and when the economy is struggling to grow. It comes after the Government refused to take the alternative approach that we put forward, which would have been a genuine help to families. The amendment means that the Government will have to face up to the fact that they have made the wrong choice at the wrong time and are harming, not helping, working people.

**Alison McGovern:** I rise to speak in favour of the amendment, which states clearly that the Chancellor should publish

“an assessment of the impact of taxation on fuel prices.”

It is a short but, I think, highly important amendment, not least because fuel prices are a key part of our economy and have an impact on inflation. I want to say a few words about why taxation on fuel has a bearing on inflation and why that is at the heart of some of the economic problems that we face today, not just from a dry, technical point of view but from the perspective of families in Wirral, Merseyside and elsewhere who are struggling at the moment.

This country has previously dealt with severely high inflation, but for many years we have had relatively low and stable inflation. That is also true across the globe. The nature of the fuel industry means that fuel prices have a specific impact on inflation, but I would point

out that inflation in the UK is slightly higher than in the rest of the EU. That should be a warning signal to us. I am not particularly hawkish on inflation and on saying that fuel prices could drive problems in our economy. We need to recognise not the danger of returning to the days of terribly high inflation, but the danger of inflation of nearly 5% when wages are being held down, which limits people's quality of life. People see food and fuel price increases when they go to the shops or fill up their cars—as my hon. Friend the Member for Bristol East (Kerry McCarthy) correctly said, food prices are partly driven by fuel prices—yet their wages are held down, so at the same time, they face higher prices in the shops and less in their pay packets every month.

10.45 pm

That means a falling quality of life for the average person in this country—*[Interruption.]* Some in the House clearly think that that is a laughing matter, and I will let my constituents know that they do—*[Interruption.]* I am very awake to the fact that my constituents are incredibly concerned about their quality of life and what this measure means. They understand that our economy has faced tough times, but they are not beating a path to my surgery to demand exaggerated pay settlements because of fuel and food prices. They are very realistic. However, as politicians, we must ask ourselves whether it is fair to expect people constantly to deal with higher prices in the shops and on petrol station forecourts when the Government are asking for their wages to be held down. That is an issue of fairness, by which I mean that it is not morally right to ask people to accept falling standards of living because of an economic situation that is no fault of theirs.

It would have been bad enough for the VAT increase to have occurred when wages are being held down just because of the period of economic cycle. My constituents would have seen their quality of life fall, but one of the biggest worries and fears that I hear of in my surgery every week is the impact of the Government's other policies on people's quality of life. My hon. Friend mentioned some of the impacts from this April. Cuts to the amount that parents can claim for child care will have an impact—they could be worth up to £1,560. That is not small fry. When it comes to making ends meet every week, the Government must think about the long-term plan for ensuring that, by and large, living standards for the average citizen in the country do not fall.

**Justine Greening:** The hon. Lady mentioned VAT. Given her concerns regarding the increase that she says the Government introduced, did she vote against it?

**Alison McGovern:** The VAT increase that the Government have introduced is clearly highly regrettable. I might just take the opportunity of the Minister's intervention to correct a common way of phrasing what happened under the previous Government when my right hon. Friend the Member for Edinburgh South West (Mr Darling), the former Chancellor of the Exchequer, temporarily lowered VAT. Government Members often say that Labour increased VAT, as though the decrease was not intended to be a temporary measure to help the economy. There is a difference: the Labour Government helped people through with a cut in prices, but this

Conservative-led Government think that the future of taxation in this country should be higher prices in the shops.

**Mr Kevan Jones:** A more relevant question to ask Conservative Members is why during the election they made a promise not to put up VAT, given that the first thing they did when they came into power was increase VAT.

**Alison McGovern:** My hon. Friend is absolutely right. I thank him for that intervention.

We voted against the measure to put up VAT because it was not right to increase pressure on prices in the shops that everybody pays no matter what their income.

**Stewart Hosie:** Will the hon. Lady give way?

**Alison McGovern:** And that is a fundamental principle that Labour Members hold dear.

**Stewart Hosie:** On a point of order, Mr Hoyle. It is entirely up to the hon. Lady to give way as she sees fit, but when the Scottish National party moved to strike out the VAT rise, Labour most certainly did not vote for it. Could she correct herself—

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** Order. As Mr Hosie knows, that is not a point of order.

**Alison McGovern:** Thank you, Mr Hoyle. It would be testing your patience not to stick to the amendment, as I shall endeavour to do for the rest of my remarks.

All Members will realise that the average family, the average couple and the average pensioner are facing a more and more difficult situation as the money coming in has to be stretched even further, and with prices going up in the shops. That is people's experience. The impact of taxation on fuel prices and its role in driving up inflation and driving down living standards requires investigation and careful thought. This is not just my view or that of just some economist: when I looked into the possible causes of rising inflation in the UK, the first person I thought might have the answer was the Governor of the Bank of England, who, in his letter to the Chancellor about why the Bank had not met the inflation target, cited the VAT rise as one of the inflationary pressures facing the country.

As I said, I am not some inflation hawk who holds to a 1980s antediluvian economic philosophy that inflation is necessarily bad. Some countries have had relatively high inflation as well as growth. However, the important thing about taxation and fuel prices, and their role in inflation, is that it is possible to build in inflationary expectations in the long term through some of these measures. I wonder whether the Government have really thought about what they are doing in not combating some of the issues related to rising prices that we have seen.

There is also an obvious link with people's worry about the lack of investment at this time. There is no doubt that investment means jobs today and productivity tomorrow, and therefore a more effective economy that enables people to have a better standard of living at less cost. That has to be the aim. At the moment, the Government are balancing the books using VAT and

[*Alison McGovern*]

extremely flat taxes that do not pay regard to people's income. They are asking people in my constituency on relatively modest incomes to pay the same higher prices at the fuel pumps as people in the Chancellor's constituency down the road in Tatton, who by and large—not universally—are a bit wealthier. That is not fair.

We have to consider carefully whether the increased taxation on fuel resulting from the VAT rise is having a negative impact on the economy in a wide-ranging sense. It is not only about whether fuel prices are up—obviously that could be the result of several things—but, most especially, about what that is doing to inflationary expectations. We need to consider whether it is having a damaging impact on the broader economy, and whether it is a disincentive to growth and productivity improvements in the UK. We also need to consider what it is doing to the living standards of people such as those whom I represent in Wirral and Merseyside who have seen living standards fall severely in the past two years.

**Steve Rotheram** (Liverpool, Walton) (Lab): I am sure that my hon. Friend would agree with the old adage, “You can't fool all the people all the time”, but that is exactly what the Chancellor tried to do with his 1p tax cut to fuel duty. However, is it not the case that since the Budget, petrol prices have gone up several times more than that 1p tax bribe, and that the VAT increase in fuel duty is causing damage to motorists and businesses—

**The Chairman:** Order. Interventions must be short.

**Steve Rotheram:** It was short.

**The Chairman:** Order. I am ruling that interventions must be short and letting the Committee know that we will be taking only short interventions.

**Alison McGovern:** My hon. Friend makes an important, if a little lengthy point. People will not be fooled, because they will see fuel prices going up and ask themselves what the Government have done to help. People are connecting the impact on prices across the board with what happens when they fill up the tank. When they go to the shop, they see higher prices all around them and they wonder where they are coming from. There is one clear answer: No. 11 Downing street. The Chancellor has decided that people will have to pay more in the shops. Let us not imagine that he has said, “Well, I'm sorry everyone. These are tough times—we're going to ask you to put your hands in your pockets until we can lower VAT again.” Rather, this is a permanent rise that will build in higher prices for the long term. Given the downward pressure on wages, the really worrying thing is that the rise is building in not only a reduction in quality of life, but inequality, which is very worrying and will hurt for many years to come.

**Ian Mearns:** I know that we are in Committee, but let me take this opportunity to send my best wishes to parliamentary colleagues from the north-east region who are unwell at the moment—the hon. Member for Hexham (Guy Opperman) and my hon. Friend the Member for North West Durham (Pat Glass), who are both incapacitated. I am sure that the House joins me in sending our best wishes to them both.

The amendment calls for the Chancellor to publish an assessment of the impact of taxation on fuel prices within three months of the Bill being passed. I will concentrate on the differential impact of fuel duty policy in the English regions. I say “regions” with some trepidation, because I know that the very concept, or even uttering the word, causes phobic shudders in some quarters on the Government Benches, but an analysis of road freight statistics by the North East chamber of commerce has demonstrated the extra burden that fuel taxation places on businesses in regions such as the north-east. Each tonne of freight brought in or out of the north-east of England delivers approximately £4.16 in fuel taxes to the Exchequer; although that figure probably changes daily, it is 18% higher than the average for English regions, which is only £3.52, and 74% higher than the figure for London. That analysis shows that more careful consideration should be given to fuel duty rates' economic impact in regions and to differential rates.

Road freight statistics show the extra distance travelled by goods transported into or out of the north-east compared with other parts of England. Every tonne of freight transported by road into or out of the north-east travels an average of 119 miles, compared with an average of 111 miles for businesses across the whole of England. Only businesses in the south-west of England transport freight further by road, with each tonne of goods going into or out of the south-west travelling an average of 192 km, which is ever so slightly more than the average of 119 miles for the north-east. Duty on diesel is currently at about 58p a litre.

**Mr Kevan Jones:** Does my hon. Friend agree that the impact of fuel duty is exactly the kind of issue that could be raised in the proposed report?

11 pm

**Ian Mearns:** That is exactly what I am suggesting such a report could achieve.

The VAT chargeable on the duty element of the fuel price brings the total impact of fuel duty to about 69p a litre—that figure is a few days old, so it might be more or less than that now, depending on the daily price rate. Using a typical fuel consumption rate for road haulage of 8.5 miles per gallon, that means that each kilometre travelled provides 22p to the Exchequer; given an average load of 10 tonnes, each tonne of freight transported into or out of the north-east region delivers £4.30 to the Exchequer in fuel taxes, compared with an average for goods moved between English regions of only £3.52. We are already starting to see the impact on an economically deprived region in terms of businesses developing there and on its prospects for employment, given its peripherality to the bulk of the English economy.

Many hauliers in the North East chamber of commerce membership have no choice but to pass a proportion of those costs on to their customers, the vast majority of whom tend to be based in the north-east region. The chamber of commerce has argued that decisions on fuel duty need to take greater account of the impact on businesses in each part of the UK, and that a more considered approach is needed than that of the automatic increases that have been fixed into Government policy for the upcoming period. The figures I have quoted

exclude those for goods transported within regions, as the impact of fuel duty would be the same in each region for that type of journey.

If the amendment were accepted, I would ask that a detailed analysis be included of the introduction of a measure that would help to stabilise fuel duty. In fact, that is exactly what the Federation of Small Businesses has been calling for. We have had debates in the past about some sort of fuel duty stabiliser, and it remains to be seen whether that would be a workable option, but surely when carrying out such an analysis, the Government could look at measures that would stabilise fuel duty and the cost of fuel.

**Andrew Gwynne:** My hon. Friend is making a superb case stating the competitive disadvantage that the Government's policies are placing on the road haulage industry in the north-east of England and in other English regions. Does he think that the reporting proposed in the amendment could help to determine Government policies for supporting economic growth in regions such as his?

**Ian Mearns:** I am trying to point out to Ministers that fuel duty imposed nationally has a differential impact across the different regions and indeed nations of the United Kingdom in terms of contacting the main hub of economic growth, the south-east of England. There has been a debate in my region about the dualling of the A1 north of Newcastle upon Tyne, but the main driver of growth in the north-east economy is actually to the south and west of the region in terms of the contact with the main drivers of our economic future.

**Mr Kevan Jones:** Was not the Conservatives' promise at the last election to dual the A1 another promise that they have reneged on?

**Ian Mearns:** What happened over a number of years—I am afraid that our Government were not immune from this—was that, rather than planning roads to encourage economic growth and development, we planned them to accommodate congestion. That was not always the best thing to do from an economic perspective. Down that road lies ruin, if you will pardon the pun.

The Federation of Small Businesses has asked for a fuel stabiliser. I am not saying that I necessarily agree with the federation, but stability in fuel prices is important. The Chief Secretary said of a fuel stabiliser:

"It's a complicated idea and it's difficult to see... how we achieve it, but it's something that we are looking at very carefully to see if we can reduce the burden of fuel duty".

I wonder whether the concept could not be more straightforward. When oil prices increased, the stabiliser—or a stabilising impact effect—would allow the Government to reduce duty to a lower limit; when oil prices fell, the Government would be able to raise duty to a higher limit.

Critics cite the difficulty of knowing whether the fluctuations in the price of oil are temporary or likely to persist beyond the near term, saying that it would be difficult for a fuel duty stabiliser to set fuel duties effectively. To counter the volatility in the price of oil, a fuel duty stabiliser or a stabilising measure would need to be based on an official forecast of the future price of oil, and then adjusted regularly according to the actual oil prices. It will be difficult, given the volatility in how the international oil markets are working at the moment,

but we need to try to find some measure to help our small and medium-sized enterprises through this difficult process at this difficult time; otherwise, we are in real danger of seeing fuel become a major blockage to economic growth, not only in particular regions, but across the whole nation.

Would this be bad for the public finances? The Chief Secretary said that we cannot "sacrifice income willy-nilly". Critics argue that a stabiliser or a stabilising effect would be too expensive to implement during a time of austerity, but that criticism fails to take into account the wider implications of high fuel prices on the UK economy. If set correctly, the measure could be fiscally neutral for the public finances and help to provide much-needed economic stability for the UK economy. My main point in asking for some sort of analysis in a review is that the measure is needed so much more in the regions of England, particularly regions such as the north-east, but the south-west as well.

**Mike Gapes:** The amendment states that the Chancellor should

"publish, within 3 months... an assessment of the impact of taxation on fuel prices."

I will address my remarks to the scope of such an assessment. It is important not to focus solely on the narrow issues surrounding VAT, although they are important, or on the global increase in fuel prices, which is one of the factors causing the revolutions in north Africa and elsewhere in the world as people suffer from rising food prices as a result of rising fuel prices.

There is something very specific about how we in this country choose to tax fuel. Compared with other European Union countries, we choose to have very high taxes on fuel. One consequence is the problems from which our road hauliers have suffered in comparison with some of their competitors in European countries that have road pricing.

It is interesting to note that in the 2010 general election, the Liberal Democrats proposed to move towards "a rural fuel discount scheme which would allow a reduced rate of fuel duty to be paid in remote rural areas, as is allowed under EU law",

as well as to prepare for a system of road pricing to be introduced "in a second parliament". That was the Liberal Democrat position. The Conservatives, of course, had a completely different view, promising for a "fair fuel stabiliser", presumably designed to help people in the rural communities.

I represent an urban area. My constituents suffer high fuel prices in London and, unlike some people in rural areas, they do not have the advantage of having to pay only 11.14p duty on a litre of so-called red diesel, instead of 57.95p duty on a litre of low-sulphur diesel. We know that there is abuse of the red diesel system by certain people who, when driving on main roads, use diesel that should be used only for off-road activities. That opportunity is not open to my constituents. People living in Ilford and elsewhere in Greater London do not have access to red diesel that they can abuse in order to avoid paying tax. However, people who are represented by the Liberal Democrats, who are in favour of giving priority to remote rural areas but not to those who live in urban areas, or by Conservative Members who are happy not to enforce adequately the provisions against abuse of the red diesel system, are not concerned

[Mike Gapes]

about that. I want the review to examine the abuse of the red diesel system. I believe that a lot of money that should be going to the Exchequer is not doing so and that there is discrimination against people who live in urban areas and have no access to red diesel for their motoring purposes.

**Mr Kevan Jones:** I take my hon. Friend's point about the abuse of red diesel, but may I disabuse him of the fact that it is not available in urban areas? When I was chair of trading standards in Newcastle, the abuse of red diesel in urban areas was just as prevalent as it was in some rural areas. The fact is that certain criminal elements in London can gain access to red diesel fairly easily.

**Mike Gapes:** Obviously I am not as accomplished as my hon. Friend at making contact with the criminal elements in London. However, he has raised a serious matter: there are criminal elements who exploit differentials in duty. We have seen that in Northern Ireland, when terrorist organisations financed their activities by smuggling fuel across the border from the south to the north and vice versa, and we have seen it in other contexts.

If we are to have a policy on fuel taxation, we need to ensure that if we introduce measures that discriminate in favour of certain people in remote rural communities, we do not also create loopholes that will be used in a discriminatory way to undermine the sense of justice and fairness that our people want us to exercise. If we have high levels of fuel taxation in this country, which we do, and if that causes problems for our road haulage industry and discrimination between rural and urban areas, when the review is conducted—I hope that the Government will support the amendment, because it is vital that we look at these issues in—

**Geoffrey Clifton-Brown (The Cotswolds) (Con):** On a point of order, Mr Hoyle. The amendment is very narrowly drawn. I have listened to the debate very carefully. Can you tell the Committee whether it is in order to discuss the matters that have been raised in it, ranging from the abolition of child benefit to the widening of the A1 and, now, the abuse of red diesel?

**The Chairman:** The Chair will decide that. I find it strange that the hon. Gentleman, who is a very senior Member of the House, is questioning the judgment of the Chair.

**Mike Gapes:** Red diesel is taxed at a lower level than other diesel. We are discussing the taxation of fuel and the need for a review of fuel taxation. Surely that is extremely pertinent to the terms of the amendment.

**Mr Kevan Jones:** The amendment states:

“The Chancellor shall publish, within 3 months of the passing of this Act, an assessment of the impact of taxation on fuel prices.”

I am sure that that includes diesel.

**Mike Gapes:** I entirely agree.

I believe that one of the difficulties in our economy, which affects our haulage industry, arises from our tax levels compared with levels in other European Union countries. We all know that if we drive across to France

and fill a tank with diesel, or “gas oil” as they call it, it is possible to pay—depending on where we are—40%, 50% or 60% of the amount that we would pay in the United Kingdom. The haulage industry based on the other side of the channel therefore has a competitive advantage. The great lorries with Polish and other countries' number plates that we see bringing goods into this country have a competitive advantage over those of our own haulage industry.

We need to look at these matters. I have to say that I think the Liberal Democrats were right. [Interruption.] Yes, occasionally they are right, and I think they were right when they said we need to look at road pricing. Unfortunately, the only person who has done anything serious about road pricing is, of course, the former Mayor of London, Ken Livingstone, who introduced the congestion charge, which the Conservatives have now accepted even though they opposed it when it was first introduced.

**The Chairman:** Order. I think we are now beginning to stray a little from the subject under discussion. I am sure we will return to the topic of the fuel levy.

**Geoffrey Clifton-Brown:** Hear, hear.

**The Chairman:** I do not think we really need to hear from the hon. Gentleman at this stage.

11.15 pm

**Mike Gapes:** Thank you, Mr Hoyle. I will, as always, take your sagacious advice.

We need to look at the consequences of the way in which our economy is integrated globally, and the knock-on consequences of our competitive position in European markets. We need a review of fuel taxation, taking account of the position of the haulage industry and the discrepancies and disparities between different parts of the UK—I accept what my hon. Friend the Member for Gateshead (Ian Mearns) said about the north-east region. There are difficulties and we need to look at this issue in the round. It is eminently sensible to have a comprehensive review of fuel taxation policy, as called for in the amendment.

Everybody agrees that the current arrangement is not working well. There is a huge amount of public disquiet—all of us receive e-mails and letters on the subject, and the Federation of Small Businesses and others write to us. People are concerned about high fuel prices. There are things we can control, such as not increasing VAT on fuel, and there are things we cannot control, such as the impact of global events, but as long as we have an economy that is dependent on fossil fuels and oil, we will always be vulnerable to such things. The debate embraces wider issues than are dealt with in the terms of the amendment. I will not talk about those issues now Mr Hoyle, but it is important that we address them in a comprehensive review of fuel taxation policy. I therefore support the amendment.

**Hugh Bayley:** First, I want to compare the records on fuel taxation of the most recent Labour Government and the previous Conservative Government. My view is that the Labour Government were a great deal kinder to the motorist, and the following figures are provided by the current Government. Figures from the Department

of Energy and Climate Change show that in 1990, when the Conservatives were in power, 59% of the price paid at the pump by the motorist and road haulier for unleaded petrol was taken by the Government in fuel taxation, and that it rose to 75% during the following seven years of Conservative rule; the Government therefore took more and more and more in taxation. When Labour was in power, however, the proportion of the price of unleaded petrol taken in fuel taxation fell to 65%. The figures for diesel are almost the same. Under the Conservatives, the tax take rose from 57% to 74%, whereas Labour brought it down to 64%.

I would like the Economic Secretary to the Treasury to answer one question in her response, on the following subject. Since the general election, Government policy—not just Conservative policy, but Conservative and Liberal Democrat policy—has been to increase the tax on fuel by about 3p a litre through the increase in VAT and to give back roughly a third of that, 1p a litre, through the reduction in duty. That policy will slightly help road hauliers, because the duty element will reduce. The VAT element increases, but hauliers are able to recover the VAT, or at least pass it on in the VAT they charge their customers. So the effect of the Government's policy will be to clobber the private motorist to the tune of 2p a litre, because they will have to pay the VAT increase out of their own pockets, while providing slight relief to businesses, particularly hauliers. I say "slight" because the price of fuel has increased as a result of a number of factors, including the increase in the cost of oil and the fall in the value of the pound on the international exchanges. So motorists and hauliers have been clobbered by the market and by the Government, but hauliers are being hit slightly less hard than the private motorist because they are able to recover the VAT increase.

My question to the Economic Secretary is as follows: is it a deliberate act of Government policy to make life slightly easier for businesses but to clobber the private citizen, or is it just an accident that that has happened? This is one of the things that ought to be studied in the review that the Opposition amendment proposes. We should examine the relative merits of taxing fuel for vehicles through VAT as opposed to through fuel duty, and who the gainers and losers are.

My hon. Friend the Member for Wirral South (Alison McGovern) made a very powerful speech about the impact that the increase in VAT on fuel has had on family budgets, and the impact that inflation generally, and fuel inflation in particular, is having on families who are having their earnings squeezed. My Front-Bench colleagues' amendment proposes that the review ought to consider that matter.

I would like such a review also to consider one other issue, because I do not believe that the Government have yet done so—although I would be delighted to be corrected if they have carried out the sort of analysis that I propose. The review should also examine the impact that taxation has on the demand for fuel. The previous Conservative Government, one and a half decades ago, introduced a fuel price escalator. I understand that their reason for doing so was environmental: they wanted to increase the price of fuel to depress the demand for it, and so reduce carbon emissions. That was the policy intention, and it is one of the reasons why Conservative policies cost taxpayers and consumers so much. I mentioned that the fuel tax take rose from

59% to 75% in their last seven years in office. I wonder whether the Minister can tell me whether that sharp increase in fuel taxation under the previous Conservative Government actually did depress the demand for fuel, because that is an important consideration. If we change the marginal rate of fuel taxation, economics suggest that there should be some elasticity in demand.

The Government say that they want to be the greenest ever, so they ought to consider the carbon emission consequences of changes to fuel duty and VAT on fuel. I hope that Treasury Ministers have taken advice on that from both the Department of Energy and Climate Change and the Department for Transport. They ought to have done, if they really are—[*Interruption.*] Does the Financial Secretary to the Treasury want to intervene? No, he is back in his seat. The Government ought to take advice before they make such proposals, so that they can assess the environmental impact of a fiscal measure. I am waiting to hear from a Minister, but it sounds as though that has not happened. It ought to if the Government are serious about the environmental consequences of their fiscal policy.

**Justine Greening** *rose*—

**Hugh Bayley:** The Economic Secretary wants to intervene, and I hope she can tell me that the analysis has been done and what its outcome is.

**Justine Greening:** I direct the hon. Gentleman to the tax note that we issued at the Budget. The answers to his questions are there; clearly he has not read it yet.

**Hugh Bayley:** I have not read it—[*Interruption.*] That is why I ask the question. If the hon. Lady would care to read it to the Committee, I would be pleased to listen.

**Justine Greening:** As the hon. Gentleman could not read the note himself in advance of the debate, I shall read it to him now:

"Removing the fuel duty escalator and cutting duty by 1ppl could result in a small increase in CO<sub>2</sub> emissions in 2011-12 of 0.4Mt. However, emissions from road transport are forecast to be approximately 1 per cent lower than current levels by 2015-16 owing to underlying trends in"

fuel efficiency.

**Hugh Bayley:** Is it the Government's policy, then, to use fiscal measures to reduce carbon emissions? Is that what brought about the carbon variation of 1.4 megatonnes—is that what the hon. Lady said? [*Interruption.*] It is 0.4 megatonnes; I am grateful to stand corrected. Has the reduction that she mentioned come about as a result of the Government's proposed fiscal changes, or as a result of the economic downturn that is a result of their policies? There is an important difference. One would expect the fall in economic activity that we have seen as a result of the Budget—the Office for Budget Responsibility has revised down its forecast for growth as a result of the Government's fiscal measures so far—to lead to a decline in carbon emissions from both road transport and other sources. I am not clear from what the hon. Lady has read out whether the reduction in carbon emissions will be a result of the fiscal measure or of a reduction in demand because of a contraction of the economy.

**Barry Gardiner:** If I interpreted the note correctly, it was a projection of what might happen as a result of the fiscal measures. It did not answer the question posed by my hon. Friend, which concerned an analysis of the results of the differing policies on carbon reduction hitherto. Does he agree that it is vital that we use green taxation only as a means of changing behaviour, and never solely as a revenue-raising measure? That is the question that he posed about past policy, and the Economic Secretary did not answer it.

**Hugh Bayley:** One would assume that a Government estimate has been made on the basis of some evidence. My hon. Friend shrugs his shoulders, but he was in government for a time and I certainly give a Government the benefit of the doubt. I believe that their civil servants would make the best estimate they could based on the evidence they had. Past responses to fiscal changes in the taxation of fuel would of course be a good indicator. Either the Minister can tell me that that is the basis on which the estimate has been made or she is not certain. If she is not certain she should be honest and say so, because we will then need the further analysis proposed in the amendment.

11.30 pm

**Jim Fitzpatrick:** Technological advances such as hybrid vehicles, greener cars, electric vehicles and biofuels might lead to a reduction in emissions. Could they therefore be incorporated into the review? They will surely have an impact on taxation policy in future.

**Hugh Bayley:** The premise that my hon. Friend puts forward is absolutely right. The fact that more and more people are using low-emission vehicles will obviously have an impact. However, the purpose of the review proposed in the amendment is to consider what effects the fiscal changes will have. If the price of fuel is raised, some people will consume the same amount of fuel anyway because they are in business and they do not want to contract their business, but generally speaking it has a marginal effect. Private motorists will reduce the number of discretionary journeys they make by trying to take their cars to the shops less frequently and perhaps abandoning some leisure trips, and businesses will look for ways of economising as prices rise. I have heard the Minister's comments and I am grateful to her for drawing my attention to the estimate that the Government have made, but it is a fairly bald statement and it does not answer my question about whether the measure is driven by the Government's environmental concerns or their revenue-raising concerns, and we need a clear answer on that.

**Mr Kevan Jones:** Will my hon. Friend give way?

**Hugh Bayley:** I am going to sit down shortly to let my hon. Friend himself make a speech, but I shall certainly give way.

**Mr Jones:** May I propose a third reason for the reduction—political expediency and creating the impression that the Government are doing something about fuel prices?

**Hugh Bayley:** That could very well be the case, and we will listen with great interest to what the Minister says in reply to the debate. All we are asking for is

transparency. We want to know whether the Government are doing this for environmental or revenue-raising reasons, what the implications of the rise will be in environmental and revenue terms and what the impact will be on family budgets. I believe—indeed, I know—that all that information is not known, so I think that the Opposition's amendment is a sound one.

**Julie Hilling (Bolton West) (Lab):** Will my hon. Friend give way?

**Hugh Bayley:** I keep trying to sit down, but my hon. Friends are preventing me from doing so.

**Julie Hilling:** My hon. Friend mentions the potential effects on the environment, tax-raising and families. A project has been brought to my attention because it can no longer afford the fuel for the vehicle it uses to take young people with mental disabilities out on trips, so those disabled young people are no longer getting the benefit they used to get from going out. Is he aware of similar issues in his constituency?

**Hugh Bayley:** Yes, I have had third sector organisations coming to me and saying how much more difficult life is getting because sources of funding are drying up.

It is clear from the interventions of my hon. Friends that the point I have raised has wider implications that ought to be studied by the Treasury and other Departments. I know what the process is for tabling amendments that ask for reviews and reports regarding legislation, and they are tabled not just to frustrate or irritate those on the Treasury Bench but to pose serious questions and seek serious answers. The Minister is waving her piece of paper again, and I promise I will read it properly, but what she read out to me did not answer my questions. It is an input—an estimate of one figure—but as we have heard, further study of the environmental and social impacts, the impact on family budget impacts and the overall economic impact is needed. I hope that as a result of that analysis the Government will produce better, more coherent cross-government proposals for the taxation of fuel in future.

**Mr Kevan Jones:** I support the amendment, which asks for a review. In the previous debate, we asked for a review of the implications of the bank levy. Similarly, the amendment calls for an assessment of the impact of taxation on fuel prices. It would be disingenuous to suggest that all Governments have perfect relationships when it comes to dealing with fuel duty. Clearly, the previous Government had problems with the cost of fuel and difficulties over taxation, but my hon. Friend the Member for York Central (Hugh Bayley) exploded one of the myths about the tax-take from fuel duty. Under the Conservative Government from 1990 to 1997 the tax-take on unleaded petrol rose by 16%, and under the Labour Government between 1997 and 2010 the tax-take fell from 75% to 65%.

The Government delayed the planned fuel duty rise, as Labour Governments did previously, as oil prices rose. Was that the right decision? Yes. At a time when many hard working families are affected not only by higher inflation and increased taxation, but by wages being driven down and in some cases by family members

facing unemployment, the Chancellor's VAT increase puts about £1.30 on the cost of filling up a 50 litre tank of petrol.

**Justine Greening:** Will the hon. Gentleman tell the Committee whether he voted against the VAT increase? I suspect he did not.

**Mr Jones:** I am becoming concerned. The hon. Lady's blood pressure does not seem stable tonight. She seems to be turning red and getting rather excited in tonight's debate, which I am not sure is good for her health. Why did she argue for and push through an increase in VAT when she and her Prime Minister stood on a manifesto saying that they would not put VAT up? That is not being honest with the British people. What she has to explain to hard-working families in my constituency, North Durham, and in Putney is why she reneged on that promise.

There has been much talk in recent weeks about trust in politicians, and a lot of nonsense talked by the yes to AV campaign about whether MPs are hard working and trustworthy. When the Prime Minister and the hon. Lady say clearly that they will not increase VAT, and then that is the first thing she does, I understand why my constituents and hers are rather cynical about certain promises.

In the Budget the Chancellor used the gimmick of cutting the price of petrol by 1p. We will shortly debate how he will pay for it. It has had disastrous consequences for the economies of parts of Scotland and the north-east England. He also increased VAT by 3p. He took it off with one hand and put in on with the other. Paying for that will have consequences for oil exploration in the North sea not only in the next year or so, but for a generation.

**Andrew Gwynne:** Does my hon. Friend recall that the Chancellor of the Exchequer, soon after the Budget, took a very dim view of those retailers who did not pass on the 1p decrease in fuel duty, and does he agree that the purpose of having such a review is to see whether the Government's policy was ultimately a success or a failure?

**Mr Jones:** That is a very good suggestion. That is one of the issues that could be included in the review. Do the Government honestly think that they can con my constituents and others and that a 1p reduction in petrol duty will really be a vote clincher for them? Late last Friday I was in the excellent Sainsbury's in Pity Me in Durham, and I noted that customers who spent £70 on their groceries could get 5p a litre off their fuel. It is a deal offered by other supermarkets—I do not want to favour Sainsbury's. Are those on the Treasury Bench really convinced that constituents will be conned by the 1p reduction, when the cost is being increased by 3p, and if they can get 5p a litre off when they spend more on extra groceries?

My hon. Friend the Member for Ilford South (Mike Gapes) made a good point, which I accept, about the differences in fuel prices in different parts of the country. I think that there is a case for part of the review looking at why fuel is priced differently across the country. I hasten to add that at the weekend, when I was in Worksop in Bassetlaw visiting my father, I went to a Sainsbury's—it happened to be the supermarket there—and

noticed that diesel was £1.38, although down here in London and in parts of Durham it is £1.42. Clearly the constituents of my hon. Friend the Member for Bassetlaw (John Mann) are getting a good deal from the Sainsbury's in Worksop. These are the issues that could be looked at in a review.

**Mr Graham Stuart** (Beverley and Holderness) (Con): The hon. Gentleman is speaking movingly about his desire to see regional variations in taxation. He was a highly distinguished Minister in the previous Government, so will he tell us how many representations he made to the then Chancellor of the Exchequer when his voice stood a real chance of making a difference?

**Mr Jones:** If the hon. Gentleman had been listening, he would know that I was not arguing for regional variations in fuel taxation. I was saying that if we are to have variations in fuel prices, which we already have, and if the Government are to introduce a derogation and cheap fuel for certain island constituencies, clearly buying off the Liberal Democrats, the effects on the economy need to be assessed. I would also argue that if that is to happen for some of those rural communities, it must also happen for parts of County Durham where having access to a car is not a luxury, but a necessity for getting into work along the A1 corridor to Newcastle and other places. The fact that the Government are also reducing the public subsidy that local government can give to bus companies means that in the next few months parts of my constituency will have no bus services whatsoever on some days of the week.

**Jim Shannon:** The hon. Gentleman mentions the price of fuel. In Northern Ireland this week the price of diesel was £1.44.9 per litre, which is probably one of the highest in the United Kingdom. If there is to be regional help for the islands of Scotland, there must also be help in Northern Ireland for rural communities. Although he might have some concerns about that, would he not agree that it is only fair that that should happen?

**Mr Jones:** It is, but the islands derogation has been brought in as a sop to the Liberal Democrats. They have to get something out of this coalition, after all, and a few pence off fuel may well help them at the ballot box, but I doubt it in the long term. The hon. Gentleman makes a fair point that, if we are to assess the effect of the increase, regional variations will need to be considered.

11.45 pm

As I said to my hon. Friend the Member for York Central, the measure was clearly a political gimmick by the Chancellor, who thought that somehow he was the motorist's friend, but a 1p decrease will have no effect on most households' budgets, when they are affected by other prices going up—some of which have been mentioned already—in terms of the cost of living.

The other point that needs looking at, and which my hon. Friend the Member for Gateshead (Ian Mearns) made very eloquently, is the cost of fuel for hauliers. There is a disproportionate effect on the north-east, and if any review were to be undertaken that would be an important one, because that cost sends the price of goods up. The point that the hon. Member for Strangford (Jim Shannon) made about Northern Ireland could also be considered in any assessment.

The Government clearly do not want to go anywhere near the idea, however, because they realise that it will open a can of worms. I include not just this Government in that, but other Governments as well. It is time, however, that we took an overall look at how we tax fuel to ensure that we understand why fuel prices increase, the tax-take and how it impacts on the economies of certain areas and on individuals' economies—on individual families and their household expenditure.

At a time when the Government are providing a tax giveaway to the banks of more than £100 million by reducing corporation tax, many hard-working families who are struggling to fill up their family car will find it unacceptable and unbelievable that they are being asked to shoulder a bigger proportion of the tax-take than those bankers, and the Government need to take that point into account.

The Government should support this amendment, which would allow us to address all the issues that have been raised in tonight's debate, including the important points that were made by my hon. Friend the Member for York Central, who takes a great interest in green issues. I just hope that we can somehow persuade the Government, if not tonight then in the future and, possibly, with some cross-party support, to change the way in which we tax fuel to ensure that regions such as mine are not disadvantaged by arbitrary taxation increases, which this Government have imposed by increasing VAT.

**Justine Greening:** Clause 19 cuts fuel duty by 1p per litre. In fact, it has already happened—at 6 pm on Budget day. That was the first step in removing the Labour party's planned fuel duty escalator and, instead, putting in place a fair fuel stabiliser, which will ease the burden on motorists.

The hon. Members for Gateshead (Ian Mearns) and for North Durham (Mr Jones) talked about the burden that the planned tax rises would have placed on their own region, and I can tell the hon. Member for York Central (Hugh Bayley) that, in fact, under the previous Government fuel duty rose by 55%, so it is simply wrong to focus totally on the previous Conservative Government. His Government increased the burden on motorists substantially.

The amendment calls for the Chancellor to publish an assessment of the impact of taxation on fuel prices within three months of the Act being passed, and it aims to determine the extent to which the cut in fuel duty has been passed on. By introducing such a measure, Opposition Members clearly intend to distract the public from their policy, which would have seen pump prices rise yet further as they introduced their planned escalator. In addition, the Opposition appear keen to suggest that the cut in fuel duty and the cancellation of their fuel duty escalator has not offset the effect of the VAT increase at the start of the year—a VAT increase that as a party they did not vote against.

I will go on to set out the Government's assessment of the impact of this measure, as Members have requested, and to address the points raised in the debate, but perhaps I should start by explaining to the Committee why the Government took the action they did in the Budget to support motorists at this time of record pump prices. It is true that motoring is an essential part of everyday life for many households and businesses, as

mentioned by the hon. Member for Wirral South (Alison McGovern). The Government also recognise that the rising price of petrol has become an increasingly significant part of day-to-day spending, and we know that high oil prices are causing real difficulties in ensuring that motoring remains affordable. It is important that when shocks such as the steep rise in the oil price occur a responsible Government are able to listen and respond.

The previous Government would have introduced a fuel duty escalator, which involved seven fuel duty increases, three of which have been implemented, adding 3p to pump prices, and they had planned another above-inflation increase for the start of last month.

**Andrew Gwynne:** Is the Minister not even slightly embarrassed that her Government did not seek the powers to get a derogation from the European Commission? Her party has gone from being the party of “No, no, no” on Europe to the Putney shrug.

**Justine Greening:** The hon. Gentleman's party does not even have a position on that because Labour Members abstained on it. If the policy in clause 19 is so bad, I expect them to vote against it, but I suspect that it will be another case of abstention making the heart grow fonder. I do not think that that will work with taxpayers, who remember exactly who was planning to bring in the fuel duty escalator had they remained in power.

This Government listened to hard-pressed motorists and businesses. We declined to increase the escalator and to introduce the 1p per litre fuel duty increase, which would collectively have added 6p to pump prices compared with what they are now. Instead, we responded with a £1.9 billion package to ease the burden on motorists at this time of record pump prices. We acted by cutting fuel duty by 1p per litre from 6 pm on Budget day. We cancelled the previous Government's fuel duty escalator for the rest of the Parliament. We introduced a fair fuel stabiliser that will better share the burden of high oil prices between motorists and oil companies, and so fuel duty will increase by inflation only when oil prices are high.

**Hugh Bayley:** I read from a Library briefing:

“In its Budget in March 1993 the Conservative Government introduced a ‘road fuel escalator’—a commitment to increase duty rates on these fuels in real terms by a specified percentage each year”.

I accept that that was continued for a number of years by the Labour Government before being abandoned, but the Minister should not say that the public do not forget things and then gloss over the fact that it was a Conservative Government who brought in the fuel price escalator.

**Justine Greening:** I will tell the hon. Gentleman one thing we did not do, and that is hand over a huge fiscal deficit to the incoming Labour Government.

**Hugh Bayley:** Will the Minister give way?

**Justine Greening:** No, we have heard enough from Labour Members.

We had to take decisions to support motorists in spite of the catastrophic state of public finances that Labour handed over. We have made sure that there are no fuel

duty increases this year by deferring the inflation-only increase that was planned for April to 1 January 2012. This is real help for families and for businesses. As of 1 April, average pump prices are approximately 6p per litre lower than if we had continued with the previous Government's escalator.

**Penny Mordaunt** (Portsmouth North) (Con): I have listened to this debate with great interest, because I was previously spokesman for the Freight Transport Association and I remember that one year into the Labour Government's stewardship of the fuel duty escalator hauliers were on the streets of London on a go-slow programme because of the way that they approached taxation.

**Justine Greening:** My hon. Friend is right to refer to the response of hauliers to the previous Government's policy.

The hon. Member for York Central called the action that the Government have taken for hauliers in the Budget "slight". Actually, the average haulier will benefit by approximately £1,700 in 2010-11 as a result of those measures compared with what they would otherwise have faced. I also draw his attention to the remaining part of the package for motorists, which includes freezing vehicle excise duty on HGVs, providing further help to hauliers. The package is even broader than that, because for motorists who are required to use their own vehicle for work, the approved mileage allowance payments rate, which had not been increased by the previous Government since 2002, was increased from 40p to 45p per mile for the first 10,000 miles. An average AMAPs user claiming for 2,500 miles a year will benefit by £125 a year.

**John McDonnell:** In the Budget statement, the Government informed us that they were submitting a derogation request to the European Union for the rural fuel duty rebate pilot scheme. The Chief Secretary to the Treasury told us that permission would be received over the next few months. Will the Economic Secretary inform us of whether permission has been received? Given the representations that have been made today for an expansion to other regions, is that not something that should be considered as part of a review as a matter of urgency?

**Justine Greening:** The hon. Gentleman will be aware that the derogation is to carry out a pilot to look at how we can support rural areas with a fuel duty discount. He is right to point out that we have submitted a formal request to the European Commission, and we wait to hear its response. I assure him that we got on with that derogation request, just as we said we would.

If I may, I will make progress on the issues that have been raised by hon. Members.

**Hugh Bayley:** Will the hon. Lady give way?

**Justine Greening:** I will give way to the hon. Gentleman once more.

**Hugh Bayley:** The Economic Secretary has been extremely generous. A few minutes ago she referred to the deficit and the debt inherited by the incoming Government. Has she forgotten that during John Major's premiership, the national debt almost doubled, and that

during the first 10 years that Labour was in power, the Government reduced the national debt by 40% through good stewardship of the economy?

**Justine Greening:** The hon. Gentleman is obviously one of the Labour party's structural deficit refuseniks. He simply refuses to accept that the deficit exists. I am sure that he would also refuse to accept that his party left unemployment 400,000 people higher by the end of its term in office. We understand the problems that our economy faces and the Budget was all about tackling them.

I will turn to the substance of the amendment. For motorists to realise the benefits of the cut in fuel duty, retailers need to pass it on at the forecourt. If the cut in fuel duty had been fully passed on to average pump prices, including VAT, they would have been 1.2p per litre lower. The amendment seeks a published assessment of the degree to which the cut fed through to pump prices. As I said, we have already published a tax information and impact note that sets out our analysis of the impact of the cut. Following the Budget, the website petrolprices.com, which gives independent average daily prices and which the previous Government used to track prices, showed that average pump prices fell by approximately 0.8p per litre between 23 and 28 March. It can be clearly seen that the reduction in fuel duty largely fed through to prices at the pump. Therefore, prices are lower due to our actions and motorists are benefiting from the cut in duty. Let us not forget that average pump prices are approximately 6p per litre lower as a result of the cut in duty and our scrapping of the previous Government's planned escalator, which they would have gone ahead with.

**Julie Hilling:** I am a little bit confused, because the Economic Secretary is talking about how wonderful the Government's actions on fuel prices have been, but it seems to me that in the past 12 months, fuel has gone up by something like 25%. I do not see why the Government are saying how brilliant their actions have been when people are paying something like £1.40 a litre instead of £1.10 a litre. A penny off, 3p on, 40p on—it does not make sense to me.

12 midnight

**Justine Greening:** As the hon. Member for Wallasey (Ms Eagle) said back in May 2009,

"there are very few even socialist theorists who would suggest that commodity prices were somehow controllable".—[*Official Report*, 13 May 2009; Vol. 492, c. 918.]

I do not think the hon. Member for Bolton West (Julie Hilling) can expect the Government to control commodity prices, but what we can do is take action to lessen the effects of swings in the oil price as they feed through to the pump. That is precisely what we are doing in clause 19 on fuel duty, and we will shortly debate the mechanism by which we can pay for that, which is the fair fuel stabiliser.

Of course, the Labour party has suggested that we should create a separate VAT rate for petrol. As has been pointed out even by Labour Members, that would have provided no help for hauliers, and I remind the Committee of why the Chancellor rejected the proposal. It would take six years, and it would not even be able to come into effect then, because the current EU VAT

[Justine Greening]

directive means that it is illegal. I do not think motorists should have to wait for six years, and the Government are not going to wait six years. We listened, and we responded as of 6 pm on Budget day.

Finally, I shall address the issue of VAT. I know that it is not strictly within the scope of the debate, Mr Hoyle, but it is important. The Opposition have been quick to point out that although the Government cut fuel duty by 1p in the Budget, pump prices have increased by about 3p following the VAT increase. They appear to be implying that motorists would be better off under their plans for an escalator and a VAT rate of 17.5%, although of course we know that the right hon. Member for Edinburgh South West (Mr Darling) was planning to increase VAT himself. I suspect that they wish to use the amendment to prove their point.

It is simply not true that motorists would be better off under the previous Government's tax plans, and let me be absolutely clear that even comparing the changes that we announced in the Budget with the previous Government's fuel duty and 17.5% VAT plans, it is likely that on 1 April pump prices were 3p a litre lower than they would have been. Even after the two increases in fuel duty next year, average pump prices could still be about 1p a litre lower than they would have been under the previous Government's plans. Cutting fuel duty and scrapping their escalator more than offsets the impact of the VAT increase, and I should not need to explain to Opposition Members that an increase in VAT was needed to cut the deficit that they left behind. They did not even have the political courage to vote against that measure, which they were so upset about—absolutely shameless.

In government, Labour Members ran our country's public finances into the ground, and now, in opposition, they bring forward this feeble and unnecessary amendment. Dare they even push it to a vote? We will find out. I suspect that in the case of clause 19, it will be a case of another day, another abstention. The Government are providing motorists with a fair deal. Where the previous Government left tax rises, we have taken action, and I ask the House to reject the amendment.

**Kerry McCarthy:** We have had an interesting debate over the past couple of hours. It is notable that although we have had some significant and thoughtful contributions from my hon. Friends, not a single member of the Conservative party, apart from the Minister, or a single Liberal Democrat has felt the need to speak up for their constituents and talk about rising fuel prices. I am sure their constituents have lobbied them about it, but their silence in the Chamber today speaks volumes.

My hon. Friends the Members for Wirral South (Alison McGovern), for Gateshead (Ian Mearns), for Ilford South (Mike Gapes), for York Central (Hugh Bayley) and for North Durham (Mr Jones) have all highlighted the impact of the rise in fuel prices and of the Government's decision—and it was the Government's choice—to raise VAT from 17.5% to 20%. They described the impact on families' living standards, on businesses in their constituencies, on the haulage industry and across the board.

The point is that the Minister's view of the impact is short-sighted. She cited the impact of the measures in

the Budget from 23 March to 28 March, which must be the smallest, most selective economic data ever cited in the Chamber. It would be interesting to know what happened after 28 March, to which she did not refer. She also tried to lead us down the garden path by talking once more about the fuel duty escalator, but she knows full well that the Opposition called for the Government to reconsider that in the Budget and welcomed the fact that they did so.

The debate is on the VAT increase, which the Government chose to introduce. We are asking simply that they publish an assessment, within three months of the Bill becoming law, of the impact of taxation on fuel prices. I do not think that that is too much to ask. I was surprised to hear the Minister say that we would not press the amendment to a Division, because I can inform you, Mr Hoyle, that we do indeed intend to do so. With that, I rest my case.

*Question put,* That the amendment be made.

*The Committee divided:* Ayes 121, Noes 277.

**Division No. 262]**

**[12.05 am**

**AYES**

Abrahams, Debbie	Goodman, Helen
Alexander, Heidi	Green, Kate
Ali, Rushanara	Gwynne, Andrew
Anderson, Mr David	Hain, rh Mr Peter
Bailey, Mr Adrian	Hanson, rh Mr David
Barron, rh Mr Kevin	Healey, rh John
Bayley, Hugh	Hendrick, Mark
Begg, Dame Anne	Heyes, David
Benn, rh Hilary	Hilling, Julie
Berger, Luciana	Hodgson, Mrs Sharon
Blackman-Woods, Roberta	Hoey, Kate
Blomfield, Paul	Hosie, Stewart
Brown, Lyn	James, Mrs Siân C.
Brown, rh Mr Nicholas	Johnson, Diana
Bryant, Chris	Jones, Mr Kevan
Buck, Ms Karen	Kaufman, rh Sir Gerald
Burden, Richard	Keeley, Barbara
Burnham, rh Andy	Lammy, rh Mr David
Campbell, Mr Alan	Lavery, Ian
Campbell, Mr Gregory	Leslie, Chris
Chapman, Mrs Jenny	Lewis, Mr Ivan
Coaker, Vernon	Lloyd, Tony
Cooper, Rosie	Love, Mr Andrew
Creasy, Stella	MacNeil, Mr Angus Brendan
Cryer, John	Mactaggart, Fiona
Cunningham, Tony	Mahmood, Shabana
Curran, Margaret	McCann, Mr Michael
Dakin, Nic	McCarthy, Kerry
David, Mr Wayne	McCrea, Dr William
Davidson, Mr Ian	McDonnell, John
De Piero, Gloria	McGovern, Alison
Donohoe, Mr Brian H.	Mearns, Ian
Dowd, Jim	Michael, rh Alun
Efford, Clive	Miliband, rh David
Elliott, Julie	Miller, Andrew
Ellman, Mrs Louise	Morris, Grahame M.
Farrelly, Paul	(Easington)
Fitzpatrick, Jim	Nandy, Lisa
Flint, rh Caroline	Nash, Pamela
Flynn, Paul	Pearce, Teresa
Fovargue, Yvonne	Phillipson, Bridget
Gapes, Mike	Pound, Stephen
Gardiner, Barry	Raynsford, rh Mr Nick
Gilmore, Sheila	Reed, Mr Jamie
Glendon, Mrs Mary	Reynolds, Emma
Goggins, rh Paul	Robertson, Angus

Robinson, Mr Geoffrey  
 Rotheram, Steve  
 Ruane, Chris  
 Ruddock, rh Joan  
 Shannon, Jim  
 Sharma, Mr Virendra  
 Skinner, Mr Dennis  
 Slaughter, Mr Andy  
 Smith, rh Mr Andrew  
 Straw, rh Mr Jack  
 Stringer, Graham  
 Stuart, Ms Gisela  
 Timms, rh Stephen  
 Trickett, Jon  
 Turner, Karl  
 Twigg, Derek  
 Twigg, Stephen

Umunna, Mr Chuka  
 Vaz, Valerie  
 Watson, Mr Tom  
 Watts, Mr Dave  
 Weir, Mr Mike  
 Whiteford, Dr Eilidh  
 Whitehead, Dr Alan  
 Wicks, rh Malcolm  
 Williamson, Chris  
 Winterton, rh Ms Rosie  
 Wishart, Pete  
 Wood, Mike  
 Wright, David

**Tellers for the Ayes:**  
**Lilian Greenwood and**  
**Phil Wilson**

#### NOES

Adams, Nigel  
 Aldous, Peter  
 Alexander, rh Danny  
 Amess, Mr David  
 Andrew, Stuart  
 Arbuthnot, rh Mr James  
 Bacon, Mr Richard  
 Bagshawe, Ms Louise  
 Baker, Norman  
 Baker, Steve  
 Baldry, Tony  
 Baldwin, Harriett  
 Barclay, Stephen  
 Barker, Gregory  
 Barwell, Gavin  
 Bebb, Guto  
 Bellingham, Mr Henry  
 Benyon, Richard  
 Beresford, Sir Paul  
 Bingham, Andrew  
 Binley, Mr Brian  
 Blackman, Bob  
 Blackwood, Nicola  
 Blunt, Mr Crispin  
 Boles, Nick  
 Bottomley, Sir Peter  
 Bradley, Karen  
 Brake, Tom  
 Bray, Angie  
 Brazier, Mr Julian  
 Brine, Mr Steve  
 Brokenshire, James  
 Bruce, Fiona  
 Bruce, rh Malcolm  
 Buckland, Mr Robert  
 Burns, rh Mr Simon  
 Burrowes, Mr David  
 Burstow, Paul  
 Burt, Alistair  
 Byles, Dan  
 Cable, rh Vince  
 Cairns, Alun  
 Carmichael, rh Mr Alistair  
 Carswell, Mr Douglas  
 Chishti, Rehman  
 Choqe, Mr Christopher  
 Clark, rh Greg  
 Clifton-Brown, Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Colville, Oliver  
 Cox, Mr Geoffrey

Crouch, Tracey  
 Davey, Mr Edward  
 Davies, David T. C.  
*(Monmouth)*  
 Davies, Philip  
 de Bois, Nick  
 Dinenage, Caroline  
 Djanogly, Mr Jonathan  
 Dorrell, rh Mr Stephen  
 Dorries, Nadine  
 Doyle-Price, Jackie  
 Duncan, rh Mr Alan  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellison, Jane  
 Elphicke, Charlie  
 Eustice, George  
 Evans, Jonathan  
 Evennett, Mr David  
 Fabricant, Michael  
 Fallon, Michael  
 Featherstone, Lynne  
 Field, Mr Mark  
 Foster, rh Mr Don  
 Francois, rh Mr Mark  
 Freeman, George  
 Freer, Mike  
 Fuller, Richard  
 Garnier, Mr Edward  
 Garnier, Mark  
 Gauke, Mr David  
 Gibb, Mr Nick  
 Gilbert, Stephen  
 Glen, John  
 Goldsmith, Zac  
 Goodwill, Mr Robert  
 Grant, Mrs Helen  
 Gray, Mr James  
 Grayling, rh Chris  
 Green, Damian  
 Greening, Justine  
 Grieve, rh Mr Dominic  
 Gummer, Ben  
 Gyimah, Mr Sam  
 Halfon, Robert  
 Hames, Duncan  
 Hammond, Stephen  
 Hancock, Matthew  
 Hands, Greg  
 Harper, Mr Mark  
 Harrington, Richard

Harris, Rebecca  
 Hart, Simon  
 Harvey, Nick  
 Haselhurst, rh Sir Alan  
 Hayes, Mr John  
 Heald, Oliver  
 Heath, Mr David  
 Heaton-Harris, Chris  
 Hemming, John  
 Henderson, Gordon  
 Herbert, rh Nick  
 Hinds, Damian  
 Hoban, Mr Mark  
 Hollingbery, George  
 Hollobone, Mr Philip  
 Holloway, Mr Adam  
 Hopkins, Kris  
 Horwood, Martin  
 Howarth, Mr Gerald  
 Howell, John  
 Huhne, rh Chris  
 Hunt, rh Mr Jeremy  
 Huppert, Dr Julian  
 Hurd, Mr Nick  
 Jackson, Mr Stewart  
 James, Margot  
 Javid, Sajid  
 Jenkin, Mr Bernard  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 Kelly, Chris  
 Kirby, Simon  
 Knight, rh Mr Greg  
 Kwarteng, Kwasi  
 Laing, Mrs Eleanor  
 Lamb, Norman  
 Lancaster, Mark  
 Laws, rh Mr David  
 Leadsom, Andrea  
 Lee, Jessica  
 Lee, Dr Phillip  
 Lefroy, Jeremy  
 Leigh, Mr Edward  
 Leslie, Charlotte  
 Letwin, rh Mr Oliver  
 Lewis, Brandon  
 Lewis, Dr Julian  
 Lidington, rh Mr David  
 Lilley, rh Mr Peter  
 Lopresti, Jack  
 Lord, Jonathan  
 Loughton, Tim  
 Luff, Peter  
 Main, Mrs Anne  
 Maude, rh Mr Francis  
 May, rh Mrs Theresa  
 McCartney, Jason  
 McCartney, Karl  
 McIntosh, Miss Anne  
 McLoughlin, rh Mr Patrick  
 McPartland, Stephen  
 McVey, Esther  
 Menzies, Mark  
 Mercer, Patrick  
 Metcalfe, Stephen  
 Miller, Maria  
 Mills, Nigel  
 Milton, Anne

Mitchell, rh Mr Andrew  
 Moore, rh Michael  
 Mordaunt, Penny  
 Morris, David  
 Morris, James  
 Mosley, Stephen  
 Mowat, David  
 Mulholland, Greg  
 Munt, Tessa  
 Murray, Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newmark, Mr Brooks  
 Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 Nuttall, Mr David  
 O'Brien, Mr Stephen  
 Offord, Mr Matthew  
 Ollerenshaw, Eric  
 Paice, rh Mr James  
 Parish, Neil  
 Patel, Priti  
 Pawsey, Mark  
 Penrose, John  
 Percy, Andrew  
 Pery, Claire  
 Phillips, Stephen  
 Pincher, Christopher  
 Poulter, Dr Daniel  
 Prisk, Mr Mark  
 Pritchard, Mark  
 Raab, Mr Dominic  
 Randall, rh Mr John  
 Reckless, Mark  
 Redwood, rh Mr John  
 Rees-Mogg, Jacob  
 Reeve, Simon  
 Robathan, rh Mr Andrew  
 Robertson, Hugh  
 Rogerson, Dan  
 Rosindell, Andrew  
 Rudd, Amber  
 Russell, Bob  
 Rutley, David  
 Sanders, Mr Adrian  
 Sandys, Laura  
 Scott, Mr Lee  
 Selous, Andrew  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simmonds, Mark  
 Simpson, Mr Keith  
 Smith, Miss Chloe  
 Smith, Henry  
 Smith, Julian  
 Smith, Sir Robert  
 Spelman, rh Mrs Caroline  
 Spencer, Mr Mark  
 Stephenson, Andrew  
 Stevenson, John  
 Stewart, Bob  
 Stewart, Iain  
 Stewart, Rory  
 Streeter, Mr Gary  
 Stride, Mel  
 Stuart, Mr Graham  
 Sturdy, Julian  
 Swales, Ian  
 Swayne, Mr Desmond  
 Swinson, Jo  
 Syms, Mr Robert

Teather, Sarah  
 Thurso, John  
 Timpson, Mr Edward  
 Tomlinson, Justin  
 Tredinnick, David  
 Truss, Elizabeth  
 Turner, Mr Andrew  
 Tyrie, Mr Andrew  
 Vaizey, Mr Edward  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Mrs Theresa  
 Walker, Mr Robin  
 Wallace, Mr Ben  
 Walter, Mr Robert  
 Ward, Mr David  
 Watkinson, Angela

Weatherley, Mike  
 Webb, Steve  
 White, Chris  
 Whittaker, Craig  
 Whittingdale, Mr John  
 Wiggin, Bill  
 Williamson, Gavin  
 Wilson, Mr Rob  
 Wollaston, Dr Sarah  
 Wright, Simon  
 Yeo, Mr Tim  
 Young, rh Sir George  
 Zahawi, Nadhim

**Tellers for the Noes:**  
**Stephen Crabb and**  
**Jeremy Wright**

*Question accordingly negated.*

*Clause 19 ordered to stand part of the Bill.*

**Mr James Gray** (North Wiltshire) (Con): On a point of order, Mr Hoyle. I should apologise to you and the Committee for an inadvertent breach of the conventions of the House, namely that having chaired the Committee earlier this evening, I inadvertently forgot the convention that I should not vote. I have, in fact, voted twice in Divisions since then. I apologise for that oversight.

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** The Committee is grateful for that explanation.

### Clause 7

#### INCREASE IN RATE OF SUPPLEMENTARY CHARGE

**Malcolm Bruce** (Gordon) (LD): I beg to move amendment 13, page 2, line 36, leave out ‘for “20%” substitute “32%”’, and insert

‘after “a sum equal to 20% of its adjusted ring fence profits for that period”, insert “increasing by 1 per cent. for every \$5 by which the reference hydrocarbon price exceeds \$75 subject to a maximum rate of 32%”’.

**The Chairman:** With this it will be convenient to discuss the following: amendment 14, page 2, line 36, at end insert—

‘(1A) A reference price will be determined by an independent arbiter agreed jointly between the Government and Oil and Gas UK and will determine separate prices for oil, gas and condensates.’

Amendment 15, page 2, line 36, at end insert—

‘(1B) The increased charge shall not apply to fields producing more than 90 per cent. gas. Where a field produces oil and gas the charge will be based on the price of oil equivalent taking into account the ratios of oil to gas produced.’

Amendment 16, page 2, line 36, at end insert—

‘(1C) The supplementary charge may be abated or offset against the cost of investment to increase production.’

Amendment 2, page 3, line 2, leave out ‘24 March 2011’ and insert ‘30 September 2011’.

Amendment 17, page 3, line 2, after ‘2011’, insert ‘and before 30 September 2012’.

Amendment 3, page 3, line 4, leave out ‘24 March 2011’ and insert ‘30 September 2011’.

Amendment 18, page 3, line 4, after ‘2011’, insert ‘or 30 September 2012’.

Amendment 4, page 3, line 8, leave out ‘24 March 2011’ and insert ‘30 September 2011’.

Amendment 19, page 3, line 8, after ‘2011’, insert ‘or 30 September 2012’.

Government amendments 11 and 12.

Amendment 5, page 3, line 27, leave out ‘24 March 2011’ and insert ‘30 September 2011’.

Amendment 20, page 3, line 28, after ‘2011’, insert ‘or 30 September 2012’.

Amendment 10, page 4, line 7, at end add—

‘(11) The Chancellor shall produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North Sea.’

Clause stand part.

**Malcolm Bruce:** The purpose of this group of amendments is to persuade the Government to engage with the oil and gas industry to ensure that no major new investment opportunities are lost. I will explain the purpose of the main amendments, and I very much hope that Ministers will respond in a constructive way, because these are intended to be constructive proposals.

The Government are on record as saying that they understand the need for stability in the fiscal regime, and the Chancellor has described this as a Budget for growth. It is worth saying, however, that in contrast to the cautious way in which the Government have applied new taxes to banks, which have squandered our resources to the extent that many of them had to be nationalised, it is quite harsh to apply a marginal rate of tax of 82% to our single biggest industry. It is an industry that invests in real infrastructure and real engineering, and it takes risks in regard to weather, geology, exchange rates and cost unpredictability, as well as taxation.

I accept that the current spot price of Brent crude, at \$125 a barrel, allows for unforeseen profits, at least for some fields. However, that does not apply to gas fields or to fields with large quantities of associated gas and, as Ministers will know, that is not the price that many operators actually realise, as they often contract their production at an average well below the spot peak.

I say in passing that the link between the oil tax changes and the fair fuel stabiliser are tenuous. Many of the companies operating in the North sea have no retail division, and there is no direct connection between their returns and the pump price. Also, the Government are themselves the recipient of a windfall. According to the Library brief and, I think, the Red Book, North sea profits are running at between £1.5 billion and £1.9 billion per annum over the next four years. That is additional revenue that was not anticipated in the pre-Budget statement in November. The Government have also received a VAT windfall on pump prices, averaging about 6p a litre. However, my point is not that there is no case for additional contributions from North sea operators and field shareholders. I do not take issue with the Government about that. My point is that this should be done after proper consultation and taking due account of the complex character of the mature North sea industry.

I have monitored the industry for 40 years. Indeed, 40 years ago this September, I started work as research and information officer for the North East Scotland Development Authority. Towards the end of that year, 1971, BP announced the successful commercial test of a well, which turned out to be the discovery of the Forties field. However, it is interesting to note that, believing that it had reached the end of its useful life, BP sold the Forties field to Apache in 2003. Since its acquisition of the field, Apache has greatly enhanced recovery from Forties and sees long-term potential for its development. It is worth noting that Apache has been one of the most vigorous critics of the Government's policies, and that it questions whether their investment will be fully committed or realised.

**Andrew Gwynne:** I accept the right hon. Gentleman's points about the North sea, but will he acknowledge that it is not only the North sea that is affected by these measures? For example, gas is a major industry in the north-west of England, and only this week, we have heard of the decision to cease operations in Morecambe bay and the Irish sea. Does he agree that that would be catastrophic for the economy of the north-west of England?

**Malcolm Bruce:** That is a very fair intervention. Perhaps I am using the term "North sea" in a slightly generic fashion. The term "UK continental shelf" is a bit long-winded, but that is what I really mean. Perhaps the House will take that as read for these purposes.

The hon. Gentleman is right: Centrica, the operator in Morecambe bay and other gas fields, has indeed indicated that it might not be able to resume production in the current regime and with the current prices. That makes the point, which I hope Ministers will acknowledge, that it is important for the industry and the Government to come together and negotiate, in order to ensure that we do not lose investment and production that might otherwise be lost altogether.

**Mr Kevan Jones:** One of the arguments put forward by the Treasury is that the 82% tax rate to which the right hon. Gentleman has referred applies only to mature fields. Does he agree, however, that those mature fields still need investment if they are to continue to produce oil?

**Malcolm Bruce:** That was precisely the point of my illustration about Apache and the Forties field. It wants to invest, and I believe it will continue to invest, but it is actively reviewing the extent to which it will invest in the light of these tax changes, which clearly make the investment less attractive.

**Mr Mike Weir (Angus) (SNP):** Will the right hon. Gentleman give way?

**Malcolm Bruce:** Before I do, I want to point out that today I received the Oil and Gas UK index of confidence in the industry, which is to be published tomorrow. It is not surprising to note the very sharp fall in confidence within the industry that the index reveals about the first quarter since the Budget. For example, exploration and production companies' confidence has fallen from an index level of 71 in the fourth quarter of 2010 to 46 in the first quarter of 2011. Even the confidence of supply chain companies has fallen, albeit less so, from 61 to 54,

and when asked why the fall was less sharp, they said it was because their business was now much more international and they expected to pick up business elsewhere that they would otherwise have lost in the North sea. That gives a clear indication that the industry is facing a loss of confidence as a result of these changes.

**Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP):** Is the right hon. Gentleman happy with what his Government are doing in the North sea?

**Malcolm Bruce:** The fact that I am moving the amendment makes fairly clear what I think and what I am trying to do. What I am saying to the Government—*[Interruption.]* I accept that the Government have introduced a Budget that has made these changes. What I am trying to engage Ministers to do is to understand that the industry is complex and that Government decisions might lead it to a review of investment, which I am going to suggest could lose production, jobs and export opportunities. It is possible to retrieve the situation, however, if we have an active process of negotiation. Previous Governments have made the same mistake in the past and realised the need to engage with the industry.

**Mr Robinson:** The right hon. Gentleman makes a fair point about the lack of consultation and involvement with the industry in this heavy change that has been introduced on the hoof. The Economic Secretary, who is replying to the debate, having worked for three years as a senior executive in Centrica—a firm the right hon. Gentleman cited as having lost confidence—should have known better and realised the importance of consulting the industry beforehand.

**Malcolm Bruce:** At this stage, I am not here to attribute responsibility for the decision. My concern is—*[Interruption.]* With great respect, Members should acknowledge that, speaking as someone who represents a major North sea oil and gas constituency, I know my own industry and my own constituency, and I also know the need to engage the Government and persuade them that they can retrieve the situation to a degree by so doing.

Let me refer to a table that will appear in the UK Oil and Gas publication tomorrow. It shows something of which Labour Members should be fully aware—the correlation with the past. Interestingly enough, in 2009, North sea oil prices peaked at \$145, yet within 12 months they were down to \$35. At that peak level of production, investment had fallen £3 billion a year as a direct result of negative tax changes in 2006. The time lag, Ministers should be aware, is two to three years, after which investment falls away; it is then several years beyond that when we see job losses, lost investment and lost opportunities.

**Mr Weir:** The hon. Gentleman makes a good case, but he will know that it is not just the immediate impact that is important. With these mature fields, we need to make sure that the infrastructure remains in place, particularly if we are serious about carbon capture and storage, for example, which relies on much of the infrastructure from depleted fields in order to work in the North sea.

**Malcolm Bruce:** That is a perfectly valid and fair point, and it is clear that Ministers across all Departments understand it. What I am anxious for Ministers to appreciate is that the complexity of the industry in its mature phase, the number of different players and their variable requirements all require active negotiation. Across-the-board changes in taxes without that negotiation will lead to a loss of investment and lost projects.

**Several hon. Members** *rose*—

**Malcolm Bruce:** Let me make some progress.

With an oil price of \$125, people will often say, “Most projects in the North sea are viable.” Well, yes they are, but the industry has to compete for other projects around the world where the price is also \$125 yet where the tax regime is more attractive and the risks lower. That must be taken into account in negotiation, because it is the basis on which investors in the mid-west of the United States, or in other parts of the world, will decide whether to back projects in the United Kingdom continental shelf or elsewhere.

**Dr Eilidh Whiteford** (Banff and Buchan) (SNP): The right hon. Gentleman has rightly drawn attention to the loss of confidence in the oil and gas sector that has resulted from the Government’s policies. How does he think that it can be restored? Trust is what has been lost, and no matter what negotiations may achieve, what will be hardest will be restoring that trust in the industry when it comes to future investments.

12.30 am

**Malcolm Bruce:** That is precisely why my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and I tabled the amendments. We want Ministers to begin in the process of building that trust.

The Government have made their case for this change and have defended it robustly on a number of occasions, but that is not the response that we need tonight. They have made their decision and I do not expect them to reverse it, because the Budget depends on it. What I expect them to do is engage with those in the industry, to explain the position to them, and to negotiate in detail on allowances and other flexible ways of ensuring that oil and gas that would otherwise be lost continue to be produced.

**Helen Goodman** (Bishop Auckland) (Lab): I understand that the right hon. Gentleman seeks flexibility on the part of Ministers and is trying to persuade them of the value of his case. If the Government give him a negative response, will he still vote with them at the end of the debate?

**Malcolm Bruce:** I think the answer is that I want to hear what the Minister has to say.

**Mr MacNeil:** Answer the question!

**Malcolm Bruce:** Hang on a minute. We have had a series of debates tonight, and have heard a number of lengthy speeches, not all of which have contributed much to the argument. We are now engaged in a very material debate about the most important industry that we have, and in a serious attempt to persuade the Government to engage, piece by piece, with the industry

and rebuild the trust which, as was rightly pointed out by the hon. Member for Banff and Buchan (Dr Whiteford), has been damaged and needs to be repaired. The industry was very pleased that the Economic Secretary engaged with it soon after her appointment and went offshore. It is important for her not to lose that good will, and to demonstrate that she has that degree of understanding. I am sure that she will do so, because I think that she has learned a great deal from her experience.

**Mr Anderson:** Will the right hon. Gentleman give way?

**Malcolm Bruce:** I want to make a bit more progress.

The Government have made their case, and have defended it. I am simply asking them to consider the real and legitimate concerns of the industry, to look at the independent assessments, and to accept that there is a danger of losing as much as £20 billion of investment and between 1 billion and 2 billion barrels of production over the next 10 years or so. That is a Forties field that we would simply discard. It would be a huge loss, and it would be very significant in the context of the British economy. If that investment is lost—or, indeed, secured—future jobs, export opportunities, reduced imports and future tax revenues will be affected. They all hang on the restoration of that trust, and on the industry’s being persuaded to invest in the marginal projects that might be put at risk in the absence of negotiation.

**Malcolm Wicks** (Croydon North) (Lab): Will the right hon. Gentleman give way?

**Malcolm Bruce:** I will give way to the former Minister.

**Malcolm Wicks:** The right hon. Gentleman is making a very thoughtful speech. Does he agree that there is a geopolitical and a national security implication? With global demand for energy increasing by a third or more over the next two decades, at the very time when the United Kingdom is becoming more dependent on imports, is it not important from a national security point of view for us to look after and nurture the North sea, and for that to have an impact on our fiscal treatment of North sea gas and oil?

**Malcolm Bruce:** It certainly is. The United Kingdom continental shelf has the potential to supply up to 70% of our requirements for quite a few years ahead. It is a more secure source, geographically and practically, than other parts of the world where the politics are uncertain. Given a high oil price, the Government, the industry and the economy can all benefit if we get the balance right, and can all lose if we get the balance wrong. It seems to me that negotiation is the way forward.

Let me explain how the amendments address some of the industry’s specific concerns. On amendment 13, the Government stated in the Budget that they will reduce the supplementary charge back to 20% on a “staged and affordable basis”. That is a welcome approach, but it would be more welcome if the charge had also been raised on a staged and affordable basis, instead of having a sudden 22% step increase. The amendment therefore proposes a graduated levy, increasing by 1% for every \$5 the oil price rises above the Government’s arbitrary set trigger price of \$75, up to a maximum of

32%. I stress that these amendments express the proposals of myself and my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) as to how this could be done in a staged manner; they are not the amendments of the industry, although it is aware of them.

Amendment 14 sets up the basis for calculating the reference price. The Government seek to choose the spot price, but as I have said, few producers actually receive anything close to that. Indeed, it is not clear what calculations of what price the Treasury has made in determining its revenue projections. The amendment therefore proposes that there should be an independent mechanism for calculating a reference price, based on what producers actually receive. That would give predictability to the process and ensure that the tax base would adjust more smoothly when prices are volatile. I do not expect the Government to accept this proposal, but I hope they will accept that it is a constructive contribution to how an escalator could work both up and down, and in ways that would give the industry a lot more predictability than the Budget proposals as they stand.

**Dame Anne Begg** (Aberdeen South) (Lab): I am very interested in what the right hon. Gentleman has to say, but would not what he is proposing have the opposite effect to what he has suggested, in that it will make things less predictable? The oil and gas price is already volatile, and to add in this extra unpredictability would make that 10 times worse.

**Malcolm Bruce**: No. I have listened carefully to the case Ministers have made, and it is important to acknowledge that Ministers are looking at a very high spot price and saying, "This is in excess of what the industry planned for, and there is a case that it should make a contribution to the economy." I do not find that a totally unacceptable proposition, but I am concerned about it being introduced in a sudden bite from 20% to 32% and with no consultation or warning. What I am proposing is not an ideal; this is, perhaps, not where I would start from, but given where we are, it would be greatly preferable if it were to change in easily managed stages up and down, as that would enable the industry to predict where it would be and what level of taxes it would face. The alternative, which would not be very acceptable to the Treasury to pursue, is that it would go up on the basis of the \$75 reference price to 32%. Are the Government really going to be comfortable, if the price falls to \$69.95, to take it all off? I suspect not, and the industry suspects not. Even if the escalator up is not very well received by the Government, it is important that they try to ensure that it comes down on a predictable basis, because I think many in the industry feel it might never come down.

**Stewart Hosie**: I take it the right hon. Gentleman is not unhappy that tax levels are sensitive to profit, and I think that is perfectly reasonable, but why does he think that Ministers fail to understand that investment decisions are sensitive to tax, and why does he think Ministers fail to understand, notwithstanding the spot price, that the cost of extraction varies depending on the depth of the water, where we are in the North sea and even the type of oil that is being brought up?

**Malcolm Bruce**: I think, hope and believe that Ministers do understand it. That is one reason why I believe that if they do engage constructively with the industry we will get some progress and reforms that will enable the confidence to be restored and investment to be brought back.

Amendment 15 acknowledges the fact that the gas price is well below the oil price and the Government's own trigger price of \$75; \$55 to \$60 seems to be the average sort of price. The industry should not be facing the charge at all. There are also a lot of fields that have associated gas—in some cases quite significant sums—so this amendment simply suggests that that should be taken into account. One way to do that would be to tax the gas produced and the oil produced separately, and another would be to aggregate the two and take the average price; either way would be fairer. As has been said, Centrica is indicating that the UK does not look like a good prospect for it; the company is clear that it wants to diversify its investments elsewhere in the world, and that would be to our detriment.

**Mr Robinson**: A series of reasoned and reasonable amendments stand in the name of the right hon. Gentleman and that of the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith). Does he not realise that the impression that would be left were he bought off tonight by some sweet sounding but meaningless words from this Tory-led coalition is that the Liberal party has a lot of responsibility but, sadly, absolutely no influence in the decisions being taken?

**Malcolm Bruce**: Time will tell—that is all I can say to the hon. Gentleman. My hon. Friend the Member for West Aberdeenshire and Kincardine and I together probably represent more oil and gas jobs than any other Member, except perhaps for the hon. Members for Aberdeen South (Dame Anne Begg) and for Aberdeen North (Mr Doran). It is important to point out that our areas account for only about a quarter of the oil jobs in the UK, as many of the jobs are in London, the north-east and elsewhere—

**Mr Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP): Tell us more.

**Malcolm Bruce**: Indeed, some are even in Stornoway. It is important that this is seen to be a national industry.

I have debated oil and gas in this House for 28 years. I have seen every Government make the same mistake and I am disappointed that the present Government have done so, but I have also seen every Government engage and reach an understanding because they have learnt the complexities of the industry. All I am asking is that this Government engage in the same constructive way and that we reach a position where we get the balance right. The amendments seek at least to provide a framework for the sort of conversations that should take place between the Government and the industry.

**Mr Robinson**: I do not wish to delay the House, but I must ask the right hon. Gentleman: when did the Labour Government of 1997-98, when I had some responsibility for sounding out and consulting the industry, make any mistake such as has been made by this Government? We

[Mr Robinson]

simply did not do so. We talked to the industry; I met John Browne and he explained the situation. Although we were prepared to do so, we did not even get into any formal consultation because he convinced us in the initial soundings that it would be the wrong move to make.

**Malcolm Bruce:** The evidence suggests that sudden step changes to taxes have been made by successive Governments and they have had the same effect: a drop in investment. [Interruption.] No, it has happened under Labour too—the party was in power for 13 years. The figures produced by Oil & Gas UK show that the last time this happened, capital investment dropped by £3 billion per annum over the subsequent three years, and that is a huge sum. Although negotiating field by field is a long drawn out and time-consuming process, too complicated for some investors, who will go elsewhere, that is preferable to simply standing one's ground and waiting for the worst to happen.

I hope that the Government will acknowledge that some projects are bound to be delayed or cancelled because the rates of return after the tax changes make them simply unviable. If the companies can negotiate to demonstrate to the Government the level at which such projects would become viable, which requires both parties to show hands, capital allowances or other mechanisms could be brought into play in ways that would benefit both the Government, because the investment, jobs and spin-off could be secured, and the companies, because they would be able to develop viable projects, which of course will subsequently pay taxes to the Government.

**Mr Kevan Jones:** Will the right hon. Gentleman give way?

**Malcolm Bruce:** No, because I wish to make progress and reach the end of my remarks.

The final amendments in the group would delay implementation. The only purpose of that—this relates to the intervention from the hon. Member for Coventry North West (Mr Robinson)—would be to use the time to negotiate and decide whether or not we could come up with a slightly more sophisticated mechanism to meet the needs of the industry.

The amendments, taken together or in part, set the framework for the sort of concerns that the industry has and how it would like to engage with the Government. The one comment that everybody I have spoken to in the industry has made to me in the past week or two is, “Whatever else you do, can you just persuade the Government that we need to talk to each other? If we do that, we have a fair chance of getting a settlement that will not prejudice too much investment.” Ministers will notice that the rhetoric has calmed down on the oil and gas industry's side, because people there actually want to talk.

I hope that the Government will acknowledge that this is a real concern for a substantial industry. I hope that they will also acknowledge that if it can be demonstrated that there has been negotiation, although it will not completely wipe out the shock of a sudden increase, it will, I think, show that the Government are

serious in understanding that this is our biggest industry, that it has huge potential and that it still has a big future in this country.

12.45 am

It is important that the Government back up the Budget's rhetoric by saying that we are open for business, we want to encourage investment and we understand that the tax regime is relevant. The Government will accept, after all, that we are keen to encourage other new industries to develop in the UK, such as those that provide renewable energy, and they need to know that whatever the price regime or tax regime to which they are being committed, it will have predictability and stability in the long term. I accept that the Government have made this decision, but I urge them to engage constructively with the industry. If they do, the whole country will benefit.

**Kerry McCarthy:** It is always a pleasure to follow the right hon. Member for Gordon (Malcolm Bruce). He has made an eloquent case on behalf of his constituents, who are directly affected in more ways than most people by the Government's proposal to increase the supplementary charge on North sea oil to 32%. I will speak in favour of amendment 10, which simply asks the Chancellor to produce, before the end of this September, an assessment of the impact of taxation of ring-fenced profits on business investment and growth, including an assessment of the long-term sustainability of oil and gas exploration in the North sea.

The amendment should not be at all controversial, although we saw in the debate on the last group of amendments that the Government were not happy to be asked merely to produce an assessment of the impact of that policy. That is surprising because, after all, the Government say that they want more consultation and more transparency in their tax policy making. They say that they will—I am quoting their tax policy making document—

“embed impact analysis in the policy development process”

and

“integrate impact analysis into the consultation process.”

Those are both the kind of sentences that one has to read several times before one can work out quite what they are on about, but my understanding is that the Government are trying to say that they want more transparency and consultation. We have had to table amendment 10 because, in reality, none of that has happened.

The Government are right to consider increasing taxation on sectors of the economy that are enjoying windfall profits. We did the same when we were in government. There is an urgent need to deal with the fiscal deficit that is recognised on both sides of the House, and it is right that we should ask for more from those who are able to pay, but this change has been rushed through without consultation, as the right hon. Member for Gordon said, surprising the industry, and inevitably it has fallen down at the first scrutiny.

If the Economic Secretary had consulted the industry, they might have told her that the stability and predictability of the North sea tax regime is important for investment. Oilfields are long-term investments that require long-term certainty and stability to attract investors. The industry believes that the value of investments in UK oil and gas

has fallen by 24% as a result of the 2011 Budget. That will cause long-term damage to the industry's trust in the Government for short-term political gain.

I agree with the Select Committee on the Treasury, which said:

"The decision to increase the supplementary oil and gas levy by 12% without warning, less than a year after the Government had undertaken to provide a 'stable' tax regime in the sector, may weaken the Government's credibility in seeking to establish a stable tax regime in this and other areas."

**Andrew Gwynne:** My hon. Friend is making an excellent point. Given the concern I raised earlier about people in the north-west of England who work in the industry, particularly in relation to Centrica's decision about Morecombe bay, does she find it all the more surprising that the Economic Secretary once worked for Centrica?

**Kerry McCarthy:** My hon. Friend makes a valid point. I wonder what the current sales and marketing finance manager for Centrica thinks of the actions of the holder of that post from 2002 to 2005, and what experience the Economic Secretary had during her three years working for the company that has caused her to turn against it in such a fashion.

As I was saying, there is a real requirement, as the Treasury Committee has noted, for a stable tax regime in the sector. The Chartered Institute of Taxation has said that

"the last minute and precipitate change in Oil tax rates for an industry that is particularly dependent on long-term planning seems wrong".

Does the Minister agree?

The threshold chosen by the Government may also be a problem for stability. The average oil price in 2008 was \$100 a barrel, but in 2009 it was \$60 a barrel and in 2010 it was \$80 a barrel. If prices carry on fluctuating above and below the \$75-a-barrel mark, as they have over the past three years, the uncertainty about the tax rate and whether companies will be caught by it could drive more investment away from the UK.

Had the Economic Secretary consulted the industry before the Budget, it might have reminded her that the supplementary charge applies to gas as well as oil. Gas prices are on the rise, but at less than 60p a therm they are still significantly below the Government's \$75 a barrel trigger price on an equivalent basis. In the UK, gas prices are less closely correlated with oil prices than in other jurisdictions, where there are often still contractual links between the two. Whereas oil prices are set by the global market, gas prices are more localised. Graham Parker of the Office for Budget Responsibility told the Treasury Committee quite recently that gas prices were "quite variable" so even if the Government think they have chosen the right level for oil, they might have set the balance wrongly for the gas sector. That could be disastrous given that gas accounts for 46% of the North sea industry's production.

**Mr Kevan Jones:** Does my hon. Friend find it remarkable that such a decision should have been taken in such haste that the Treasury did not realise that that issue relating to the difference between oil and gas prices would arise?

**Kerry McCarthy:** Certainly, when I met Oil & Gas UK, it was very surprised and seemed to be of the view that the Treasury had forgotten that gas would be affected by the measures. The policy is very much back-of-a-fag-packet stuff. It seems that, in a knee-jerk reaction to the rise in public concern about petrol prices, the Government felt they had to act on that front, and so had to come up in haste with some sort of mechanism to raise revenue to fund the 1p cut in fuel duty. The effect on gas is an important issue, and the cost could end up being passed on to ordinary people in their gas bills, either because the increase itself is passed on to consumers or because UK gas production drops, meaning that we have to import more gas from abroad.

Had the Minister consulted the industry prior to announcing the measure in March, it might also have reminded her that when the previous Government increased North sea taxation, they introduced measures to promote investment alongside that change. When we introduced the supplementary charge in 2002, we also introduced a 100% first-year allowance for capital expenditure in the North sea. That not only provided a buffer for companies to transition to the new regime but encouraged investment in UK oil and gas fields. When, in 2005, we increased North sea taxation again, we allowed further flexibility on the capital allowance. To maintain the stability of the tax system, we also gave a commitment not to increase the tax again in that Parliament. I wonder whether the Minister can echo that commitment today.

It was right to increase taxation on oil and gas at a time of windfall profits, and now is also such a time, but we were conscious of the need to create stability for the industry and to maintain investment for the future. If this Government had thought their changes through, they could have taken a similar approach, but instead the effects of their hasty and ill thought out decision are already being felt. We have heard the reports about disinvestment in the industry. Centrica, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has mentioned, has hinted that it might decide not to reopen its Morecambe Bay field, which produced 6% of the UK's annual gas requirement. I wonder what the Minister's former colleagues have to say about that. Statoil has suspended \$10 billion-worth of investment in the Mariner and Bressay oilfields, which together hold reserves of 640 million barrels of oil. Research from Aberdeen university has gone further, suggesting that over the next three decades the Government's tax change could slash oil and gas investment in the UK by £30 billion. Production could be reduced by up to a quarter, leaving the UK more reliant on imported oil and gas.

This debate is not just about the profits of oil and gas producers. The oil and gas industry directly and indirectly supports 440,000 jobs in the UK. There are reports that at least 40,000 of those jobs are at risk because of the Government's action, at a time when 2.5 million are unemployed, including an increasing number of people who have been out of work for longer than a year. The Government have a responsibility to act with extreme caution before putting those jobs at risk.

**Mr Kevan Jones:** Does my hon. Friend agree that many people in the north-east who were previously made redundant from shipbuilding yards, for example, travel regularly throughout the UK and internationally

[Mr Kevan Jones]

to work in the oil and gas industry? Surely the Government's proposals will affect those people, who have come to rely on home-based employment and travelling overseas, in some cases long distances, to support their families?

**Kerry McCarthy:** My hon. Friend makes an important point. The jobs being lost are in areas where there is little other employment. As he says, people in the area he represents have been affected by the decline in other traditional industries under the last Conservative Government. Now they are being hit by a double whammy with their jobs in the oil and gas sector being put at risk.

**Dame Anne Begg:** Does my hon. Friend agree that the best way to deal with the deficit is to grow the economy? The industry was growing and investing, but that growth and investment could be put at risk as a result of the measures.

**Kerry McCarthy:** Precisely. We come back to that time and again with this Government. They are looking at the very short term for quick revenue gain or political gain, not taking a longer-term approach. The point should not have to be made that if the Government want to encourage growth in the private sector, which they are always talking about, they need to encourage investment and have the right economic climate for that investment to take place. If the tax regime is not stable, that is put in jeopardy.

I accept that it may not be possible for the Government to consult widely on every tax policy. There is a balance to be struck between robust scrutiny and consultation and the Government's freedom to act when necessary in the national interest, and consultation may flag up to certain companies that they ought to engage in tax avoidance measures, but in this case, the Government not only ditched their brand new tax policy framework, but went back on specific assurances to the oil industry.

The previous Government had formed a good working relationship with the industry, which may now be damaged. After a meeting in 2008 between the then Prime Minister and Chancellor and the oil and gas industry, the Government consulted with the industry to develop a package of new measures to revitalise investment in UK oil and gas reserves. Those were announced in the 2009 Budget and included the new field allowances and other incentives for companies to invest in the UK's smaller and more difficult fields. Such close working together is vital to the stability of the tax system for North sea oil and gas. Unfortunately, it will become more difficult if the Government cannot restore trust with the industry.

Although it sounds hard to believe, as I said earlier, last year the Government created new golden rules for themselves to make tax policy more predictable, more stable, and more transparent. We can only conclude that the Government have ditched those rules altogether, just a year after taking office, because we cannot see how Treasury Ministers are

"committed to providing clarity and certainty on the future direction of tax policy."

The industry body for the UK oil and gas industry agrees with us, saying that the measure has damaged the industry's confidence and trust in the tax regime. I

cannot see either how the Treasury still believes, as it said last year, without a hint of irony, that consultation is

"an integral feature of all policy making", which

"helps ensure that changes are well targeted and without unintended consequences, and that legislation is right first time."

What happened to that statement of intent from the Government? Clause 7 is a perfect example of a policy for which there was no consultation. As a result, it is poorly targeted, has potentially serious unintended consequences for the industry, and is certainly not a policy that they got "right first time", and all because the Government did not consult on their decision.

1 pm

The Government also called specifically for tax stability for the oil and gas industry. In the last Budget, their only message to industry was that they recognised the importance of a stable and fair UK oil and gas tax regime that provides certainty for business. In 2009, the then shadow Chancellor even told the industry in Aberdeen that he would fix the oil and gas tax regime for the lifetime of the remaining reserves in the North sea. After all those fine words, why have the Government ended up hitting the panic button on oil and gas? Were they scrambling for a quick response on fuel tax after their last idea failed to stand up to scrutiny?

Before the election, the Conservative party told voters that it would consult on a fair fuel stabiliser. It said that it would ensure that families, businesses and the whole British economy were less exposed to a volatile oil market. The Prime Minister was very clear about how that would work:

"Our plan is to say when the petrol price goes up the tax should come down. Sadly that means when the price goes down the tax would have to go up but at least it would give you certainty as you go about your lives."

He said that it would

"help with the cost of living by trying to give you a flatter and more constant rate for filling up your car."

The then shadow Chancellor was also very clear that that would be delivered in the Government's first Budget.

**Mr Kevan Jones:** The Economic Secretary said in her winding-up speech on the last group of amendments that the result of the Government's policy on fuel duty has led across the board to a 0.8p reduction in the price of fuel at the pumps. Is that really a price worth paying for the effect it will have on the oil and gas industry?

**Kerry McCarthy:** The Economic Secretary said that it had led to a drop of 0.8p at the pumps between 23 March and 28 March, which seems very selective. It is clear now that petrol prices at the pumps have gone up and that the Government have gained very little from their approach.

In the run-up to the general election, both the current Chancellor and the current Prime Minister were clear that they would deliver on a fuel duty stabiliser. Voters were led to believe that the Government could and would act on that. However, in March, as we approached the Government's second Budget, the Opposition pointed out that the fair fuel stabiliser was still nowhere to be seen. Even with fuel prices rising above £6 a gallon, due

to the rising price of oil—the very situation that a stabiliser was meant to help with—the Government had still been unable or unwilling to act. That was because their original plans would never have worked.

The Conservative party had believed that rising oil prices led to higher tax revenues for the Government, which could then be shared with motorists. It turned out that, just like the proposals we see in the Bill, they had been poorly thought through. They were told that they were wrong not only by Labour Members, but by the Institute for Fiscal Studies, which stated that

‘the claim that the Treasury receives a windfall gain when oil prices rise that it can “share” with motorists is incorrect.’

They were told that they were wrong by the chair of the Office for Budget Responsibility, Robert Chote, who said it

“would be likely to make the public finances less stable rather than more stable.”

They were even told that they were wrong by the current Secretary of State for Business, Innovation and Skills, who said before the election that the fair fuel stabiliser would be

“unbelievably complicated and unpredictable.”

**Justine Greening:** The hon. Lady is providing a critique of our policy, but her party has just decided not to oppose our fuel duty reduction, which, compared with what they proposed for the public finances, represents a difference of approximately 6p per litre. How does she propose to pay for the change in fuel duty that she has just not voted against?

**Kerry McCarthy:** The Minister is trying to return to the topic we debated in the previous group, so perhaps she should have been a little quicker and thought up her intervention then. I am talking now about stability in fuel prices and the empty promises the Government made to the electorate in the run-up to the election that they would be able to do something to stabilise fuel prices at the petrol pumps.

Representatives of the oil and gas industry tell us that as recently as February the Government were giving assurances that they wanted to keep the North sea tax regime stable, as they had said in their previous Budget, but between February and April they very swiftly changed their mind. Perhaps the Minister can tell us why? What caused the Government to have such an urgent rethink on the fair fuel stabiliser? Many of us suspect that the increased scrutiny that the Opposition brought to bear on the Government’s policy might have prompted them belatedly into action—action they would have realised much sooner was needed if they had only done their homework and listened to what people were trying to tell them.

Inevitably, given the panicked way in which it was put together, the Government’s new version of the fair fuel stabiliser is equally as half-baked as the proposal put forward before the election. As a result, potentially tens of thousands of jobs, as well as billions of pounds worth of investment, are at risk, and the Government have broken their commitment to stable, consultative tax policy making.

**Andrew Gwynne:** My hon. Friend is making a superb case about the short-termism of the Government’s approach, and is she not absolutely right to point out

that, in a short-term fix on gas and oil, this discredited Government are going to risk jobs, industry and investment in this country?

**Kerry McCarthy:** Again, that is a very good intervention by my hon. Friend. The industry needs stability and long-term investment, because we cannot dig an oil well or develop an oilfield overnight, yet the Government are creating uncertainty that will send investors off to other countries where the tax regime is more stable.

The Government have also completely damaged the trust between themselves and the industry, and that is why we have tabled our amendment. We simply call on the Government to do what they said they would do before making major tax changes: carry out a proper assessment of the impact, so that we can scrutinise it and have transparency. The Government were right to look towards North sea oil and gas to ensure that the burden of taxation was fairly spread, but without stability tens of thousands of jobs could be at risk. For the Opposition, that is not a price worth paying for short-term political gain.

**Stewart Hosie:** The right hon. Member for Gordon (Malcolm Bruce) said in his opening remarks that the Government wanted the UK to be seen to be open for business. That is a very good objective, but the problem is that an 81% marginal rate of tax on anything, and the instability caused by a shock 60% increase, puts at risk their stated aim of promoting the UK in that way.

The right hon. Gentleman made the point about investment, and investment levels are unchanged generally, but there is now less focus on frontier developments than on investment in the mature North sea, and that is a huge concern. The 60% rise in the supplementary charge that was created, it is told, by the Chief Secretary to the Treasury—whom I see leaving the Chamber barely at the start of the debate—was the most damaging thing that the Government did in the Budget.

The Government will take £2 billion a year extra in tax from the sector, on top of the £4 billion windfall that they got last year, to which the right hon. Member for Gordon referred, and on top of the windfall that they will get this year—2011-12—over the 2010 forecast. All that runs counter to the Chancellor’s stated objectives of tax stability, delivering a growth agenda and production here in lieu of imports.

Let us remember that when that bombshell was announced, leading industry members reportedly met in a state of disbelief about the Government’s plans. There were immediate reports about the threat to some 40,000 jobs. Statoil immediately announced the suspension of the Mariner and, possibly, Bressay investments, and it was argued that a slowdown in North sea activity would increase the UK’s reliance on imported oil and gas, with the consequence of an even higher balance of payments deficit and the corresponding impact of a suppression of GDP growth.

On tax receipts, Alan Booth, the chief executive of EnCore Oil, rightly said:

“Undeveloped and undiscovered oil and gas pays no taxes,”

and it got worse, of course, because Valiant immediately announced that it was not going to invest in its £100 million project, saying that it was

“no longer viable because of the surprise Budget move.”

[Stewart Hosie]

Chevron warned that there would be “unintended consequences”, and let us remember that Oil & Gas UK was very clear when it said that the measure had “shaken investor confidence to the core.”

The right hon. Member for Gordon said at one stage that Ministers had robustly defended their position. I do not believe that they have. When these fears and concerns were put to the Chancellor, a Treasury spokeswoman said:

“Mr Osborne did not expect investment to be damaged.”

That is not a robust defence of a position; it is intransigence and a failure to understand the consequences of the actions that the Government had undertaken.

There are other consequences. Jim Hannon from Hannon Westwood, the drilling analysts, said that 30,000 people could lose their jobs if exploration activity dropped by merely 15%. The detailed work by Professor Alex Kemp—I will not go through it in detail but it is well worth everybody in the House reading it—has warned that up to 2 billion barrels of oil and the equivalent amount of gas could be left in the North sea, untaxed and unused. Derek Leith from Ernst and Young has warned of projects being delayed and cancelled, saying that the Statoil decision was

“only the tip of the iceberg...There are a lot of companies that will not pursue projects but will not go public about it.”

**Mr Kevan Jones:** Does the hon. Gentleman agree with the point made by my right hon. Friend the Member for Croydon North (Malcolm Wicks) about the national security implications of this? At a time when other mature oilfields around the world have investment going in to extract the last bits of oil, leaving large reserves of untapped oil in mature fields is not only financially incompetent but dangerous in terms of national security.

**Stewart Hosie:** In terms of energy security it is very foolish indeed.

This is about not only the increase in the supplementary charge but restricting access to decommissioning tax relief, and that could accelerate the decommissioning of essential infrastructure. Had these ludicrous plans been in place in the past, the Forties field might not have been passed on to provide a decade or more of additional oil. Had the infrastructure which will now be decommissioned more quickly been decommissioned at that speed in the past, the new entrants, the new technology, the sideways drilling and the ability not to take 30%, 40% or 50% of a well would not exist. Once the wells are capped and the infrastructure is gone, it is gone for good.

As well as energy security, there is the question of the future of carbon capture and storage. The last Government failed to make a decision quickly enough on the Peterhead CCS scheme, which was going to use the decommissioned Miller plumbing to pump the carbon dioxide into holes in the ground. If we restrict access to decommissioning relief, we risk being unable to use that plumbing and infrastructure not only for oil extraction but for other purposes.

The hon. Member for Bristol East (Kerry McCarthy) referred to investments in the UK continental shelf falling by 24% overnight at the time of the decision. The

scale of the impact was also explained in the recent research by Professor Alex Kemp in which he revealed that the tax increase could reduce UK oil and gas investment by up to £30 billion and production by up to a quarter over the next three decades. For last week's Second Reading debate, we had additional information from Centrica that provided a detailed assessment of the problem in relation to gas. It said that the annual cost to the UK economy could be up to £8 billion per annum by 2013, that the decision could influence investor sentiment in other sectors, and that up to £100 billion of energy investments and associated jobs could be put at risk. That would be catastrophic if even a fraction of it came true. The UK needs sustained and sustainable above-trend growth, and we will not get it if we undermine the main investing industry in the UK. That would be incredibly stupid.

As I said on Second Reading, we should listen to Oil & Gas UK, Statoil, Valiant, EnCore, Chevron, Hannon Westwood, Professor Kemp, Ernst and Young, and Centrica. Those warnings did not start the day after the Budget and then stop; they kept on coming. It is inconceivable that all those major players and analysts in the sector are wrong, and that the Chancellor and the Chief Secretary, uniquely, are right. That is almost impossible to believe. Of course the warnings have not stopped.

1.15 am

Members have mentioned Centrica and the Morecambe bay possibilities. Let us look at the short statement from Centrica:

“Following the increase in the Budget, UK oil and gas producing fields are subject to some of the highest levels of tax in the world—our South Morecambe field is now taxed at 81 per cent. At these higher tax rates, Morecambe's profitability can be marginal.”

That is particularly true if gas falls below 60p a therm. The statement continues:

“Accordingly, we may choose to buy gas for our customers in the wholesale markets in preference to restarting the field”.

It is extraordinary that we have decisions in a Budget that will lead to the importing of oil, possibly from insecure sources and at greater cost, and will also undermine investment and jobs here when it is not necessary to do so.

**Andrew Gwynne:** The hon. Gentleman has made a superb point about the Morecambe bay gas field. Is it not crazy economics that that investment will be lost to north-west England, which has some of the most deprived communities in the United Kingdom? We need to nurture the investment in the Morecambe bay gas field, not drive it away and import gas from abroad.

**Stewart Hosie:** I could not agree more. This is not just about Scotland, but about the entire UK continental shelf and the 440,000 people who are employed throughout the UK, including in East Anglia, off the north-west coast and elsewhere.

As I said—this is important—the warnings did not end a day or two after the Budget; they kept on coming. The most comprehensive analysis of the problem is in the 2011 international annual energy survey, which will be launched at the offshore technology conference in Houston, Texas this weekend. It is conducted by Maxwell

Drummond, the industry employment specialist, which covers 100 international directors from all energy sectors. It says:

“the Coalition Government’s ‘supplementary charge’ on oil and gas production, projected to add an extra £2 billion to Treasury coffers, significantly and immediately impacted on global perceptions of the already challenging North Sea environment.”

If the international energy markets are warning of significant and immediate impacts, if there is a threat to tens of thousands of jobs, and if there is a threat to tens of billions of pounds of investment, the decision is clearly wrong.

**Dame Anne Begg:** Does the hon. Gentleman agree that because the UK continental shelf is now a mature province, many of the decisions on investment in the province are no longer taken in Scotland or London, but in Houston, Calgary or elsewhere in the world, and that the international perception of the tax regime is therefore crucial when such decisions are being made?

**Stewart Hosie:** That is absolutely right. I said when I intervened on the right hon. Member for Gordon that of course taxation needs to be sensitive to profitability, but that Ministers also need to understand that investment decisions are sensitive to tax and other costs. Although the field is mature, some of it is unexplored. If the perception is that it is expensive and that there is tax instability—which has been said—we will lose the ability not only to continue work in some of the mature fields, but to explore as yet untapped reserves, albeit in a mature sector.

As I have said, this is the most damaging measure in the Budget for economic growth. Although I respect the attempts to amend it and the tabling of amendments for the Government to discuss, we think that it is so damaging that we hope Mr Hoyle will be able to call on hon. Members from across the Committee to resist clause 7 very vigorously indeed.

**Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): I remind the House of my entry in the Register of Members’ Financial Interests as a shareholder in Shell, and of my wider interests in the oil and gas industry.

The oil and gas in the North sea belongs to the nation, but unless we have a regime that attracts experts with the finance and knowledge we need, we will not benefit from it. One of the amendments before us would restrict the tax raid to a year, to ensure that the Government and industry can engage in constructive dialogue that will encourage investment. It is important to restore confidence in the tax regime. Following previous supplemental changes, Governments had to work very hard to restore confidence and bring back investment, with field allowances and other incentives. They engaged with the industry and provided assurances that once the tax change had been made at the beginning of a Parliament, it would not be revisited until the next election. There is scope for restoring confidence, but some hard work will have to be done.

The Government need to address some of the arguments that are being made, particularly the one advanced by my right hon. Friend the Member for Gordon (Malcolm Bruce) about what individual investors are getting for their investment. It has been put to me that people made a decision to invest last June, but now the price of

oil is \$125 a barrel. If they decided to invest and then hedged for this year at \$88, they are not getting \$125, because the hedge fund is getting the profit. I do not see a tax being brought in on hedge funds; instead, it is being imposed on the people on the ground doing the hard work, on the skilled labour and on the knowledge and risk-taking.

When we talk about windfalls, we have to be slightly careful in the case of an industry with a fluctuating commodity price. When the price goes up it makes more profit and when the price goes down it makes less, but Governments tend not to say, “We’re a bit concerned that the price has fallen, so we’re going to cut the tax.” If there is a one-way ratchet, that causes uncertainty and concern in the minds of investors.

Amendment 13 suggests that if there is a desire to have a profit-related tax that varies with the price of oil, there should be some predictability to it. The hon. Member for Aberdeen South (Dame Anne Begg) said that it would cause complication, but that complication could be factored into new financial modelling. If there was a variable rate of profits tax, any company making an investment decision could factor that in and know where they stood in the fiscal regime.

It has been put to us that other countries, such as Norway, have different fiscal regimes for investment. However, Norway has had a stable long-term fiscal regime with very little change, and it has also had the attraction of less mature, bigger finds with more upside for investors. It is important to understand the confidence element.

The Energy and Climate Change Committee has seen evidence on the wider future of our electricity and gas network. This country wants to attract £200 billion of investment in its energy infrastructure, but if investors are being asked to build a massive offshore wind farm that will bring in more profits if the price of carbon goes the way they are betting, they will look across and see what has happened to the oil industry. They will not want the Treasury to come along and say, “Electricity bills are rising, so we’re going to put a windfall tax on the offshore wind farm,” which would undermine that investment decision. There is a read-across from gas and oil to wider investment in energy and big infrastructure projects in this country.

This is not just a constituency matter for my right hon. Friend the Member for Gordon and myself, who have many constituents who work in the industry, have jobs related to it or are economically affected by it. As has been said, it also affects East Anglia, Morecambe bay and other areas. The supply chain permeates the whole of the UK economy.

**Mr Kevan Jones:** I congratulate the hon. Gentleman on standing up for his constituents; he is doing the right thing. Does he not find it remarkable that there are no Conservative Members in the Chamber from Morecambe bay or other areas that rely on the oil and gas industry, to speak up for that industry tonight?

**Sir Robert Smith:** Those hon. Members may have chosen to speak in other ways; they can raise matters with Ministers directly or in correspondence. There are all sorts of ways of trying to influence Ministers. I am using probing amendments and this debate to try to do so. If I may say so, it is rather sad that the Committee

[*Sir Robert Smith*]

has chosen to focus on such a major industry for the UK economy at 1.30 am, but—[*Interruption.*] Well, the House collectively chose that time.

I want to make two final points on the instability and uncertainty caused by such upheavals. Statoil is reviewing its investment. That does not mean that it will not go ahead at all or that some of the investment might be done differently, but in the reviewing time, Statoil's supply chain will no longer have the ability to deliver. The supply chain does not have the cash flow to sit around waiting for Statoil's review without affecting its employment, recruitment and subcontracting. The skills base that has built up has huge export potential and earns a lot of money for the country through exports to other oil and gas provinces, but the Government need to understand that that base needs a stable home environment to ensure that we anchor as much of those profits in the UK as possible.

Finally, I want to reinforce how crucial the mature fields are in unlocking future investment. Many of the investments being attracted today are much smaller than before, and they would not stand up if they did not tie back to one of the big platforms that still operate in the North sea. That is why I was somewhat concerned by some of the Treasury's evidence to the Energy and Climate Change Committee. The Treasury said that petroleum revenue tax fields were now just cash-making fields, so they did not need any more investment—but the very age of those fields means that they do need investment. The Health and Safety Executive is very keen to keep a close eye on those fields: because of their age, the safety of their infrastructure is crucial. Moreover, investment could be vital in ensuring that that hub remains to unlock any smaller fields around the North sea.

Another uncertainty is introduced by clause 7 because of its relationship with the clause on decommissioning. In the Public Bill Committee the Government must address that new uncertainty, which builds on the uncertainty caused by clause 7.

I urge the Government to respond constructively and positively to the industry's desire for an investment climate in which it can take all the risks on geology, weather, technology and the future of the commodity market, in the knowledge that a Government who see its long-term importance to the economy, and who therefore recognise the need to restore confidence in a stable fiscal regime, are behind it.

**Helen Goodman:** It is a great pleasure to take part in this debate and to follow the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), who made such a reasonable, well informed speech.

One question that has remained unanswered tonight is why the Government chose such a complex route rather than a much simpler windfall tax. Everyone understands that when the Government are looking for sources of funds, they will look at particularly profitable industries. However, the structure they have chosen means that investment in and the future of the industry have been brought into question. A far simpler structure would have raised the money without risking future work in the North sea oil and gas sector.

The Red Book is peculiarly unclear. The supplementary charge was raised from 20% to 32%, but the Red Book states:

“As part of the fair fuel stabiliser, if in future years the oil price falls below a set trigger price on a sustained basis, the Government commits to reduce the Supplementary Charge back towards 20 per cent on a staged and affordable basis while prices remain low.”

However, the meaning of a “sustained basis” for a fall in prices and of a “staged and affordable basis” is not set out in the Bill.

1.30 am

It is particularly important that Ministers explain why they chose an oil price of \$75 per barrel. It would really help the Committee to know what the Government's forecast is for oil prices. They say in the Red Book that oil prices are extremely volatile, which of course is true, but what model are they using for forecasting? Twenty eight years ago, I was a junior official in Her Majesty's Treasury, and I worked on something called the POP forecast. The POP forecast was not about lemonade, but the prospects for oil prices in the long term. This model looked at the back-stop price for oil—in other words, the cost of making oil from coal—and at the time we estimated it would be \$60 per barrel. What underlying model do the Government use for forecasting oil prices now? Are they looking at the cost of getting oil from shale? Are they looking at the cost of getting good-quality oil from, for example, Orimulsion? What is their model for forecasting oil prices?

As is evident to everybody who has been in the Chamber for the past six months, the situation in the middle east and north Africa is particularly unstable, yet despite the current instability in the oil price the forecasts for revenue in the Red Book show a pretty constant level of revenue over the five-year period. Are the Government assuming that the level of oil prices will be constant over this five-year period? That seems to be an incredible assumption.

**Andrew Gwynne:** It is excellent that my hon. Friend is bringing her Treasury expertise to this debate. She is adding greatly to the discussion. Does she agree that one of the motives for the Government's tax raid on the oil and gas industry is that they view it as the goose that laid the golden egg?

**Helen Goodman:** I defer to my hon. Friend's knowledge of poultry-keeping. However, I agree that that is the problem that we face with the Government at the moment. Their approach simply is not serious; it is trivial.

**Mr Kevan Jones:** Does my hon. Friend not think it incredible that the Treasury officials whom she worked alongside for many years did not work out that there was a difference between oil and gas prices? Does she also not think it remarkable that the Minister, who is a former employee of Centrica and British Gas, did not highlight that problem either?

**Helen Goodman:** That is absolutely right. It is extremely worrying for the gas industry that the tax is being linked to fluctuations in oil prices, yet gas prices might not only vary from oil prices, but possibly even be going in a different direction. This is an extraordinary approach

to take to the taxation of one of our major industries. I hope to hear from Ministers about how they are forecasting oil prices over the period in the Red Book.

Returning to the issue of complexity and why the Government chose such a complex structure, we have to ask ourselves whether they completely misunderstood the debates in the previous Parliament on stabilisers. The Scottish National party and the Liberal Democrats proposed stabilisers on petrol taxation, but that seems to have been translated into the wholesale market. The situation now is not that stability is being provided for the consumer, which was the original objective of a stabiliser, but that the Government are able to hedge their tax revenues, which is a completely different proposition altogether. I hope that in responding to the debate the Minister will be able to explain what a sustainable oil price reduction means, because it is certainly not clear from what we have seen so far.

The other thing that was said at the time of the Budget was that the detail would be agreed with the industry and motoring organisations. I hope that we will get a report from the Minister on what discussions and agreements have been achieved. The initial press reports of her meetings with the industry were very alarming indeed. It sounded as though the industry was furious with what had happened and that Ministers did not have a proper answer to its serious concerns. It would be nice to know whether the negotiations have developed, although it seems from what we have read even today in the newspapers and on the web that they have so far not been fruitful. It would also seem that the Government, in their headlong rush, are not taking account of the fact that further evidence has yet to be given to the Select Committee on Energy and Climate Change. Indeed, that evidence is to be given only tomorrow, yet the Government are ploughing ahead, mindless of what the industry is telling them.

It is particularly worrying that, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has pointed out, Centrica is saying that it might not open up the Morecambe bay field after the annual shutdown to perform the usual maintenance functions this year. The Morecambe bay field has been in operation for, I suppose, some 40 years—I think it was the first gas field from which we got natural gas in this country. The Minister is too young to remember the huge investments made in the 1960s to move from town gas to natural gas. Huge investments were made in this country to secure those gas supplies, and yet at the stroke of a pen, this Government are putting them at risk.

When the Government say that they want to rebalance the economy, we have to ask whether they even know that means. I understood rebalancing the economy to mean having fewer resources in financial services and more resources in other sectors.

**Mr Kevan Jones:** The argument made strongly by the Government is that the north-east economy should rebalance itself away from the public sector and towards the private sector. Does my hon. Friend share the alarm felt by the 380 firms that directly rely on the oil and gas industry in the region about the effect that the Government's proposals will have on employment in those companies?

**Helen Goodman:** Of course. I am extremely concerned, as my hon. Friend and neighbour is, about the impact that the proposals will have on the economy of the

north-east, and it will not be just a short-term impact, but a long-term impact. When we get investment in the oil and gas industry, we are getting investment in an industry at the cutting edge of technology. There have been many other positive spin-offs from the investments that the oil and gas sector has made.

**Andrew Gwynne:** That is precisely the point. The jobs in a lot of the support industries for the gas and oil industry are high-skill, high-tech and pretty well-paid jobs. Once we lose those skills in areas such as the north-west and north-east of England, they are gone for good. We need to support those industries, as well as the wider oil and gas industry.

**Helen Goodman:** That is absolutely right. The investment that the Labour Government tried to encourage in completely new energy industries such as the offshore wind industry used very similar skills. It is important to have a critical mass in these industries, and the achievement of that is now being put at risk.

It is not at all clear what the Government mean by rebalancing the economy. Our debate earlier this evening revealed a bizarre situation in which taxes on the financial sector are not tough enough, while taxes on the primary sector are over-strong. That is simply not going to take us down the route that we all want to go down.

**Dr Thérèse Coffey (Suffolk Coastal) (Con):** I do not know when the hon. Lady first came to the House, but she will recall that when the Labour Government first came to power, they imposed a windfall tax that punished the utility companies for their success. Now, this Government are trying to redress the balance, while recognising that oil prices are at an all-time high and that profits are being made simply through speculation. I am afraid that the hon. Lady is simply talking to the Westminster bubble. She should be thinking about how we can make a real difference to this country, rather than continuing to talk through the night.

**Helen Goodman:** I do not accept the hon. Lady's analysis. Unnecessary complexity is one of the problems. A positive aspect of the amendments tabled by the right hon. Member for Gordon (Malcolm Bruce) is the improvement in transparency, stability and predictability that would ensue from them. Those things would simply not ensue from the Chancellor of the Exchequer's proposals.

**Mr Anderson:** Does my hon. Friend agree that one of the differences between what is happening now and what happened in 1997 is that, in 1997, the Labour party went to the country to ask for a mandate to put in place a windfall tax on the energy companies, and that the people of this country voted for that?

**Helen Goodman:** That is a powerful point. What happened then contrasts with the total lack of consultation by this Government.

**Mr Graham Stuart:** The hon. Lady mentioned the Government's policy on rebalancing the economy. One of the most important elements is to reverse the disastrous loss of employment in manufacturing under the Labour Government. More than 1.5 million jobs were lost and—

**The Chairman of Ways and Means (Mr Lindsay Hoyle):** Order. We are straying from the amendments if we start talking about job losses. Let us try to keep as close as we can to the amendments before us.

**Helen Goodman:** I entirely accept your guidance, Mr Hoyle.

There is obviously a supply chain for the oil and gas sector. Equally obviously, if we damage the financial viability of the oil and gas companies, there will be an impact further down the supply chain. It is worrying that the industry is predicting that 40,000 jobs will be lost. Those are 40,000 jobs that we can ill afford to lose at this time. This is absolutely typical of the measures being taken by the Government that, across the board, are not being thought through. This is another example of that. The statement by Statoil that it is going to put on hold a \$10 billion investment is very worrying.

We also need to pay attention to the fact that the North sea province is different. It is not only a mature province—we all understand what that means—but it is in a very competitive arena. The Government do not appear to understand what being in a competitive arena means, or that those companies have a choice about where they invest.

**David Mowat (Warrington South) (Con):** At the current price of \$120 a barrel, the average return on capital employed for a medium-sized field is roughly 40%. Do Labour Members think it right that oil companies should be making 40%?

**Helen Goodman:** I do not have the precise figure at the back of my mind and I am not going to pluck out of the air a particular number, which would be to behave as foolishly as Ministers. It is obviously necessary to look at the returns across similar fields in other countries and to consult the industry on the implications. I am sure that that will not have satisfied the hon. Gentleman, but I am afraid that it is my view.

1.45 am

What we are talking about here is a broken promise. We have had broken promises on taxes and broken promises on the North sea. A further question for Ministers is whether they can be confident that when they impose these taxes, they will not simply be passed back to consumers through higher petrol prices. It would be interesting to hear Ministers' analysis of that.

**David Mowat:** The point about petrol prices has often been raised. The hon. Lady has mentioned both Centrica and Statoil. Does she believe that these are major petrol suppliers in the UK?

**Helen Goodman:** No, Centrica is a gas company. Oil companies, even if they do not have petrol companies within them in the UK, are selling their oil and gas to people who are delivering in the retail market. I would have thought that the hon. Gentleman understood that if something is being done with prices and taxes in one part of the market, it could have an impact on the prices charged in another part of the market. That was my point.

Let me deal now with the drafting of the Bill. Will the Minister explain why the \$75 a barrel limit is not specifically mentioned in clause 7? As already mentioned, if we are to make any sense of what is going on here, we

will need to look at clauses 61 through to 64 and at schedule 15 alongside clause 7. I would like to pay tribute to Rob Marris, the former Member for Wolverhampton, South West who always enjoined us to read the explanatory notes. The explanatory notes on clause 61, which deals with decommissioning, are particularly interesting. Has the Treasury or Revenue done any analysis of the impact on the environment of the changes to the rate of decommissioning relief.

The amendments in the group are also interesting. As I have said, the amendments tabled by Liberal Democrat Members are clearly aimed at improving stability, predictability and transparency. The amendments tabled by my hon. Friend the Member for Bristol East (Kerry McCarthy) are designed to review and understand the situation better. The most interesting amendment before us, however, is amendment 11, tabled by the Chancellor of the Exchequer. It is designed to insert the following provision into clause 7:

“But if the basis of apportionment in subsection (4)(b) would work unjustly or unreasonably in the company's case, the company may elect for its profits to be apportioned on another basis that is just and reasonable and specified in the election.”

This is the most extraordinary amendment that I have seen in six years as a Member of Parliament. It seems that every company can say to Her Majesty's Revenue and Customs, “The impact on another company might be ABC, but in our case it would be XYZ.” Every company will be allowed to negotiate not simply the interpretation of the tax code, but its own tax code.

**Mr Kevan Jones:** Obviously many other taxpayers would like to be able to negotiate their tax codes with the Inland Revenue, but I am sure that the opportunity will not be open to them. Where will this leave the amount of revenue that the Government will supposedly raise to pay for the reduction in petrol duty?

**Helen Goodman:** My hon. Friend has hit the nail on the head. This opens a huge hole in front of the Minister's revenue forecast. There is total uncertainty. Every company will be able to turn up and renegotiate its own tax regime, which is ludicrous. How far will this be taken? Will it be a general principle established in the tax code for the purposes of all corporation tax, or personal tax? I hope that the Minister has a very good explanation for what is going on.

Let me return to the underlying worry that has been exposed in tonight's debate—that the Government simply have not taken account of the importance of energy security. Everyone knows that the energy market is under a number of different pressures. On the one hand, we must have a market that is environmentally sensitive and reduces our carbon footprint; on the other hand, we must have prices that are affordable for people in this country and that tackle fuel poverty. We must also have security of supply in a world that is particularly uncertain at this time. Wars are taking place in north Africa and there is conflict in the middle east, and it is at this moment that the Government have chosen to impose taxes that are so insensitive that they put the North sea oil and gas regime at risk.

**Mr Anderson:** I want to speak in support of amendment 10, but first I want to say something about the speech of the right hon. Member for Gordon (Malcolm Bruce). I

am pleased that he has returned to the Chamber, because I was very interested in what he had to say. Most of those who have spoken in the debate on these amendments have done so on the basis of a degree of experience, which was not the case in earlier debates.

I wonder whether the case made by the right hon. Gentleman was made to the Government before the Budget. It appears from what was said by him and by the hon. Member for Dundee East (Stewart Hosie) that the industry has been saying to the Government for some time, "If you are going to do this, please talk to us and please make sure that we get it right." The industry does not want to end up with the circumstances described by my hon. Friend the Member for Bishop Auckland (Helen Goodman), in which anyone could do whatever they wanted whenever they wanted.

If that information was shared with the Chancellor before he made his statement on 23 March, it would seem from what was said by the hon. Member for Dundee East (Stewart Hosie) about why he had ignored the voices of experienced people such as the right hon. Member for Gordon and those in the industry that the only thing that matches the Chancellor's arrogance is his ignorance. Clearly he has decided to say, "I know better. I will impose this on the industry and on this country."

This is not just about places such as Aberdeen and the north-west, because a huge amount of work is going on across the whole of Tyneside and the north-east of England. Some of the most advanced technical work anywhere in this country is being done there in very small factory units by very skilled men and women who are doing a great job. Shipyards have reinvented themselves after the closure programme of the 1980s and are building exploratory rigs and doing work that is vital to maintaining the skills base and developing the new work that we want to do. That will be development for not only the oil industry, but the offshore wind industry.

**Mr Kevan Jones:** A large number of individuals, many of whom live in my constituency and that of my hon. Friend, worked in former shipyards and heavy engineering firms in the north-east and now travel to Scotland and other areas where the UK oil and gas industry is based. They have very good jobs and choose still to live in the north-east. Does he agree that they are an important part of the wages that go into the north-east economy?

**Mr Anderson:** My hon. Friend is absolutely right. These people are rightly still among the most well-paid people in this country—why on earth should they not be, given the work they are involved in and the risks they take in their daily lives?

I worked underneath the North sea bed as a coal miner, so I have some experience of working in the energy industry. I am not the person to feel sorry for multinational oil companies, but if the Government take crass decisions that will have a massive impact on not only the industry, but the people who are dependent on it right across the board, we should surely question that. I have no problem with saying to the oil companies that we want them to play their part in trying to help us to get this country back on an even keel. Clearly, when companies such as Shell and BP are making huge

profits, that discussion should take place, but it should happen before decisions as serious as this are imposed on people.

Some 450,000 people work in the industry. Our subsea industry is at the cutting edge and leading the world. People talk about what happened in the gulf of Mexico only a year ago, but the probability is that that will never happen in the North sea because of the experience we have gained over many decades of working up there. We lead the world and we should be proud of that, but this taxation surprise has made the industry question whether it should carry on being there, and clearly the oil industry can go to lots of other places in the world.

**Helen Goodman:** Does my hon. Friend agree that the expertise, research undertaken and skills gained on the UK continental shelf in the North sea enable British-based companies to explore successfully in the gulf of Mexico and the south China sea, and that from that exploration we also gain in income and investment from dividends overseas?

**Mr Anderson:** My hon. Friend is absolutely right about that. There is no doubt that as we move further forward and the exploration starts to take place west of the Shetland Islands, presenting new challenges, our people working in these industries will again lead the way. But that may not happen if companies are frightened away by a tax regime that is going to punish them. It will particularly punish them when it is a rabbit pulled out of a hat at the end of a Chancellor's Budget, when it has not been discussed with the industry and when the industry has not been able to prepare, consider what it is doing and talk things through in a sensible and adult way in a genuine partnership to make these things work. As has been pointed out a number of times, Centrica has said this week that it is considering not reopening its gas fields off our north-west coast. That is a hugely important area of development and if Centrica decides not to reopen the fields they will just become sterile, like so many other of our energy reserves in this country over the past 30 years as a direct result of Government failures and inaction. It is clear that the Government have not thought this measure through, and the plea by the right hon. Member for Gordon is absolutely the right one, because they should think it through.

What will happen to the tax revenue in the meantime? That point was raised by my hon. Friend the Member for North Durham (Mr Jones). Clearly, the decision made on 23 March was that a certain amount of money would be raised by this attack on the North sea. If that money is not raised, either because of the discussions that go on or because the decision has changed, what will the Chancellor come back with? How will he fill the hole that will be left, at least temporarily, if we do not go ahead with the measure?

2 am

This decision has clearly been made for political gain. The Chancellor was on the back foot—he was on the run—because he had been knocked all over the place by the shadow Chancellor's attacks about the impact that oil prices, petrol prices and, in particular, VAT on fuel were having on ordinary people and businesses in this country. As the Chancellor would not reverse the VAT on the petrol price at the pump, it was clear that he

would have to find another way to fill that hole, and he did it through the rise in the North sea oil tax. It was clearly a huge mistake, made to cover up another political mistake. The mistake was not just the act of putting up VAT, but that of introducing a measure that was not supported and was in neither Government party manifestos nor the coalition agreement. Again, the proposal was sprung on the British people as well as the industry. There was no consultation with the industry, and when one says to a body such as Oil & Gas UK which represents a group of companies that the effective tax rate on their profits will be 81%, it is clear that they will go and look elsewhere in the world. If they can get a better return, that is where they will go. We should have been discussing that with the companies before they went.

It is plain to see that this measure has been a huge mistake—but I would say that. The criticism does not just come from me, however. I understand that the Treasury Committee is going to hear from a group that has been asked to report to it on the impact of the change in tax on offshore drilling to 32% from 20%—I was going to say that it would do that tomorrow, but it is probably today by now. One body, the Institute of Chartered Accountants in England and Wales, was critical of the North sea policy because it could deter investment in the area. It said:

“We understand the policy rationale for this decision but imposing unexpected tax charges with immediate effect is likely to cause damage to the UK’s competitiveness.”

The Association of Chartered Certified Accountants adds its disapproval, saying:

“The increase in the rate of tax on ring fenced profits...was unexpected, and is understood not to have been subject to any consultation”.

It goes on to say:

“While the measure is clear, simple and targeted”—

clearly it is, as the Government just need to say to somebody that they will pay 20% today and 32% tomorrow—

“it fails on the principles of stability and supporting growth”.

The Conservatives lecture us constantly in the House on the idea that they are all about developing growth, but ACCA clearly does not think so.

**Andrew Gwynne:** Is that not exactly the difference between this measure and the example raised in an earlier intervention about the effect of the windfall tax on the privatised utilities? When Labour was in opposition before 1997, the party was in full discussions with the privatised utilities, which might not have been 100% happy with the proposal but were altogether certain that if the Labour party came to office, it would invest in our young people and get them back to work.

**Mr Anderson:** My hon. Friend is correct. That debate went on in the Labour party for a long time long before that election. It was quite clear to the industry and to the people of this country that if they voted Labour on 1 May 1997, we would impose a windfall tax. Discussions had been going on and the companies were able to absorb the idea and plan for that.

As ACCA says further:

“The sudden change in rate came as a shock to those involved in the North Sea oil industry”—

the change was not a shock in 1997, because companies had been able to prepare for it—

“and has been widely condemned as reducing the competitiveness of the UK as a target for investment”.

**Mr Kevan Jones:** Does my hon. Friend agree that the windfall tax, which was a one-off tax and quite clearly understood, was different from what we are facing today with this tax increase, which is a potentially fluctuating tax that gives uncertainty to oil and gas producers about the level of profit they will make long term on their investment in the North sea or anywhere else?

**Mr Anderson:** In the learned advice that she gave, my hon. Friend the Member for Bishop Auckland spelt out more clearly than anyone else in this debate that nobody seems to know what people will be paying in tax. Nobody knows whether they will be paying anything or whether they will be able to say, “I want to get away with this while you get away with that.” That is absolutely ludicrous; even if we accept that the tax should be imposed, people at least need to know what the Government are going for.

**Hugh Bayley:** I wonder whether my hon. Friend has read the article in today’s edition of *The Guardian* entitled “Accountants attack Osborne’s North Sea oil levy”, which reports on the ACCA report that my hon. Friend has just mentioned. It also reports the Chairman of the Treasury Committee as saying:

“Every time we do the unexpected, future business is deterred. It’s crucial we construct a tax system around the principles of certainty, simplicity, stability as well as fairness. The only beneficiaries of complex changes are tax accountants and tax lawyers—the very people who are complaining.”

**Mr Anderson:** I have read that report. Whatever hon. Members’ views, we respect the Chair of the Treasury Committee as someone who has done a good job for the people of this country and for the House, and when he says such things, hon. Members should listen. He is not someone who should be ignored: he speaks not from arrogance or ignorance but from a lot of knowledge. His Committee has undertaken a rapid investigation of an issue that is of massive importance to the country.

We have been here before with Tory Governments, who have a long history of making crass policy decisions on energy. In the 1930s, the Tories presided over a coal industry that was in internal decline and had massive problems, with more than 1,000 men a year being killed in the industry and with no investment whatever. Those men were using 19th-century technology—life was cheap and people were not allowed to live decent lives. The situation was pushed back after the war when the Labour Government came in and nationalised the coal industry.

Then there was another repeat in the 1980s. My hon. Friend the Member for Bishop Auckland has mentioned the POP forecast and the pricing of oil according to how much it costs to get oil from coal. In the 1980s, we led the world in getting oil from coal, but that industry was destroyed at the whim of the then Government, who did that for political reasons. I can see that you are getting annoyed, Mr Hoyle, which is not like you, so I shall move on rapidly.

The truth is that Tory Governments, and not just in the past, have taken policy decisions that were to the detriment of the energy system in this country. That is being confirmed today, because this is not just about the oil industry. As has been discussed in debates on the solar power industry, Ministers have changed the rules halfway through a process. I have received a letter from a company in my constituency saying that it is involved in a number of projects in which clients want to build solar arrays that do not fulfil energy requirements. Funders and clients are now cautious because of the uncertainty caused by the policy change halfway through discussions. The industry had been told that it would be able to set targets at a certain level, but that level was later changed and the same thing is happening now. If the Government spring surprises on companies that are investing in energy policy, those companies will not know where they are and will look at other markets. As I have said before, I am not one to stick up for the oil companies, but I am one to stick up for this country and the workers of this country, and this part of the Bill, along with many others, is detrimental to the workers and the people of the country.

**Mr Kevan Jones:** Let me begin by congratulating the right hon. Member for Gordon (Malcolm Bruce) and the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) on their amendment. They clearly care about the industry, know a lot about it and are arguing vociferously on behalf of their constituents. From the body language of the Economic Secretary and the Financial Secretary, it looks as though the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine are two unwelcome relatives at a wedding who had been forgotten about but turned up and started to argue about how this was not part of the wedding deal of the coalition.

The amendments raise serious concerns about the effect of the Budget not just on the constituencies of the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine, but on many others throughout the UK. I would have expected Members on the Government Benches who have oil and gas interests in their constituency—Morecambe bay has been mentioned, as well as the gas fields off the coast of East Anglia—to speak in the debate, yet we have not had a single contribution from the Conservative Benches. That should be noted by constituents who rely on the oil and gas industry for their livelihood. I am sure that if the former Member for Morecambe and Lunesdale were still a Member of the House, she would have been vociferous in making representations on behalf of her constituents. I hope she is watching the debate, even at this late hour.

The decision announced in the Budget to increase the supplementary charge on North sea oil was taken at the last minute, without any consultation with the industry. It led to the ludicrous situation mentioned by the right hon. Gentleman, with the profits of some of the mature fields being taxed at 80%. We are constantly told by the Conservative part of the coalition how important private sector growth is to the future of the UK economy.

There is no better example than the oil and gas industry. It is an economic engine for the UK economy. In 2010 alone it invested some £6 billion into the UK economy. It creates and supports more than 440,000

jobs, not just directly in the industry, but way down the supply chain and across the UK, as my hon. Friend the Member for Blaydon (Mr Anderson) noted. More importantly, it produced in 2010-11 some £8.8 billion in corporation tax for the Treasury, and it is estimated that for 2011-12, with the increase in the oil price, that revenue take will be about £13.4 billion. To treat such an important industry in the cavalier way that the Government have treated it is a disgrace.

I feel for the right hon. Gentleman. He said that the Government were listening, but I am not sure they are. I ask him to look at the report of the Treasury Committee's meeting of 29 March, where the Treasury said:

“The 81% rate applies only to those mature fields where there is no further exploitation taking place that pay petroleum revenue tax. It is quite a high rate but, equally, there is not an issue with further investment needed there, and the oil is coming out of the ground. That is a pure”

profit.

Members asked whether that had been looked at in any detail. The Treasury went on to say that

“the Treasury does a lot of work on all the tax levers on an ongoing basis.”

It is clear from talking to the industry that investment in those mature fields is needed. For example, Total E&P UK says that production at mature fields will cease without further investment. The Alwyn area is a good example of why activity and investment need to continue. I accept that the industry requires a huge amount of start-up investment, but there is also an increasing need for investment over time. For example, Total has stated in its submission that investment is needed in the Alwyn field not only for ensuring that the field is secure and safe, but for living accommodation and other investments. It is absolute nonsense to suggest that such mature fields do not need continued investment, and to tax them at 81% or 82% is, frankly, ridiculous.

2.15 am

Another point, which has been mentioned by my right hon. Friend the Member for Croydon North (Malcolm Wicks) and the hon. Member for Dundee East (Stewart Hosie), is that as technology has improved we have been able to get more oil and gas out of what in the past would have seemed very mature fields. That is happening not just in the UK, but internationally. Through this short-term fix to try to sort out the issue of fuel prices, we will leave oil and gas in the ground. As my hon. Friend the Member for Blaydon mentioned in relation to the coal industry, after stepping away from such resources we cannot simply go back years later and recover them. It needs to be extracted now, which leads to the point about security of supply for oil and gas.

**Ian Mearns:** I must say that I am completely overcome by the power of my hon. Friend's argument and wonder whether the right hon. Member for Gordon and his hon. Friends on the Liberal Democrat Benches really want to argue at this stage for a late codicil to the coalition agreement on the issue.

**Mr Jones:** I have known my hon. Friend for more than 25 years, and I think that this is the first time he has ever been overcome by something I have said—it might be the first time he has ever listened to anything I have said. The idea of leaving oil and gas in the ground

[Mr Kevan Jones]

and not extracting it is absolutely ludicrous. It makes no sense whatsoever with regard to the investment that has already been made, and it makes no economic sense with regard to security of supply in this country.

**Helen Goodman:** Does my hon. Friend agree that the problem is that the Government have no strategy? Just as they panicked when they realised that they had a fiscal hole to fill in the few days before the Budget, so they have now panicked with this ridiculous amendment 11.

**Mr Jones:** My hon. Friend has done the Committee a favour by drawing our attention to amendment 11, and that is something that we will all want to be argued for in the case of individual tax returns. The point of the matter is this: if the results are what has been suggested, how on earth will the Government be able to predict how much they will get from this tax?

**Helen Goodman:** Does my hon. Friend agree that it is also not clear, when a company negotiates its own tax regime, whether it will be a secret tax regime, or one that everyone will know? If it is secret, does that not open up the possibility of even more unfairness?

**Mr Jones:** It does, and that leads us to the point about how we would arbitrate in disputes between different companies. My hon. Friend the Member for Aberdeen South (Dame Anne Begg) mentioned the fact that decisions on investment in oil and gas are not taken in this country, but in Houston, Calgary and other parts of the globe, so the North sea and exploration in this country is competing for investment from around the world. If companies have to jump through hoops to negotiate their individual tax liabilities before trying to put an appraisal together, I am sure that decision makers will go for the easier options so that they know what the return on investment will be, rather than the uncertainty that this has left us with.

**Dame Anne Begg:** If it is necessary to bring in all sorts of complicated extra things to mitigate the effects of a tax and make it appear fairer, surely the original tax is fundamentally flawed and should never have been introduced in the first place.

**Mr Kevan Jones:** My hon. Friend makes a very good point, and her point about investment will increasingly be thought of when making such decisions.

That brings us to the question of what the decision-making process was when coming up with this tax. We have already had the ludicrous situation whereby even a Minister who practically used to work for a gas company did not recognise the difference between gas and oil prices. In my experience as a Minister dealing with Treasury officials, I always thought that they knew what they were talking about, so I am surprised that the Treasury allowed this measure to get through, because everyone knows the difference between the prices of the two.

We have already seen the effects of that this week, with the possibility that Centrica might turn off investment in Morecambe bay, and I am sure that the Minister will be off the company's Christmas card list next year

unless she does something radical to change what has been proposed. That decision will not only mothball a gas field that would have provided this country with gas for years to come, but write it off.

What will we do instead? We will import gas, which does not make sense economically or for energy security, especially when we look at where the large concentrations of gas are in the world—the former Soviet Union, parts of the middle east and, lo and behold, north Africa. Any idiot can work out that even Morecambe bay, and possibly Blackpool on a rowdy Saturday night, is more peaceful than north Africa or parts of the former Soviet Union, so it is important that we take seriously the comments of companies such as Centrica, which have invested over many years and not just in oil and gas fields but, as my hon. Friend the Member for Blaydon said, in new technologies.

It is a dirty industry, but it is also a leader in new technologies, such as robotics and drilling, and, owing to the difficulty of extracting oil and gas from parts of the North sea, we have been able to develop new techniques that are now used throughout the world. That is why many UK companies are leaders not only in this country, but throughout the world.

It has also become increasingly clear that the tax rate will have a real effect on the economy of north-east England. I accept that hon. Members who represent Scottish constituencies feel passionately about the issue, but the measure will have a dramatic effect in the north-east, too. The Conservative part of the coalition tells us that we in the north-east should grow the private sector, but the oil and gas industry is a very vibrant part of the private sector. Indeed, my hon. Friend has already mentioned the sub-sea sector, which supports 10,000 jobs and 380 firms in the north-east.

**Andrew Gwynne:** Like my hon. Friend, I feel passionately about those jobs in those cutting-edge industries. Is not the issue to protect jobs today and invest in future jobs in the north-east and the north-west, including in things such as apprenticeships?

**Mr Kevan Jones:** It is, and the north-east has been able to take advantage of the change in, for example, the River Tyne, which was heavily dependent on shipbuilding. Now we have facilities such as the Walker technology park, and the city council was far-sighted when it developed an offshore park for the North sea oil industry.

**Helen Goodman:** Does my hon. Friend not agree, as the hon. Member for Dundee East (Stewart Hosie) said, that there is also—

**Christopher Pincher** (Tamworth) (Con): Turn around.

**Helen Goodman:** There is also—

**The Chairman of Ways and Means** (Mr Lindsay Hoyle): Order. Can you face the Chair, please? Thank you.

**Helen Goodman:** There is also a problem with partnerships between the private sector and the universities.

**Mr Jones:** There is indeed. There are also new technologies. For example, the development of mine ploughs for mining the North sea bed for the laying of oil pipes was generated from a company that spun out

of Newcastle university. Places such as the Walker technology park sustain offshore supply jobs for the North sea, and two companies based there—Duco and Wellstream—produce 90% of the world's capacity of sub-sea umbilical housing and cords. Those are well-paid jobs. Such companies chose to invest in the north-east of England not only because of the skills base but because of the access to the North sea, and they are now able to export from there across the world.

George Rafferty, the chief executive of NOF Energy, says:

“For the last six to nine months we have been talking about a renaissance in oil and gas especially from the North Sea and the benefit to our members in the North-East as a result of investment being put in. With this announcement by the Government, which was made without consultation with the industry, there is a serious risk those investment decisions will be reversed.”

The industry body Oil & Gas UK said that the tax would not be passed on to consumers after the Chancellor warned that the sector faced a “direct squeeze” from it. That is exactly the uncertainty that exists today. It does not affect only the jobs in the north-east region itself. We have a large travelling population of individuals who travel to work via the North sea; they go across to Morecambe bay to work in the gas fields, and to East Anglia and other parts of the UK. That shows that this is an industry that affects numerous parts of the UK economy as well as the north-east. We have to ensure that any decisions that are taken on taxation do not have a huge detrimental effect.

It is necessary to know what is going to be done when making decisions about where future oil and gas investment will go. Unfortunately, some companies have already invested in oil or gas fields on the basis of what the tax regime was going to be pre-Budget, and they now face a completely different set of circumstances. For example, Total E&P UK has established Laggan-Tormore—the west of Shetland gas development—and that investment of \$4 billion is now at risk. Questions will be asked of the individuals who made the decision to invest there. What will be the future of that type of investment?

This is clearly short-termism for reasons of political expediency to do with the Chancellor. In the previous debate, we even got an admission from the Minister that the downturn in the petrol price was 0.8%—and we all know what we can do with 0.8 of a penny in our household budgets! Is it really worth making that type of fix, which will jeopardise not only the investment that has gone in to date but will go in in future? This is a world-class industry of which we should be proud in the UK. It sustains many jobs. Over the years, it has been a leader not only in technology but in safety, which my hon. Friend the Member for Blaydon mentioned.

I take no joy in what I am going to say now. I feel sorry for the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine, because I fear that they will feel the political consequences of this in the ballot box. I hope that with their expertise and continued lobbying, they can change the Government's mind. A short-term decision based on the petrol price will have a huge economic impact on the UK, on the industry as a whole, and on the economy of the north-east. I urge the Government to think again. I do not know whether they will take silly decisions like this in the future, but please can they do a U-turn for the sake of the investment and jobs that they will put in jeopardy if they continue with this ludicrous policy?

2.30 am

**Justine Greening:** I will start by explaining why we introduced the increase in the supplementary charge rate. I will then cover the Opposition amendment and respond to the amendments tabled by my right hon. Friend the Member for Gordon (Malcolm Bruce) and my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) before explaining the two technical Government amendments.

I appreciate the constructive amendments tabled by my right hon. and hon. Friends. They have put a lot more thought into finding a way through the challenges than the Opposition, and I appreciate the points that they raised. I reassure them that we are working closely with the industry. We have met with its representatives on a number of occasions: I have met with them, as has the Chancellor of the Exchequer, and officials recently went to Centrica's office to look through its calculations on field allowances and profitability. We are discussing with Oil & Gas UK and individual companies precisely the issues that have been raised in this debate.

The broad rationale for the increase is that the Government are abolishing the fuel duty escalator and replacing it with the fair fuel stabiliser. Clause 7 forms the second part of the stabiliser, which ensures that when oil prices are high, as they are now, and oil and gas production is more profitable, the companies that benefit more from that are asked to pay more. The hon. Member for Blaydon (Mr Anderson) fairly acknowledged that, and we are seeking to ensure that we do it in the right way, as he said we should.

**Mr Anderson:** Is not the point that this debate should have happened before the Chancellor made the decision, not afterwards?

**Justine Greening:** Realistically, it is not always possible to discuss rate changes with the industries concerned. It is not done as a matter of course, but the point about working with the industry to ensure that we understand the impact on more marginal investments is valid, and that is precisely what we are doing.

The clause increases the rate of the supplementary charge, which is a tax on the profits of oil and gas production, from 20% to 32% from 24 March this year. It is fair to point out that oil prices have increased from \$77 a barrel at the time of the June 2010 Budget to about \$125 a barrel today.

**Dame Anne Begg:** Plenty of other companies and industries deal in commodities whose prices go up, and plenty of other companies and industries make huge profits, but can the Economic Secretary name one other industry where the marginal rate of tax is 81%?

**Justine Greening:** The point is that we faced an increase in oil prices that had fed through pretty directly to pump prices. The increase in the cost of fuel was not just impacting on motorists, but having a huge impact on hauliers, on the cost of living and on businesses. We had to decide what was the right thing to do. I think that the right and fair thing to do was to share the burden by taking some of the additional profits that oil companies were making—profits at a level that far exceeded the projections of the companies when they made those investments. I will come on to answer the

[Justine Greening]

question from the hon. Member for Bishop Auckland (Helen Goodman) about projected future investment. I will give a telling statistic that makes my point very well.

We expect pre-tax profits from oil and gas production in the UK to be £24 billion in the current tax year, which is a 50% increase in just two years, primarily as a result of the increased oil price. Oil companies can afford to pay a bit more, but hard-pressed motorists, hauliers and businesses deserve to pay less.

**Dr Whiteford:** I am pleased that the Economic Secretary recognises the impact that fuel prices have been having on business and hauliers, particularly those in more remote and rural areas. It is precisely those areas, including the parts of north-east Scotland represented by myself and by the right hon. Member for Gordon (Malcolm Bruce) and the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), who tabled the amendment, that face a hugely disproportionate impact on jobs and investment in the oil and gas sector.

**Justine Greening:** We have just agreed to clause 19 without either the Scottish National party or the Labour party having divided the House. If we are willing to accept the cost of the motoring package in clause 19, which I think we all accept was badly needed to support motorists, hauliers and businesses, we also have to accept some responsibility for putting in place a way of funding it. Clause 7 is how we will do that.

**Dame Anne Begg:** Will the Economic Secretary give way?

**Justine Greening:** Let me make a bit more progress, because Members have raised some real concerns and I want to ensure that I respond.

The Government recognise that we need to act as a good custodian of the UK's natural mineral wealth; at the same time, we need to manage a tax regime that tailors the level of tax to the level of profits available from the UK continental shelf. The UK's oil and gas reserves are a finite resource that belongs to the nation. Current oil production was not sanctioned on the basis of the high prices from which the industry benefits today. Those unexpectedly high prices and profits have arisen due to geopolitical events in the middle east and north Africa, as we have heard, and the Government must ensure that they secure a fair return for the UK taxpayer, particularly given the impact that oil prices are having on the broader economy outside the oil and gas exploration industry.

**Stewart Hosie:** But the tax rate was 50% before. Although clause 19 has been agreed to, it ought to have been paid for by the windfall that the Government got because of last year's rise in the barrel price and by the windfall over and above the 2010 forecast that the Government are going to get this year. The problem is that what the Government have done with this tax grab, this 60% hike in the supplementary charge, is likely to damage investment and jobs and weaken economic recovery. It is not necessary to pay for clause 19—the money was already banked.

**Justine Greening:** I only wish that the hon. Gentleman's assertion was correct. The previous Parliament debated this very issue, and I think it was responsible of the new Government to get the independent Office for Budget Responsibility to examine it, given that there had been conflicting assessments from different industry watchers and think-tanks. The OBR was very clear that although we received some extra revenue from the North sea as a result of higher prices, the impact of higher oil prices is far more wide-ranging. We can see that from the debate that we have had over a number of weeks, which continues tonight, about the impact of oil prices as they feed through to high pump prices.

I remind the hon. Gentleman of his own words about how to pay for the stabiliser back in 2009. He said:

“That amount could come from the VAT windfall or the North sea windfall, because it would be directly related to the price of oil.”—[*Official Report*, 13 May 2009; Vol. 492, c. 908.]

I know that he was talking about the direct revenues that he has just mentioned, but I think he was also making the broader point that a more general windfall accrues to the North sea industry when oil prices are high. I will talk briefly about some of the steps that we want to take to ensure that we mitigate the risks involved in the more marginal investments, so that we manage the concerns that have been raised, particularly by Liberal Democrat Members.

Amendment 10, which was proposed by the Labour party and spoken to by the hon. Member for Bristol East (Kerry McCarthy), would require the Chancellor to

“produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North sea”.

As I have said, I want to reassure hon. Members that we are engaged closely with the industry. In fact, we explicitly mention in the Budget document that we want to work with the industry on field allowances, particularly those on marginal gas fields. Since coming to power, we have engaged closely with the industry, as my hon. Friends are aware. We have introduced a change to the ultra-high-pressure, high-temperature field allowance to ensure that the fiscal regime was appropriate to those prevailing circumstances.

The Government are keen to continue working with the industry. I have personally met Statoil and Centrica and spoken directly with them about their individual concerns. As I am sure the right hon. Member for Gordon is aware, Wood Mackenzie explicitly pointed to the Mariner and Bressay oil fields as two of the few fields where there would be an uneconomical impact, but for a variety of reasons, a number of technical challenges associated with those fields already made them a challenging investment. Nevertheless, we are working directly with Statoil to look at whether field allowances can be developed to help to unlock that investment.

The Government published our assessment of the impact of the measure in a tax information and impact note at the time of the Budget. Although we do not expect the measure to have a significant impact on investment or production in the forecast period, as I have said, we are working closely with the industry. First, we want to look at field allowances to see how we can unlock those more marginal fields, and secondly, we

want to look at the longer-term issues that the industry is keen to address, including, for example, achieving more certainty on decommissioning.

Of course, the Government expect that the average post-tax profits per barrel will be higher over the next five years than it was over the past five years because of the higher oil price. In its analysis of the Budget, industry analyst Wood Mackenzie stated:

“At current high oil prices, few new projects will become uneconomic as a result of the change”.

However, we want to do what we can to ensure that investment is unlocked for those projects that remain at risk, so that they go ahead.

**Helen Goodman:** I am just a little concerned about how the Minister expressed herself in her most recent remarks. My understanding is that Ministers are not supposed to be privy to the individual tax bills faced by individual taxpayers. From what she is saying, it sounds as if a line has been stepped over when it perhaps should not have been.

**Justine Greening:** I do not think that that is true. It is perfectly normal and reasonable for the Treasury to work with industry and individual companies to look at the particular problems that they face. That is exactly what the previous Government did, and they introduced field allowances. There is no substance at all to the hon. Lady's claim. In fact, she would have more justification for complaint if we were not taking such action.

As I have said, the recent very high sterling oil price has resulted in unexpectedly high profits for oil and gas companies, although at the same time it has resulted in financial pain for motorists and the wider economy. The Government therefore decided that it was appropriate to increase the rate of supplementary charge, to redress that imbalance. The fact that we have acted in that way does not mean that we do not appreciate the impact of taxation. However, we believe that investment in an exploration of the UK continental shelf will continue, driven by the record high oil price.

The hon. Member for Bishop Auckland (Helen Goodman) asked about forecasting. Of course, there is a range of industry forecasts on future oil prices, but the Government use the OBR, which is entirely independent of us. The OBR forecasts an oil price for the forthcoming years of this Parliament in excess of \$100 a barrel for every year of that period.

2.45 am

That brings me to the work of Professor Kemp, briefly mentioned by hon. Members. We are aware of his analysis of the impact of the increase in the supplementary charge. That analysis makes it clear that when considering the impact on investment, the tax increases are far less important than either oil and gas prices or the hurdle rate for investment adopted by individual companies. In fact, Professor Kemp's analysis points to only a small impact on activity at the level of prices expected and using the level of screening hurdle most commonly employed by active investors. Of course, however, we need to ensure that on those marginal fields that are impacted, we work hard with the industry to ensure that investment can nevertheless take place.

**Mr Kevan Jones:** In response to my hon. Friend the Member for Bishop Auckland (Helen Goodman), the Minister talked about negotiations she is having with individual oil companies. Is the revenue from fields going down? If so, from where is she providing compensation to fill the gap, or is she not giving any money away at all in these negotiations?

**Justine Greening:** The hon. Gentleman is missing the point that because of the high oil price there is continued investment in the North sea. Interestingly, Professor Kemp's optimistic scenario is \$90 a barrel and 70p per therm, but as I just said, the OBR has projected independently that oil prices over the next five years could be more than \$100. That is \$10 higher than the most optimistic scenario in Professor Kemp's analysis.

**Stewart Hosie:** It is worth pointing out the Professor Kemp states that his projections are all in real terms, so they increase yearly with general inflation, and he gives three different scenarios for a barrel-of-oil price plus the therm price. In each instance—I will be very accurate here—field investment is reduced by £19.2 billion, by £19.5 billion or by £29.1 billion. Those are 30-year forecasts. For the sake of accuracy and completeness, therefore, I am sure that the Minister will agree that Professor Kemp and Linda Stephen's work points to reduced investment over all the scenarios investigated.

**Justine Greening:** I just said that we accept that there will be a marginal impact; however, Wood Mackenzie has said that it does not expect that marginal impact to be high. If we look at Professor Kemp's optimistic scenario of \$90, which is less optimistic than what the OBR is projecting, and then use the hurdle rate most commonly used by most companies, we see that in the high-price scenario, total future projects are expected to fall from 1,099 to 1,074—a 2% reduction. We are saying that we recognise that. We therefore believe that the challenge is now for us to work with the industry to ensure that we can mitigate the risk to that 2% of investment.

I turn briefly to the amendments in the names of my right hon. Friend the Member for Gordon and my hon. Friend the Member for West Aberdeenshire and Kincardine. Clearly, the amendments enabled them to make the points they wanted to make, but I think they would accept that the way in which their proposals would operate could mean that the supplementary charge rise started later and lasted potentially for a finite time. It might also have a staged approach. All those things would mean that the funding would not be in place to fund the package we want to introduce for motorists. I stress, however, that as my right hon. Friend the Member for Gordon said at the end of this comments, the way through this is to ensure that we work with the industry. I am pleased with the engagement we have now had with the industry. We have got through our first meeting with industry representatives after the Budget, which was a chance for them to set out their reaction to a tax rise we did not anticipate they would welcome.

The Government amendments demonstrate that we are engaged with the industry and are listening to its concerns. In fact, as a result of that engagement we wanted to address a technical issue that had arisen

[Justine Greening]

involving the basis proposed for the apportionment of profits. The Government's amendments seek to address that. The legislation provides for how profits in an accounting period that straddles the date of the rate increase are to be split, so that the two tax rates can be applied to the appropriate amounts of profits. Government amendment 11 provides that a company may elect for a just and reasonable basis to be used where a time apportionment would give an unjust or unreasonable result.

We have proposed amendment 11 to take account of the concerns of industry. The amendment has an Exchequer cost of £40 million in 2011-12 only. We feel that the change is worth while because it ensures, for example, that the tax change does not affect the tax liability due in respect of transactions that were wholly completed before the Budget and that should not, therefore, have been affected by the rate change. The change follows an approach that the industry has suggested and shows that the Government are willing to change the detail of the delivery of their stated policy aims where evidence of unforeseen effects is presented by the industry. I urge hon. Members to accept the change.

This Government will carry on working with the industry on providing certainty in respect of decommissioning tax relief. Industry and officials will be engaging closely on that important piece of work in the coming months, and as previously mentioned, officials and Ministers are closely engaging with the industry in relation to the marginal field developments. We explicitly said that we would do that in the Budget, and we are now following up on that desire to ensure that investment continues to be unlocked. The concerns of gas producers are also being discussed with them. As I have mentioned, the Government are also seeking the views of oil companies and motoring groups about the level of the trigger price for the supplementary charge, and how the oil price for that purpose is to be determined. That informal consultation will be take place shortly, and we expect to be able to clarify the policy mechanism in the autumn.

In conclusion, we want to ensure that the Exchequer obtains a fair share of the value of our natural resource wealth while ensuring that the tax regime does not impede the development of the basin's potential. The impacts of the measure are understood, so no further assessment is required, and I urge the Opposition not to press the amendment. It is impossible not to note that they voted—[*Interruption.*] I was actually referring to amendment 10, which I would have thought Labour Members would recognise, having proposed it—although I suppose that anyone who has voted for a tax cut on fuel duty, even though they have no way of paying for it because they have set out their stall against getting the funding mechanism from the oil companies, might be expected not to have followed the arguments that I have set out.

The amendments proposed by my right hon. Friend the Member for Gordon are well intentioned. Let me reassure him once again that we are listening to representations from the industry and acting to ameliorate unforeseen effects. I therefore urge hon. Members to accept the Government amendments. The clause puts in place a fair fuel stabiliser, ensuring that we can pay for much needed help for motorists up and down the country.

The clause also ensures that motorists and businesses suffer less pain from high prices at the petrol pump as a result of higher oil prices that would otherwise simply increase the profits of oil companies.

**Malcolm Bruce:** We have had a very useful debate, in which Members from all parts of the Committee have had the opportunity to express some pretty forceful points of view about the industry, as well as present facts from well informed sources. It is perhaps unfortunate that it is so late, but this still stands on the record as a valuable debate.

I thank the Minister for her constructive response and for the information about the Government's detailed engagement. It would be fair to say that the immediate situation after the Budget was that the Government mounted a robust defence of their line against an industry that was shocked at what it heard. Perhaps the first meeting was less than constructive, although it is clear that things are now moving in the right direction. The amendments in my name and that of my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) suggest how we might have liked the Government to proceed. We recognise that the die has been cast, although it is important that the Government should continue to engage with the industry to understand the issues of competitiveness, because the oil price is worldwide and the UK has to compete for that investment.

It is also important to take on board the fact that although the losses in production and investment might be considered marginal, we are talking about margins on huge sums of money and huge resources. In other words, we are talking about 1 billion to 2 billion barrels of oil-equivalent, which is worth £70 billion to £100 billion, and £20 billion-plus of potential lost investment. It is important that the engagement between the industry and the Government finds solutions that can deliver the revenue that the Government need and are entitled to accept, given the very high prices, as well as delivering to the country the investment in long-term production that it needs. I believe that this debate has made a substantial and useful contribution. I welcome the Minister's response to it, and I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Amendments made:* 11, page 3, line 13, at end insert:

“(4A) But if the basis of apportionment in subsection (4)(b) would work unjustly or unreasonably in the company's case, the company may elect for its profits to be apportioned on another basis that is just and reasonable and specified in the election.”

Amendment 12, page 3, line 16, leave out “subsection (4)” and insert “subsections (4) and (4A)”.

*Amendment proposed:* 10, page 4, line 7, at end add:

“(11) The Chancellor shall produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North Sea.”—(*Kerry McCarthy.*)

*Question put,* That the amendment be made.

*The Committee divided:* Ayes 27, Noes 253.

**Division No. 263]**

**[2.55 am**

**AYES**

Anderson, Mr David  
Bayley, Hugh

Begg, Dame Anne  
Brown, Lyn

Campbell, Mr Alan  
 Cooper, Rosie  
 Cunningham, Tony  
 Flynn, Paul  
 Glindon, Mrs Mary  
 Goodman, Helen  
 Gwynne, Andrew  
 Hanson, rh Mr David  
 Hosie, Stewart  
 James, Mrs Siân  
 C.  
 Jones, Mr Kevan  
 MacNeil, Mr Angus Brendan  
 McCarthy, Kerry

Mearns, Ian  
 Robertson, Angus  
 Rotheram, Steve  
 Smith, rh Mr Andrew  
 Spellar, rh Mr John  
 Turner, Karl  
 Weir, Mr Mike  
 Whiteford, Dr Eilidh  
 Winterton, rh Ms Rosie  
 Wishart, Pete

**Tellers for the Ayes:**  
**Phil Wilson and**  
**David Wright**

#### NOES

Adams, Nigel  
 Aldous, Peter  
 Alexander, rh Danny  
 Amess, Mr David  
 Andrew, Stuart  
 Bacon, Mr Richard  
 Bagshawe, Ms Louise  
 Baker, Norman  
 Baker, Steve  
 Baldry, Tony  
 Baldwin, Harriett  
 Barclay, Stephen  
 Barker, Gregory  
 Barwell, Gavin  
 Bebb, Guto  
 Bellingham, Mr Henry  
 Benyon, Richard  
 Beresford, Sir Paul  
 Bingham, Andrew  
 Binley, Mr Brian  
 Blackman, Bob  
 Blackwood, Nicola  
 Blunt, Mr Crispin  
 Boles, Nick  
 Bottomley, Sir Peter  
 Bradley, Karen  
 Brake, Tom  
 Bray, Angie  
 Brazier, Mr Julian  
 Brine, Mr Steve  
 Brokenshire, James  
 Bruce, Fiona  
 Bruce, rh Malcolm  
 Buckland, Mr Robert  
 Burns, rh Mr Simon  
 Burrowes, Mr David  
 Burstow, Paul  
 Burt, Alistair  
 Byles, Dan  
 Cairns, Alun  
 Carmichael, rh Mr  
 Alistair  
 Carswell, Mr Douglas  
 Chishti, Rehman  
 Clark, rh Greg  
 Clifton-Brown, Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Colvile, Oliver  
 Cox, Mr Geoffrey  
 Crouch, Tracey  
 Davey, Mr Edward  
 Davies, David T. C.  
 (Monmouth)  
 Davies, Philip

de Bois, Nick  
 Dinenage, Caroline  
 Djanogly, Mr Jonathan  
 Dorrell, rh Mr Stephen  
 Dorries, Nadine  
 Doyle-Price, Jackie  
 Duncan Smith, rh Mr  
 Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellison, Jane  
 Elphicke, Charlie  
 Eustice, George  
 Evans, Jonathan  
 Evennett, Mr David  
 Fabricant, Michael  
 Field, rh Mr Frank  
 Foster, rh Mr Don  
 Francois, rh Mr Mark  
 Freeman, George  
 Freer, Mike  
 Fuller, Richard  
 Garnier, Mr Edward  
 Gauke, Mr David  
 Gibb, Mr Nick  
 Gilbert, Stephen  
 Glen, John  
 Goldsmith, Zac  
 Goodwill, Mr Robert  
 Grayling, rh Chris  
 Greening, Justine  
 Gummer, Ben  
 Gyimah, Mr Sam  
 Halfon, Robert  
 Hames, Duncan  
 Hammond, Stephen  
 Hancock, Matthew  
 Hands, Greg  
 Harper, Mr Mark  
 Harrington, Richard  
 Harris, Rebecca  
 Hart, Simon  
 Haselhurst, rh Sir  
 Alan  
 Hayes, Mr John  
 Heald, Oliver  
 Heath, Mr David  
 Heaton-Harris, Chris  
 Hemming, John  
 Henderson, Gordon  
 Herbert, rh Nick  
 Hinds, Damian  
 Hoban, Mr Mark  
 Hollingbery, George  
 Hollobone, Mr Philip

Holloway, Mr Adam  
 Hopkins, Kris  
 Horwood, Martin  
 Howarth, Mr Gerald  
 Howell, John  
 Huhne, rh Chris  
 Hunt, rh Mr Jeremy  
 Huppert, Dr Julian  
 Hurd, Mr Nick  
 Jackson, Mr Stewart  
 James, Margot  
 Jenkin, Mr Bernard  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 Kelly, Chris  
 Kirby, Simon  
 Knight, rh Mr Greg  
 Laing, Mrs Eleanor  
 Lancaster, Mark  
 Leadsom, Andrea  
 Lee, Jessica  
 Lee, Dr Phillip  
 Lefroy, Jeremy  
 Leslie, Charlotte  
 Letwin, rh Mr Oliver  
 Lewis, Brandon  
 Lewis, Dr Julian  
 Liley, rh Mr Peter  
 Lopresti, Jack  
 Lord, Jonathan  
 Loughton, Tim  
 Luff, Peter  
 Main, Mrs Anne  
 Maude, rh Mr Francis  
 McCartney, Jason  
 McCartney, Karl  
 McIntosh, Miss Anne  
 McLoughlin, rh Mr Patrick  
 McPartland, Stephen  
 McVey, Esther  
 Menzies, Mark  
 Mercer, Patrick  
 Metcalfe, Stephen  
 Miller, Maria  
 Mills, Nigel  
 Milton, Anne  
 Mitchell, rh Mr Andrew  
 Moore, rh Michael  
 Mordaunt, Penny  
 Morris, David  
 Morris, James  
 Mosley, Stephen  
 Mowat, David  
 Mulholland, Greg  
 Munt, Tessa  
 Murray, Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newmark, Mr Brooks  
 Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 Nuttall, Mr David  
 O'Brien, Mr Stephen  
 Offord, Mr Matthew  
 Ollerenshaw, Eric  
 Paice, rh Mr James  
 Parish, Neil

Patel, Priti  
 Pawsey, Mark  
 Penrose, John  
 Percy, Andrew  
 Perry, Claire  
 Phillips, Stephen  
 Pincher, Christopher  
 Poulter, Dr Daniel  
 Prisk, Mr Mark  
 Pritchard, Mark  
 Raab, Mr Dominic  
 Randall, rh Mr John  
 Reckless, Mark  
 Rees-Mogg, Jacob  
 Reevell, Simon  
 Robathan, rh Mr Andrew  
 Robertson, Hugh  
 Rogerson, Dan  
 Rosindell, Andrew  
 Rudd, Amber  
 Russell, Bob  
 Sandys, Laura  
 Scott, Mr Lee  
 Selous, Andrew  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simmonds, Mark  
 Simpson, Mr Keith  
 Smith, Miss Chloe  
 Smith, Henry  
 Smith, Julian  
 Smith, Sir Robert  
 Spelman, rh Mrs Caroline  
 Spencer, Mr Mark  
 Stephenson, Andrew  
 Stevenson, John  
 Stewart, Bob  
 Stewart, Iain  
 Stewart, Rory  
 Streeter, Mr Gary  
 Stride, Mel  
 Stuart, Mr Graham  
 Sturdy, Julian  
 Swales, Ian  
 Swayne, Mr Desmond  
 Swinson, Jo  
 Syms, Mr Robert  
 Thurso, John  
 Timpson, Mr Edward  
 Tomlinson, Justin  
 Tredinnick, David  
 Truss, Elizabeth  
 Turner, Mr Andrew  
 Vaizey, Mr Edward  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Mrs Theresa  
 Walker, Mr Robin  
 Wallace, Mr Ben  
 Walter, Mr Robert  
 Ward, Mr David  
 Watkinson, Angela  
 Weatherley, Mike  
 Webb, Steve  
 White, Chris  
 Whittaker, Craig  
 Whittingdale, Mr John  
 Wiggin, Bill  
 Williamson, Gavin  
 Wilson, Mr Rob  
 Wollaston, Dr Sarah  
 Wright, Jeremy

Wright, Simon  
Young, rh Sir George  
Zahawi, Nadhim

**Tellers for the Noes:**  
**Stephen Crabb and**  
**Norman Lamb**

*Question accordingly negated.*

*Question put, That the clause, as amended, stand part of the Bill.*

*The Committee divided: Ayes 251, Noes 8.*

**Division No. 264]**

**[3.7 am**

**AYES**

Adams, Nigel  
Aldous, Peter  
Alexander, rh Danny  
Amess, Mr David  
Andrew, Stuart  
Bacon, Mr Richard  
Bagshawe, Ms Louise  
Baker, Norman  
Baker, Steve  
Baldry, Tony  
Baldwin, Harriett  
Barclay, Stephen  
Barker, Gregory  
Barwell, Gavin  
Bebb, Guto  
Bellingham, Mr Henry  
Benyon, Richard  
Beresford, Sir Paul  
Bingham, Andrew  
Binley, Mr Brian  
Blackman, Bob  
Blackwood, Nicola  
Blunt, Mr Crispin  
Boles, Nick  
Bottomley, Sir  
Peter  
Bradley, Karen  
Brake, Tom  
Bray, Angie  
Brazier, Mr Julian  
Brine, Mr Steve  
Brokenshire, James  
Bruce, Fiona  
Buckland, Mr Robert  
Burns, rh Mr Simon  
Burrowes, Mr David  
Burstow, Paul  
Burt, Alistair  
Byles, Dan  
Cairns, Alun  
Carmichael, rh Mr Alistair  
Chishti, Rehman  
Clark, rh Greg  
Clifton-Brown, Geoffrey  
Coffey, Dr Thérèse  
Collins, Damian  
Colvile, Oliver  
Cox, Mr Geoffrey  
Crouch, Tracey  
Davey, Mr Edward  
Davies, David T. C.  
(*Monmouth*)  
Davies, Philip  
de Bois, Nick  
Dinenage, Caroline  
Djanogly, Mr Jonathan  
Dorrell, rh Mr Stephen  
Dorries, Nadine  
Doyle-Price, Jackie

Duncan Smith, rh Mr  
Iain  
Dunne, Mr Philip  
Ellis, Michael  
Ellison, Jane  
Elphicke, Charlie  
Eustice, George  
Evans, Jonathan  
Evennett, Mr David  
Fabricant, Michael  
Field, Mr Mark  
Foster, rh Mr Don  
Francois, rh Mr Mark  
Freeman, George  
Freer, Mike  
Fuller, Richard  
Garnier, Mr Edward  
Gauke, Mr David  
Gibb, Mr Nick  
Gilbert, Stephen  
Glen, John  
Goldsmith, Zac  
Goodwill, Mr Robert  
Grayling, rh Chris  
Green, Damian  
Greening, Justine  
Gummer, Ben  
Gyimah, Mr Sam  
Halfon, Robert  
Hames, Duncan  
Hammond, Stephen  
Hancock, Matthew  
Hands, Greg  
Harper, Mr Mark  
Harrington, Richard  
Harris, Rebecca  
Hart, Simon  
Haselhurst, rh Sir  
Alan  
Hayes, Mr John  
Heald, Oliver  
Heath, Mr David  
Heaton-Harris, Chris  
Hemming, John  
Henderson, Gordon  
Herbert, rh Nick  
Hinds, Damian  
Hoban, Mr Mark  
Hollingbery, George  
Hollobone, Mr Philip  
Holloway, Mr Adam  
Hopkins, Kris  
Horwood, Martin  
Howarth, Mr Gerald  
Howell, John  
Huhne, rh Chris  
Hunt, rh Mr Jeremy  
Huppert, Dr Julian  
Hurd, Mr Nick

Jackson, Mr Stewart  
James, Margot  
Jenkin, Mr Bernard  
Johnson, Gareth  
Johnson, Joseph  
Jones, Andrew  
Jones, Mr David  
Jones, Mr Marcus  
Kawczynski, Daniel  
Kelly, Chris  
Kirby, Simon  
Knight, rh Mr Greg  
Laing, Mrs Eleanor  
Lancaster, Mark  
Leadsom, Andrea  
Lee, Jessica  
Lee, Dr Phillip  
Lefroy, Jeremy  
Leslie, Charlotte  
Letwin, rh Mr Oliver  
Lewis, Brandon  
Lewis, Dr Julian  
Lilley, rh Mr Peter  
Lopresti, Jack  
Lord, Jonathan  
Loughton, Tim  
Luff, Peter  
Main, Mrs Anne  
Maude, rh Mr Francis  
McCartney, Jason  
McCartney, Karl  
McIntosh, Miss Anne  
McLoughlin, rh Mr Patrick  
McPartland, Stephen  
McVey, Esther  
Menzies, Mark  
Mercer, Patrick  
Metcalf, Stephen  
Miller, Maria  
Mills, Nigel  
Milton, Anne  
Mitchell, rh Mr Andrew  
Moore, rh Michael  
Mordaunt, Penny  
Morris, David  
Morris, James  
Mosley, Stephen  
Mowat, David  
Mulholland, Greg  
Munt, Tessa  
Murray, Sheryll  
Murrison, Dr Andrew  
Neill, Robert  
Newmark, Mr Brooks  
Newton, Sarah  
Nokes, Caroline  
Norman, Jesse  
Nuttall, Mr David  
O'Brien, Mr Stephen  
Offord, Mr Matthew  
Ollerenshaw, Eric  
Paice, rh Mr James  
Parish, Neil  
Patel, Priti  
Pawsey, Mark  
Penrose, John  
Percy, Andrew  
Perry, Claire  
Phillips, Stephen  
Pincher, Christopher  
Poulter, Dr Daniel  
Prisk, Mr Mark

Pritchard, Mark  
Raab, Mr Dominic  
Randall, rh Mr John  
Reckless, Mark  
Rees-Mogg, Jacob  
Reevell, Simon  
Robathan, rh Mr  
Andrew  
Robertson, Hugh  
Rogerson, Dan  
Rosindell, Andrew  
Rudd, Amber  
Russell, Bob  
Sandys, Laura  
Scott, Mr Lee  
Selous, Andrew  
Sharma, Alok  
Shelbrooke, Alec  
Simmonds, Mark  
Simpson, Mr Keith  
Smith, Miss Chloe  
Smith, Henry  
Smith, Julian  
Spelman, rh Mrs  
Caroline  
Spencer, Mr Mark  
Stephenson, Andrew  
Stevenson, John  
Stewart, Bob  
Stewart, Iain  
Stewart, Rory  
Streeter, Mr Gary  
Stride, Mel  
Stuart, Mr Graham  
Sturdy, Julian  
Swales, Ian  
Swayne, Mr Desmond  
Swinson, Jo  
Syms, Mr Robert  
Thurso, John  
Timpson, Mr Edward  
Tomlinson, Justin  
Tredinnick, David  
Truss, Elizabeth  
Turner, Mr Andrew  
Vaizey, Mr Edward  
Vara, Mr Shailesh  
Vickers, Martin  
Villiers, rh Mrs Theresa  
Walker, Mr Robin  
Wallace, Mr Ben  
Walter, Mr Robert  
Ward, Mr David  
Watkinson, Angela  
Weatherley, Mike  
Webb, Steve  
White, Chris  
Whittaker, Craig  
Whittingdale, Mr John  
Wiggin, Bill  
Williamson, Gavin  
Wilson, Mr Rob  
Wollaston, Dr Sarah  
Wright, Jeremy  
Wright, Simon  
Young, rh Sir George  
Zahawi, Nadhim

**Tellers for the Ayes:**  
**Stephen Crabb and**  
**Norman Lamb**

**NOES**

Begg, Dame Anne  
Bruce, rh Malcolm  
Flynn, Paul  
Hosie, Stewart  
MacNeil, Mr Angus Brendan  
Robertson, Angus

Smith, Sir Robert  
Wishart, Pete

**Tellers for the Noes:**  
**Dr Eilidh Whiteford and**  
**Mr Mike Weir**

*Question accordingly agreed to.*

*Clause 7, as amended, ordered to stand part of the Bill.*

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**[Continued in Column 635]**



# Westminster Hall

Tuesday 3 May 2011

[MR ROGER GALE *in the Chair*]

## English for Speakers of Other Languages

*Motion made, and Question proposed,* That the sitting be now adjourned.—(*Jeremy Wright.*)

9.30 am

**Heidi Alexander** (Lewisham East) (Lab): I am grateful for the opportunity to open this debate, but I would rather that the need for such a debate had not arisen. Last November, the Government published a document that was somewhat euphemistically entitled “Investing in Skills for Sustainable Growth”. Alongside various changes to the funding of further education and training in the UK, Ministers announced that from 1 August this year, many people who currently qualify for free courses in English for speakers of other languages will have to pay a significant amount towards their studies. From August, anyone who receives council tax benefit, housing benefit, income support, working tax credit or pension credit will be expected to contribute £2.91 per hour to the cost of their ESOL course. Anyone who is dependent on someone who receives what the Department for Work and Pensions has defined as “inactive benefits” will also be expected to pay.

The sum of £2.91 per hour may not sound like a lot of money, but it amounts to a minimum of £1,300 in tuition fees for a full-time course. Although as a point of principle I tend to agree that those who can pay should pay, the Government are living in cloud cuckoo land if they think that those currently on such courses, or those who most need them, will be able to pay—they will not. If someone’s husband has a job on the minimum wage and works full time but still earns less than £12,000 per year, will they really be able to pay £1,000 for an English language course? It will not happen.

I cannot help but think that the proposed changes to the way ESOL is funded are woefully short-sighted. Set alongside the Prime Minister’s repeated pronouncements on immigration and the need for everyone to speak the language of their new home, they are nothing short of hypocritical. I called this debate to give the Minister an opportunity to explain the rationale behind the changes and to question him on the impact they will have, to ask him to reconsider the crude distinction that has been made between those on active and inactive benefits, and to urge him, at the very least, to delay the changes by a year to allow those involved in the provision of ESOL to work with the Government to find a way forward.

**Lyn Brown** (West Ham) (Lab): Does my hon. Friend agree that the changes are another example of this Government’s attack on women? Figures from the Association of Colleges suggest that about 77% of those affected by the changes will be women who, in a two-parent household, will not be in receipt of the benefits required.

**Heidi Alexander:** I entirely agree with my hon. Friend, and believe that the changes will have a hugely disproportionate effect on women and on members of black and ethnic minority communities across the country.

**Kate Green** (Stretford and Urmston) (Lab): I congratulate my hon. Friend on securing this important debate. Does she agree that acquiring English language skills is important both for women’s access to the labour market, and because women mediate so many of the social services for families such as medical appointments, dealing with schools and so on?

**Heidi Alexander:** My hon. Friend makes an excellent point, and I will come on to those matters later in my contribution.

One reason I requested this debate is because a couple of weeks ago I had the privilege of meeting a group of ESOL students at the Granville Park education centre in my constituency. About 25 women sat in a classroom in Lewisham and asked me whether their individual circumstances mean that they will have to pay for their courses this September. They wanted to know why the Government are making changes to the funding of ESOL courses, how much money will be saved, and why the Government are taking away the one thing that offers them a lifeline out of poverty and the chance of a better life. They wanted to know whether the Government are pushing through the changes simply because they think that they can get away with it. The people affected by the changes, such as those women, are some of the least likely to be able to mount a campaign against them. Suffice it to say, I struggled to answer their questions.

The ESOL students I met in Lewisham come from all over the world. Some are eastern European, some African, some Asian and some from the middle east. Some have come to this country recently, and others have been here for many years. Most are not in receipt of active benefits and do not receive jobseeker’s allowance or employment support allowance. Many of those people have husbands in relatively low paid jobs, and many are in receipt of tax credits. Most have children in local schools and told me that they want to improve their English in order to get a job. Without exception, all of them told me that they want to speak better English so as to get on in life and be able to speak to their doctor, their neighbours and their children’s school teacher.

**Stephen Timms** (East Ham) (Lab): My hon. Friend makes a powerful case and I wonder whether her experience has been similar to mine. Priory Park in my constituency has written to me to say that out of 42 students in the three classes run by that centre, only one receives benefits that will qualify them for such support in the future.

**Heidi Alexander:** That has certainly been my experience in Lewisham, and research by the Association of Colleges shows that a significant number of people who study ESOL courses are in receipt of inactive benefits.

I was talking about the sorts of people whom we find in English language classes across the country. Some people in the UK may ask how it is that those who cannot speak English are living in the United Kingdom. I have some sympathy with such a sentiment, although I wonder how many Brits living abroad make little effort to learn the local language. More seriously, the circumstances that led to some people—refugees in particular—coming to this country in the first place did not mean that they could say, “Hang on a minute, let me

[Heidi Alexander]

brush up on my English language skills.” Like it or not, there are people in this country, many of whom are British citizens, who have poor language skills.

When the Prime Minister tells us how vital it is that all migrants speak the language of their new home, I agree with him. When he says that practical things can make a big difference to community cohesion, I agree with him again. When he says that the presence in neighbourhoods of significant numbers of people who cannot speak the same language as those already living in the area can cause discomfort and disjointedness, I agree with him for a third time. Why on earth, therefore, are the Prime Minister’s colleagues, including the Minister present today, making it harder for people to learn English? It is completely nonsensical. Many other countries make language training compulsory for new arrivals, but we are in the unique position of running the risk of making it harder to learn English.

The situation that I described of the ESOL class in Lewisham is replicated in towns and cities up and down the country. A recent survey carried out by the Association of Colleges found that at least 90,000 ESOL students are on inactive benefits—that is 90,000 people who currently have access to free language tuition but will not if they start their course in September. According to the survey, 74% of those people are women. The AOC’s survey also found that over half of ESOL students receive inactive benefits—income support, working tax credits or housing benefit—but that only 14% receive the so-called active benefits of jobseeker’s allowance and employment and support allowance. Did the Minister realise that when he published his skills strategy last November, and did he realise that roughly two thirds of ESOL students on inactive benefits are women? I know that he has promised an equality impact assessment of the changes to ESOL funding, as distinct from the broader assessment carried out by the skills for sustainable growth strategy, but where is it? Will he update us on when that assessment will be published?

One of the most perverse things that strikes me about the changes to the way that ESOL is funded is that we could end up in a situation where money has been allocated to colleges and other providers for courses such as ESOL, but they will not be able to use it. There is a serious risk that Government funding will just sit in bank accounts during the coming academic year because the students who should be on those courses simply will not be able to pay their half of the course fees.

The Government seem to have acknowledged that that could be a problem in the most recent guidance note published by the Skills Funding Agency. Paragraph 53 of guidance note 7 states:

“The Agency recognises that new rules on learner eligibility and fee remission mean that many colleges and training organisations will have to make significant shifts in their provision in order to earn the allocation they have received for 2011/12. Given the scale of the challenge, the Agency will consider some transitional flexibility, to support colleges and training organisations making that change.”

Paragraph 54 states:

“At the end of the year, if the Agency is satisfied that a transition plan has been successfully implemented during 2011/12, the Agency will agree a manual adjustment to the final claim, to reduce the amount of funding that would otherwise be subject to clawback.”

Will the Minister explain whether that means that colleges that cannot spend their adult education budget on ESOL courses next year because the students simply will not be coming through their doors can keep the money that they would otherwise have spent?

**Kate Green:** Does my hon. Friend share the concern expressed to me by Trafford college that some colleges may be forced to close classes, so even for those people who can fund themselves to attend college classes, those classes may cease to exist?

**Heidi Alexander:** I agree that college governors throughout the country are making decisions at this time about how they will fund courses next year and whether to keep staff on or put them on notice of redundancy, so there is a real danger that the ability to provide the courses will simply dry up.

I spoke about the possibility of funds just sitting in bank accounts this year, unable to be used, as the students will not be coming through the door because they would not be able to pay their half of the course fees. I ask myself and the Minister whether that is a good use of public funds in such straitened economic times or whether it is an admission that the Department had not really understood the significance of the changes that it included when it published its strategy document last November. What happens in a year’s time, when money has not been spent and budgets are being set for the subsequent year? Does the Minister recognise that reduced spend by colleges and training providers will be a reflection not of demand for English language courses, but of students’ inability to pay?

**Fiona Mactaggart (Slough) (Lab):** There is an additional point. If courses cease because of cuts, students who have already made some progress but who cannot afford the fees in the coming year will not be able to study. I know from my appalling French that if people do not focus on the study of a new language and maintain their learning, they go backwards.

**Heidi Alexander:** My hon. Friend makes an excellent point. Later in my speech, I have some testimony from Lewisham college students who make precisely that point—that to improve and, indeed, to make the best progress possible, there needs to be continuity of learning.

I was talking about the latest guidance note from the Skills Funding Agency. While I am on that subject, I would like to ask the Minister a few more questions. In particular, why is the Department treating ESOL differently from other basic skills training and foundation learning? In paragraph 47 of the latest Skills Funding Agency note, the Government state that where a learner has an entitlement to a level 2 qualification, entry or level 1 aims will be fully funded to facilitate progression. However, the note also states that skills for life, including ESOL, are exempt from that provision. Will the Minister tell me why? Simply saying, as guidance note 7 does, that guidance note 6 deals with that is not an answer to my question.

It is remarkable that colleges and training providers may not be able to spend money that has been allocated to address basic skills because of the new co-financing requirements that the Government are introducing. That just does not make sense.

I will turn now to some of the wider arguments about why investment in ESOL courses is so important. In the last few days, the National Institute of Economic and Social Research has estimated that eastern European immigration has added £4.9 billion to the UK's gross domestic product. Surely having more people able to speak the language and able to work is a good thing. The alternative is more dependence on the state and a greater outlay on benefits. That is before we start to think about the knock-on effects of poor language ability on the public purse.

In April, a series of freedom-of-information requests to London hospitals showed that in the three years from 2007 to 2010, £15 million was spent by seven different hospitals on interpreters and translators. We know that other parts of the public sector, whether councils or the Courts Service, have similarly high bills. Again, I find myself in the strange position of agreeing with a Minister. This time, it is the Minister for Immigration, who is quoted in connection with that story as saying:

"This illustrates very starkly why we need to do more to ensure that those people who are settled in this country can speak basic English."

Will the Minister responsible for skills tell me what discussions he has had with the Minister for Immigration about the impact of his changes to ESOL? Has he told the Minister for Immigration that his Department's changes will result in fewer people being able to speak basic English? It is not just the NHS that is affected.

**Mr Mark Field** (Cities of London and Westminster) (Con): The hon. Lady is making a very powerful case with which most of us would agree. Given the financial constraints that the Government find themselves under because of the general economic situation, will she accept that for every pound that she would like to be restored to the budget for ESOL, a pound should be taken away from translation along the lines that she has suggested?

**Heidi Alexander:** This issue is so important and has such knock-on effects that investment in English language courses is fundamental. That is why I have called for the debate today.

I was making some points about the wider societal importance of English language skills and had spoken about the NHS. Let us think now about schools and what happens to many children who grow up without English as their mother tongue. They go to primary schools and hundreds of teachers throughout the country do a sterling job in improving their language skills and helping them to integrate with their classmates. Then they go home, where perhaps they revert to speaking the language of their mother and father. Is it not much better for those children to be able to hear both their parents speaking English—perhaps not all the time, but at least so that they can see and hear that their parents can speak the language? Is it not much better for their parents to be able to understand the letter from school, to be able to speak to the teachers and to be able to contribute to the wider school community?

**Mr Nick Raynsford** (Greenwich and Woolwich) (Lab): I congratulate my hon. Friend on securing the debate and on the very powerful case that she has made. Like me, she represents an area in south-east London with a

very large number of relatively poor migrants and she will know the number of occasions on which in our surgeries we are confronted with constituents who bring a child to translate for them. Her point is very powerful: in the interests of community cohesion, it must be right to encourage those families to speak English at home and not just to depend on their children to translate for them.

**Heidi Alexander:** My right hon. Friend is entirely right. Like him, I have had that experience at my surgeries.

We are coming to the nub of the debate now. Time and again, people at the top of the Government have talked tough on immigration and community cohesion. It is often a simplistic narrative that runs the danger of inflaming tensions rather than dealing with them. However, its simplicity, even if it is problematic in many ways, demonstrates how critical language skills are to building a shared sense of what it means to be British, what it means to live together in our towns and cities and how we might all be able to develop respect and tolerance for someone else's way of life.

That is why, on 30 March, I stood up in the Chamber and asked the Prime Minister to reconsider the Government's plans for ESOL, given his desire to see everyone speaking English. His response was illuminating. He said:

"We will have to take some difficult decisions over student numbers, and the priority should be to ensure that our universities can go on attracting the best and the brightest from around the world... That is why we have said that there should be a post-study work route. However, it does mean that we should be tough, particularly on those colleges that are not highly regarded. The fact is that over the last year, about 90,000 students were coming to colleges that did not have proper regard at all."—[*Official Report*, 30 March 2011; Vol. 526, c. 342.]

I could not quite believe what I heard. I was so incensed as I sat there that I am surprised that I did not get a "Calm down, dear."

I appreciate that answers to unasked questions are a common occurrence in politics, but I am afraid that the ignorance the Prime Minister's reply demonstrated was in another league altogether. I was not talking about international students coming to the UK to learn English, about bogus colleges or about 90,000 students coming to study at institutions with no "proper regard". I actually had to watch the clip of our exchange again on Democracy Live because I thought I must have been so vague and ambiguous that the Prime Minister could not possibly have understood me, but, no, I was relatively clear, and the Prime Minister did not know what I was talking about.

I was talking about the thousands of people who are settled in the UK and who need to be able to speak our language. I was talking about the mums in Lewisham, Sheffield and Liverpool who are desperate to learn English. There may not be many such mums in Witney, but if the Prime Minister is going to insist on giving us lectures on immigration and community cohesion, he should at least have a basic grasp of the things that can make a difference to communities such as the one I represent, and ESOL is one of those things.

Before I close, I want to refer to some of the stories of Lewisham college's ESOL students, all of whom have contacted me about the proposed changes. Solange

[Heidi Alexander]

Makaba is originally from the Democratic Republic of the Congo. She has lived in the UK for 11 years. She says:

“I heard on the news yesterday that the government is going to change everything about studies in this country and I feel disappointed and depressed about it.”

Speaking of when she first came to this country, she says:

“I didn’t know where to start and I was unable to do anything because I had a problem with my English. It was too hard at the beginning, but when I found an ESOL class, it helped me a lot. Now I am able to do something because I improved my English.”

I have another e-mail, from Nanthankumary Sivakumar, and the Minister should already be familiar with these comments, as the e-mail was copied to both of us on 10 February. Nanthankumary says:

“I am writing to you because I feel worried about the proposed cuts to ESOL English classes. I came to England in 2005, when I couldn’t speak English and no one could help. First my life was hard. Then my husband found work. After that my children joined a school. It was very difficult for me because I couldn’t understand English at my children’s school and GP. I couldn’t answer important phone calls during that period. I thought about going back to France. Then I found an English class at Lewisham College. I couldn’t speak very well but I could manage everything. If I had to pay for my course I wouldn’t have improved so quickly”—

my hon. Friend the Member for Slough (Fiona Mactaggart) touched on that—

“and I wouldn’t be able to help my children. I am worried that after the cuts people will not be able to access education.”

There is also the story of Maryam Zeinolabedini, whose e-mail the Minister was also copied in on. Maryam says:

“I am writing to tell you that I am very worried about the proposed cuts to ESOL courses...When I came to England, I couldn’t speak English. I was living in Nottingham and one day I was very sick. I went to hospital and nobody could help me. I was very upset and for 4 hours I waited for an interpreter.”

After that, she decided to learn English. She says:

“I went to college and English classes. I was very happy because I got a part time job in a factory and in the afternoon I went to college and discussed with my classmates and teacher and improved my English. If I had to pay for my ESOL course I couldn’t come to college and would feel very unhappy and couldn’t communicate with people.”

Finally, there is Percy Tabaoda, who says:

“I am writing to you because I’m so worried about the proposed Government cuts to ESOL and the effects they’ll have on the most vulnerable people and their families. I come from Peru and I’ve been living in this country for more than 10 years. I’m a British citizen now but in my experience as an immigrant I’ll tell you that what helped me gain confidence and integrate into the society was courses like ESOL. I believe the government will be making a big mistake if they proceed with the cuts because it is not a solution to the problems the country is facing.”

I repeat: the changes are not a solution to the problems the country is facing—Percy hits the nail on the head. The danger, of course, is that the proposed changes to ESOL will not only not be a solution, but will make some of the problems in our country much worse. I implore Ministers to look again at their proposed change. They should look hard at the impact assessment when their civil servants put it in front of them. They should look again at the Prime Minister’s speeches and ask themselves whether they really think their changes will result in more people being able to speak basic English.

I have not come here to score political points, but because the Government did not do their homework before announcing the changes to ESOL last November. I want to give the last word to another constituent, Nick Linford, who is a further education funding consultant and the managing director of Learning and skills—events, consultancy and training, or Lsect. I must thank Nick for his help and advice over the bank holiday weekend when I was preparing this speech. He sums up the current situation better than I ever could when he says:

“The change to inactive benefit policy will impact on tens of thousands of English language learners, something it is clear the Government did not properly consider when they announced the policy...in November 2010. It is an unintended consequence and a rethink whilst embarrassing is more than worth it...as aside from the impact on communities and people’s lives, it would avoid tens of millions in funding going unspent.”

In referring to unintended consequences, Nick gives the Government the benefit of the doubt, and the debate gives the Government an opportunity to show that he is right to so.

**Several hon. Members** *rose*—

**Mr Roger Gale (in the Chair):** Order. I intend to call the Front-Bench spokesmen at about 10.35 am. At least 10 hon. Members have indicated that they wish to speak. If hon. Members do the maths, they will work out that they have about three minutes each. I have no power to curtail speeches, and I had, in fact, been allowing for the hon. Member for Lewisham East (Heidi Alexander) to take rather longer. However, the length of time for which Members speak is not in my gift, but in the gift of others present.

9.56 am

**Mr David Ward (Bradford East) (LD):** Six or seven months before the election, I attended a session on phonics at a school where I was a governor. The session was also attended by 50 parents—48 women and two men. I am not suggesting that all those who attended were poor at English, but the parents of only 10% of the school’s children—there are nearly 700 children at the school and its nursery—were born in this country, so Members will appreciate the difficulties that the children have at times with the lack of English in their homes.

When Kate and Will looked at their contribution to reducing the deficit, I am sure that they carried out a cost-benefit analysis and decided that their wedding was worth while, because of the tourism and the extra hotel rooms that would be booked. In the case of ESOL provision, too, we really need to look rigorously at the cost-benefit analysis. We are not talking about people who are fluent in Urdu, Punjabi or Gujarati, or in the languages of Slovakia and Lithuania. Very often, although not so much in the case of eastern Europeans, we are talking about people who have never developed language skills, even in their mother tongue, and ESOL lessons are the first time that they learn not only English, but how to develop language skills.

One of the most powerful arguments used against the education maintenance allowance, which I did not agree with, was the infamous dead-weight argument that 90% of people would go to college or stay on even without EMA. However, surely that argument does not apply to the situation that we are discussing. Clearly, the majority

of people who benefit from ESOL provision would not be able to fully fund it themselves. At Bradford college, 46% of ESOL students who are currently fully funded would not receive full funding, and they would not be able to access ESOL provision.

We have a social contract. I did not sign the pledge on free higher education, which has been a massive subsidy to the middle and upper classes for years, and I welcome the fact that those people will now have to contribute to the cost of their higher education. However, there is a social contract for those up to 18, and all parties agree that we should provide free education up to the statutory leaving age. We have reached that agreement, because we realise that young people need to develop basic knowledge and skills, including language skills, to make the best of themselves when they leave full-time education. Why do we not extend that free aspect? Why does that social contract not extend to those who do not have English, whatever their age? Whether people are 19 or 90, if they do not have the skills to enable them to be fully functioning members of society, why do we not extend that social contract to them, as we do to those under 18? The argument that is made is that that is a matter of equality. We do not fund, apart from those on active benefits, those who are over 19, so why should we provide ESOL for those over 19? However, the lesson that I have learned over many years in my community is that if unequal people are treated equally, inequality is reinforced. If one does not favour those who are over 19 but who lack the basic skills to be part of a functioning society, one is disadvantaging and reinforcing the inequality that already exists.

Bradford college, one of the largest providers of ESOL in the country, has considered the impact on the local community. Those on low incomes are likely to remain on low incomes, as they will lose out on the opportunity to develop their language skills and to improve their employment prospects.

**Mr Virendra Sharma** (Ealing, Southall) (Lab): Does the hon. Gentleman agree that, with this approach, the Government are creating an environment of social alienation, which can be so damaging to multicultural communities such as mine?

**Mr Ward:** That approach is damaging to my community, as well. I believe that that is a fundamental consideration that needs to be taken on board. Bradford college has also said:

“The college currently makes an excellent contribution to Bradford’s widening participation, social mobility and social cohesion agendas. The ESOL team is a significant force in meeting these agendas.”

Coming from Bradford, I know the cost of not having social cohesion, which is a cost that we cannot afford. We need to do all that we can, which includes fully funding ESOL provision for all those who require it. In answer to the question whether, pound for pound, provision should be for translators or for ESOL, it should be both—maybe we could fund that from the royal family.

10.2 am

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. I will do my best to be brief to allow other colleagues to contribute.

I wish to refer to two aspects of the impact of Government policies on my constituency. The first has been expressed in correspondence from Michael Farley, principal of Tower Hamlets college, who tells me that at the college there are 2,000 adult students on ESOL training, only 20% of whom are on active benefits. He also expects a 24% cut in ESOL funding generally. He asked me to raise three specific points with the Minister. My hon. Friend has already referred to two such points, and maybe to all three.

The first point concerns when the Minister will publish the specific equality impact assessment on the ESOL changes, which will be appreciated as soon as possible. Secondly, there has been a request to delay any changes by at least a year to allow a working group to be convened by the Association of Colleges, the Refugee Council, the University and College Union and others to try to plot a consensus and way forward. Thirdly, there has been a request to consider a sliding scale of fees depending on circumstances, which would replace the current models with colleges having flexibility to decide how they support the provision. Tower Hamlets college is a huge educational institution in my constituency, and it provides education to people from the next-door constituency of my hon. Friend the Member for Bethnal Green and Bow (Rushanara Ali). Michael Farley’s advice has been taken by both of us, and we are keen to hear the Minister’s response.

The second aspect of the impact was clear from a visit that I made to the Bromley by Bow centre in my constituency, one of the premier social entrepreneurial centres in the UK, where I met 100 ESOL students, 95 of whom were women and 85 of whom were not on active benefits and therefore will not be entitled to future support. Seeking work is obviously an important criterion, but many of those people are not looking for work and are therefore not entitled to benefits. However, as my hon. Friend the Member for Lewisham East has said, the ability to communicate with their children and teachers in English is very important, and the ability to present adequately to doctors—to describe signs and symptoms and be able to understand the advice and medication—is critically important.

It is most important that people integrate into UK society, which is a fundamental ambition of all political parties. With these policies, we are preventing that from taking place. Those critical aspects of life are not addressed by the coalition’s proposals. The ESOL students at the Bromley by Bow centre asked me to raise those points with the Minister and to seek his response to them. I am pleased to have the chance to do that, and I thank my hon. Friend for providing the opportunity. I look forward to the Minister’s response to those important points, which I will send to my constituents.

10.5 am

**Mr Mark Field** (Cities of London and Westminster) (Con): I congratulate the hon. Member for Lewisham East (Heidi Alexander) on securing this important debate. She spoke in a heartfelt way, although some hyperbolic concerns have been expressed by some of her colleagues.

I want to offer my input as a Government Member with an inner-London seat. I share the concerns that have been expressed about the unintended consequences at the margins of some of the proposals, and I will be

[Mr Mark Field]

listening to the Minister with interest. Westminster Kingsway college in my constituency does a tremendous job not only for my constituents but for other central London authorities.

As the Minister shadowed his role in opposition for some years, he fully understands elements of the skills gap. He is passionate about what he is trying to achieve in what has been the Cinderella area of further education for many years. We will see some tremendous advantages from some of the deep-seated work that he has done in the area. He recognises the importance of English language skills, and I hope that he will work through all the unintended consequences of the financial implications. I expect that he will say more on that point.

We are living in difficult financial straits. In the exchange that I had earlier with the hon. Member for Lewisham East, I was sincere in saying that there has been a tremendous amount of waste in translation services not only in our hospitals but in local authorities. Conservative local authorities have been equally big offenders, with huge amounts of money spent on translating masses of literature into umpteen languages. I have seen that both in Westminster and in the next-door authority of Kensington and Chelsea, where I was a councillor for eight years. I made these points time and again during the late 1990s about the amount of money being spent in rather more clement economic weather—I was not trying to be flippant and we have got to think about that. Is there a way in which we can make distinct savings and ring-fence money saved on translation services to be put into ESOL?

In the 10 years in which I have been an MP in inner London, I have always stood up for English language courses. I have always said, whenever I have been lobbied—particularly by the large Bangladeshi and Chinese communities in my constituency—about courses in their home language, that I do not believe it right for public money to be spent in that area. However, where there is a need—there clearly is—for English language skills in those communities, we should do all that we can. I accept we are living in a very different economic environment and that money is tight.

I take on board what the hon. Member for Bradford East (Mr Ward) had to say. This issue transcends further education; it is an issue of community cohesion, and we must take it extremely seriously. If that means the Minister knocking some heads together in the Home Office to ensure that we can parcel elements of this budget, it would be a sensible way forward.

I hope that the Minister will take on board some of the heartfelt concerns expressed today. I accept that we are in such a difficult financial state that we have to make some difficult decisions and that this is one of them. However, I hope that we can look at community cohesion in a much broader way, and I also hope that the Minister will work with other Ministers.

I look forward to hearing other contributions to the debate. I hope that we can all work together, and that it is not a matter of making hyperbolic claims about the Government being somewhat racist or sexist. We all recognise that there are difficult decisions to be made, and I hope that we can work together in the interests of community cohesion and of making life better for many millions of immigrants who are committed to this

country. Many of them were equally committed to the events on the streets of London last Friday. It was great to see many coloured faces of people who recognise that the royal family represents all their interests in a way that no political party can purport to do.

10.9 am

**Hugh Bayley** (York Central) (Lab): On a number of occasions, I have presented certificates to ESOL graduates in my constituency. York college, which provides the majority of the courses, does an essential job.

English is one of our great national assets. It is the international language for business, science, politics and the internet. It gives our country an enormous economic advantage. It is a mistake to think of immigration as a one-way flow. Millions who came to our country helped us to create the economic boom of the noughties. They came from eastern and central Europe and from many other parts of the world, and many of them returned to their countries speaking English, which helps to give us the enormous global economic advantage of making ours the pre-eminent international language.

The Government are right to use the teaching of English for speakers of other languages as a way to help people get paid work, but they are wrong to suppose that it is only Jobcentre Plus that provides a route from benefits into work. College courses are effective, and they reach people that Jobcentre Plus does not reach and enable them to find work. The Government are also wrong to assume that paid work is the only way for people to contribute to society. What about voluntary work? The big society will fail if it does not involve immigrants and speakers of other languages. The Prime Minister is right to say that immigrants have a duty to integrate; they should not be excluded from the big society, but unless they are given the opportunity to learn our language, they will be.

The Association of Colleges has made some useful suggestions, and I hope that the Minister will consider them carefully and take them on board. It suggests a sliding scale of fees rather than students getting the course for free or having to pay the full rate. It also suggests that for many of those with basic skills needs, the learning of English is a means to an end, because without the ability to communicate in our language, they will not gain the necessary basic numeracy and literacy skills.

I know that time is short, so my final point is this. I know that the Minister has taken a huge interest in promoting apprenticeships during his time in Parliament, both in opposition and in government. He will know that black and minority ethnic people are enormously under-represented on apprenticeship schemes. If the Government cut back on giving people from other countries who do not speak English the opportunity to learn our language, that huge racial disadvantage will never be overcome.

10.13 am

**Kate Green** (Stretford and Urmston) (Lab): I apologise, Mr Gale, because I will not be able to stay for the whole debate, but I have to attend the Welfare Reform Public Bill Committee at 10.30 am.

I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. I am grateful to the Minister for engaging in correspondence

with me on the problem as it affects my central Manchester constituency. My constituency also contains a diverse and successful multicultural community, so I strongly support everything said this morning about the impact on individuals and families and on the implications for strengthening communities and community cohesion.

I wish to raise a couple of specific points, as time is so short. First, will the Minister amplify what he said in his letter of 13 April about the way in which colleges are to be encouraged to identify and draw in people from vulnerable backgrounds and communities? What processes will be put in place to make that happen? What guidance will be made available to colleges to support them in making those decisions? What auditing or monitoring will be put in place subsequently to ensure that it is indeed the most vulnerable learners who have access to those courses?

Secondly, ESOL funding is to continue for people making steps back into employment through jobseeker's allowance or employment and support allowance. Whether those people are routed through Jobcentre Plus or Work programme providers, how will the Minister ensure that there is sufficient funding for colleges to sustain that provision and enable access to those courses? As I have said, it is a big concern for Trafford college in my constituency that classes may have to close. ESOL funding has always been patchy and stop-go, and it is difficult to rely on it. What assurances can the Minister give that there will be certainty of funding, even for those who now or under a future regime will remain entitled?

Thirdly, what attention is being given to ensuring that ESOL provision is sufficiently resourced to meet the needs of people not only to learn English but to learn it in a way that allows them to apply it through their roles in the community and on their journeys towards employment? That applies whether or not they are on active benefits. Many women in my community in Trafford are not on active benefits, but it is none the less likely that at some point they will want to move into paid employment. They are certainly actively engaged in their communities.

The best way to reach those women is in the settings where they already go, and for English language teaching to be set in the context of the activities that they already undertake in the community—in Sure Start centres, in caring for their children, in medical centres and talking to their doctors, in improving their children's health and well-being and in the context of the kind of jobs that they might be interested in doing in future, such as caring, catering or clerical roles. I would be grateful if the Minister were to say something about making ESOL courses useful and relevant to people's life courses, whether in or out of work, and about resourcing and supporting them.

I am sorry that I cannot be here to hear the Minister's response, but I undertake to read his comments in the *Official Report*, particularly as I am meeting the principal of my further education college in Trafford later this week to discuss this important matter.

10.16 am

**Mr Virendra Sharma** (Ealing, Southall) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. Indeed, the number of Members present shows how essential it is.

As time is short and many have spoken on the matters about which I would have liked to speak, I simply support the ideas that have been expressed and recognise the feelings in their constituencies. As a person who had little knowledge of English 42 years ago, I know that without the opportunity to learn the language in this country I probably would have been working on the factory floor. In today's circumstances, I would probably not even have had the chance to work.

Ealing, Hammersmith and West London college in my constituency is one of the largest providers of ESOL courses in the UK, with almost 3,000 students at its five campuses. More than 2,000 of the students are women, many of whom will now be denied the chance to improve their English, their job prospects and their children's chances of fully integrating into society. The college told me that it was concerned that the high proportion of women who will be affected will have a severe impact on families and on the next generation. They said this change will stop English being spoken at home, which means that the fluency of the younger generation will continue to be affected, thus ensuring that the literacy and language problems already present in our schools will be perpetuated, affecting educational standards.

The college also spoke to me of its dismay that women in particular will now be denied the chance to learn. It said:

"it seems to have been forgotten that many of these students have escaped serious repression in their own countries. The women in particular are also frequently fighting their husbands to have the freedom to study. The real issue, therefore, is that they have come to this country to find their voice, and in return we are locking them into silence."

**Mr Andy Slaughter** (Hammersmith) (Lab): My hon. Friend rightly concentrates, as have others, on the effect on students, but Ealing, Hammersmith and West London college—the largest provider of ESOL in his constituency and mine—will suffer badly because ESOL courses give people access to other courses enabling them to gain further qualifications. The college will lose £5 million, and its successful future will be jeopardised by these changes, which are very short-sighted.

**Mr Sharma:** I agree with my hon. Friend. The colleges and campuses are in both of our constituencies, and I am aware of his point.

The students at West London college felt so strongly about the changes that they organised an ESOL day of action, which I, and probably many other Members in their own constituencies, attended. The students are worried that their voices are not being heard by the Government. Now is the time to stop and listen to those who will have to live with these changes. The Prime Minister wanted the Government to go further in helping those who come to the UK to learn English, and we must ensure that that wish is fulfilled. I hope that the Minister will take note of the views that are being expressed not just by me but by many of my colleagues who have experienced similar calls from their constituents. He must ensure that people have the opportunities and resources to integrate into our society and to improve their working opportunities so that they, too, can contribute to the future of this country.

10.21 am

**Joan Ruddock** (Lewisham, Deptford) (Lab): I apologise that I will have to rush away early from this debate to attend a Statutory Instrument Committee at 10.30. I congratulate my neighbour and hon. Friend the Member for Lewisham East (Heidi Alexander) on the fine way in which she has presented her case today. She said everything that needed to be said, but we all want to add a little of our own experience.

Many of the students of the Granville Park education centre, which my hon. Friend visited, are constituents of mine, and Lewisham college is in my constituency. Its excellent principal, Maxine Room, has made representations on the subject to both my hon. Friends and me.

If the Minister were to say that the Labour Government started this process of targeting benefits, I would say to him that when we targeted, we wanted to be absolutely sure that these were people who were resident in this country and who had the right to be here and to be on benefits. There is a difference between what his Government propose and what we did in 2007. We said, "If you are here and entitled as a member of our society, we want you to be able to learn English." It is this change to active benefits that excludes so many women. Women are often not even required to sign for active benefits. They are legitimately claiming inactive benefits. Many women who are single parents have young children in their care and cannot possibly put themselves forward for an active benefit, but they are playing a real part in society. It is this matter of community cohesion that must concern us.

I have been appalled by the idea of very young children having to explain to doctors their mothers' gynaecological conditions. Some women have no hope of getting medical help without such assistance from their child.

I remember a group of Somali mothers who came together because of their great concern that their children were not in school. Some 17 Somali youngsters were identified who were not in school and not known to the education authorities. The mothers did not know how to get their children into school. If we want community cohesion, we do not want to see children, who were never schooled in the original countries from which they and their mothers fled because of appalling violence, not being given the opportunity to be in school in this country.

I urge the Minister to look at the equality assessment objectively when it comes in. Opposition Members and, I think, Government Members, believe that that will demonstrate that this measure is against everything the Government have ever said they want to achieve in terms of community cohesion and it is certainly discriminatory against women. He must find the scope to act if he has the evidence. This issue must be grasped because we are punishing those who have often suffered already, those who have come here to make a better life for themselves, and those who just want to live a normal life but cannot access that life or integrate. Time prevents me from reading out some of the many letters that I have received on this matter. None the less, the Minister will see that he needs to change his mind. I am sorry that I cannot be here to hear him promise to do that, but I hope very much that he will.

10.25 am

**Paul Blomfield** (Sheffield Central) (Lab): In view of the time, I will severely curtail my points. I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on this timely debate and I welcome the comments from the Government Members on the need to work together in resolving the issue. I tabled an early-day motion on the issue, which drew support from parties across the House. There is the potential for us to address the concerns that have been raised this morning.

I will not read out all the testimonies that I received in response to my early-day motion. A number of students from Sheffield college talked about wanting to improve their lives, to find a job, to help their children, and to be able to talk to their doctor. One said, "I don't need an interpreter any more. I feel more confident. I can join in with things. I won't keep myself so far from society." Is not that what we all want to see?

Of the testimonies I received, almost all of them were from women. That is not surprising. As has already been said, 74% of ESOL students on inactive benefits—those who will be affected by the Government's proposals—are women. Six months on from the original proposals being published by the Department, the equality impact assessment has yet to be produced. Only last week, the Minister, in response to a written question that I tabled, said:

"There is no specific date currently planned for publication of the assessment."—[*Official Report*, 27 April 2011; Vol. 527, c. 487W.]

That is simply not acceptable because there is a date for implementation of the proposals. There is a real danger that we will find ourselves in a position—as the Government have on other policies—in which we implement changes before we consider the evidence. I join my hon. Friend in urging a delay in implementation.

Although, regrettably, I will not be able to stay until the end of the debate, I would like an assurance from the Minister today that he will consider our remarks and that we will receive the equality impact assessment and have the opportunity to consider it before the Government proceed with their proposals. That delay will give us the time to consider the helpful proposals that have been made by the Association of Colleges and others. My own early-day motion simply asks the Government to modify their proposals to alleviate the devastating impact that they will have on many people, and on women in particular.

10.28 am

**John McDonnell** (Hayes and Harlington) (Lab): My hon. Friend the Member for Lewisham East (Heidi Alexander) brilliantly summed up the main points. I just want to add a few remarks about what is happening in my area. I have been contacted by Uxbridge college, which delivers ESOL classes from the Hayes campus. The principal, Laraine Smith, has contacted me, as has the ESOL lecturer Rubina Kause. My constituency, like that of my hon. Friend the Member for Ealing, Southall (Mr Sharma), is one of the most multicultural in the country and has a 100-year history of migration. When ESOL was introduced, we found that it significantly contributed to overcoming divisions and isolation and maintaining a cohesive community.

I attend the award ceremonies for ESOL classes in my area. There is a 100% attendance record for such classes, and they are mainly attended by women. When I ask them what their motivation is, they say that it is about supporting their children in education and wanting to engage in the wider community. In my area, 80% of students are on the benefits appropriate to enable them to maintain their attendance at these classes.

The main concern expressed by the colleges is that individuals will be driven back into isolation, which will result in a divided community in the future. Uxbridge college in my constituency has already lost its capital grant for reconstruction. It has lost grants that have supported ESOL classes and, as my hon. Friend the Member for Ealing, Southall said, its concern is that there will now be further instability that will threaten the courses that it offers in the long term.

I urge the Minister to pause again. We await the outcome of the equality impact assessment, but I invite him today to visit a number of colleges. I am happy for him to visit classes in my own area and to meet representatives of the University and College Union and some of its lecturers to talk through the long-term implications for our communities of the threat to these courses. I cannot overestimate the seriousness of the cuts to these courses for the wider community.

10.30 am

**Fiona Mactaggart** (Slough) (Lab): I, too, want to thank my hon. Friend the Member for Lewisham East (Heidi Alexander) for initiating this debate. I also want to thank the Minister. Along with representatives of the Refugee Council and the National Institute of Adult Continuing Education, I had a meeting with him about this policy. At the end of that meeting, I felt a bit optimistic. I feel slightly foolish about that now; I thought that the Minister had got the point.

That point has been emphasised in speeches today. It is that this policy will affect women in an unfair way and that the women who will be affected are the mothers of children whose future is here in Britain. I do not think that we have heard enough about their children. For a child to succeed in school, the input of their parents is critical and mums who can read in English with their children make a major contribution to their children's learning.

In my constituency, the evidence is that five times as many women as men are affected by this policy and that it is mums for whom the difference is greatest, because it is mums who quite often find it difficult to get out of their homes. That is not only because they do not have the necessary resources but because there are "gatekeepers" in their family who will not allow them out, except to something safe such as an ESOL class. It is a very liberating experience for mothers to attend such a class.

I urge the Minister to raid not only the translation budgets, which the hon. Member for Cities of London and Westminster (Mr Field) has already referred to, but the interpretation budgets. In our police stations and health service in Slough, we spend a huge amount of money on Language Line. If we could ensure that patients and criminals alike could speak English, less money would need to be spent on Language Line. The Minister needs to invest to save on that money.

The Minister wrote to me after our meeting and said:

"We have therefore prioritised Government investment in training for unemployed people actively seeking work."

He is being too short-term in his thinking. The people who we are talking about today will be able to work in future, but right now they are not able to seek work actively. Unless we invest in them at this point, they will never be able to seek work actively, because one of the things that I have discovered through speaking to many ESOL teachers is that getting people early, before they have learned to get by with pidgin English, is the key to their achieving success in learning English.

I urge the Minister not only to scoop money out of the interpretation budgets for the Home Office and the NHS and use it to reduce the need for interpretation, but to invest in community provision of ESOL. That provision involves family learning, ESOL with reading and ESOL with basic skills. If he could offer that kind of provision, it would provide some of the things that we need for the mums who I am talking about.

There is another thing that the Minister could do. In his letter to me, he referred to "flexibilities" for colleges. If there were more flexibility for colleges, the risk that my hon. Friend the Member for Lewisham East referred to—of colleges having money that they cannot spend—would be reduced. In my constituency, for example, the percentage of students who will receive fee remission in the council-run courses will fall from 82% at present to 6% under the Minister's proposals. If he gave complete flexibility to colleges and other providers about how they used the money that he gave them, I think that they would use that flexibility well.

Unless the Minister has community-based ESOL education for free or at affordable prices for the mums I have mentioned, we will create a generation of children who, although they were born in Britain, will speak pidgin English and will not be able to use their learning as well as they ought to. Unless he invests in addressing that problem, we will lose another generation of workers.

10.34 am

**Mr Andy Slaughter** (Hammersmith) (Lab): I want to make two points, briefly. First, as my hon. Friend the Member for Ealing, Southall (Mr Sharma) has already said, Ealing Hammersmith and West London college is one of the largest colleges in the country and it is the largest provider of ESOL in the country; it has almost 3,000 ESOL students. Of the college's total number of students, 84% are of non-white British heritage, and for 70% English is not their mother tongue. Among the students, there are 100 nationalities and 70 languages are spoken. Of those taking ESOL courses, 65% are on inactive benefits and 77% are women.

Those statistics show that ESOL is fundamental to the life and success of that college and the surrounding community. This measure is not simply "another cut"—it is destroying the basis for education for thousands of people in my constituency and the neighbouring constituencies in west London—and, of course, over a wider area.

My second point is that this policy is not only about education; it is exactly to do with what the Prime Minister has said about British values, culture and traditions. In my constituency, we had an ESOL day on 24 March, when the students at Ealing Hammersmith and West London college came together to celebrate

[Mr Andy Slaughter]

their own history and culture, as well as what ESOL had given them. They showed great enthusiasm, producing a magazine written in English in which they not only showed off their skills but said what ESOL meant to them. I will read out one excerpt from that magazine, from Mohammed Conde, who is from Guinea:

“If you don’t speak English, that means no life for you. How do you expect to live in this country if you’re not able to speak English? There are many things you have to understand about the country. For example, the laws, the history, the culture and the lifestyle, and all this only happens when you start speaking English.”

That could have been the Prime Minister speaking.

If the Minister will not listen to Mohammed Conde and the other students at the college, perhaps he will listen to the Prime Minister and look not only for people to succeed economically in this country but for a more cohesive society as a consequence of preserving ESOL for students who simply will not be able to afford the amount—up to £1,200—that they will have to pay in the future. That will destroy our colleges and the future of many young people and adults in my community and others.

10.36 am

**Jeremy Corbyn** (Islington North) (Lab): I will be very brief because of the short time we have left.

I think that the Minister has been in touch with or visited City and Islington college in my constituency. Consequently, he will be well aware of the excellent work that the college does on ESOL training, the good-quality teaching that it provides and the knock-on benefits for the entire community.

During his visit, he will also have heard from the students there—and no doubt from many other students around the country—that it is not only the college-based teaching that is valuable and important but the community-based teaching and the grant support for small community groups to learn English as a second language. That is because many people, particularly women, feel extremely isolated. For them, the concept and prospect of going to a college is quite daunting, whereas a fairly small teaching group in a community centre or a similarly appropriate location can be just as effective as teaching in a college.

Any analysis of what we are doing in this country about teaching English as a second language would show that the relatively small amount of money spent on it has enormous beneficial effects in later life for the children of ESOL students and for the economy and the community as a whole.

In Australia, any newly arrived migrant who does not speak English receives—as of right—up to 500 hours of English teaching, to enable them to participate fully in Australian society. That is extremely valuable. The community in north London that I am very proud to represent has dozens of different languages, possibly even 100 different languages. The multicultural concept and the associated quality of life is hugely valuable. However, there is a thirst among those people to be able to contribute to society. If we do not teach those people English, or give them the opportunity to learn English, in a college or elsewhere in a community, where will they learn it? English is not spoken in their homes, as

nobody there has had the chance to learn it other than through the children. As a result, we end up with the embarrassing consequences of small children translating for their parents, as other Members have already pointed out, or we end up with children underachieving in school because their parents are unable to support and assist them. Those children underachieve and their parents are unable to access work.

We should educate the parents, particularly the mother, to speak English. The knock-on effects of doing that are enormous—for the achievements of the children in school and for the participation in society of both parents in every way, including gaining access to work and jobs. We would get back the money spent a dozenfold, in increased taxation and increased income for the community as a whole. It is a win-win situation as a result of a relatively small investment.

My plea to the Minister is that he fight his corner within Government spending requirements, that he understand both the value of English as a second language to the learners and its benefit to our entire community, and that he recognise the dedicated commitment of ESOL teachers in colleges and communities up and down the country. They not only teach English as a second language but do so much to bring the people they teach into the ambit of community life, so that they understand what it is like to live in this country and understand the rights, responsibilities and opportunities that they have. Cutting back on that is not sensible, fair or reasonable, and will simply be counter-productive in the long run. Give people a chance to communicate, participate and be part of our society; give them the chance to learn English as a second language.

10.40 am

**Mr Gordon Marsden** (Blackpool South) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on the comprehensive and passionate way in which she has put her case—and, indeed, the case of so many Members on both sides of the Chamber today. She conveyed with great passion and conviction her points about the particular impact on women, which were echoed by so many, and about whether the Minister had realised that two thirds of ESOL students were women. She also made points about the practicalities of the co-funding, about why the Departments are treating ESOL differently from various other Skills Funding Agency funding streams, and about economic activity.

My hon. Friend’s passion and conviction have been shared by the other contributors. The hon. Member for Bradford East (Mr Ward) urged the Minister to look at the cost-benefit analysis of ESOL and focused, very importantly, on economic inequality. My hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) talked about listening to what the Association of Colleges has said about sliding scales of fees. The hon. Member for Cities of London and Westminster (Mr Field) reminded us that the issue is broader than just further education and used, I think, the phrase “knocking heads” with the Home Office—that is a challenge for the Minister.

My hon. Friend the Member for York Central (Hugh Bayley) made the very important point that the big society will fail if it does not include new entrants, and

that ESOL is very important in that process. My hon. Friend the Member for Stretford and Urmston (Kate Green) urged the Minister to look at the design of the ESOL programme, and my hon. Friend the Member for Ealing, Southall (Mr Sharma) made the point that many women come to England to find a voice and that we are in danger, with the legislative changes, of locking them into silence.

My right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) made some very important points about the role of single parents, and my hon. Friend the Member for Sheffield Central (Paul Blomfield) said that the importance of the equality impact assessment was still not recognised by the Government, even at this late stage. My hon. Friend the Member for Hayes and Harlington (John McDonnell) talked about how ESOL overcomes division and isolation, and my hon. Friend the Member for Slough (Fiona Mactaggart) made a very important point about the future of Britain—about mothers and children—and said that the issue is part of lifelong learning, about which I know the Minister is passionate.

My hon. Friend the Member for Hammersmith (Mr Slaughter) talked about how ESOL was fundamental to the life and success of FE colleges, and I shall say a little more about that shortly. My hon. Friend the Member for Islington North (Jeremy Corbyn) made another important point about community-based, as well as college-based, teaching. In my own constituency of Blackpool South, many of the groups that we want to meet simply will not or cannot go to colleges, so that point is very important.

The Minister has had a cornucopia of advice and fervour today, and I think that he will recognise all the points made. ESOL courses play a key role in helping people who have arrived in the UK to learn and develop English and to integrate into our society. The Minister will know, because of his own portfolio, that that is important in equipping them to contribute to the communities in which they live, not just through their integration, but also through their skills, their taxes and their economic activities.

As we have heard several times today, no less a person than the Prime Minister has banged on about the issue in recent speeches and has rightly identified the understanding of English as a key element. Yet paradoxically, at the very time when he is being so fervent with the rhetoric, the impact of some of his Ministers' decisions will make the job much harder. Their decision to remove ESOL funding for learners on inactive benefits—in other words, not on jobseeker's allowance or employment and support allowance—will hit many people on low incomes. They are precisely the sort of people that ESOL courses would help, by improving their language skills and, in turn, helping them in the job market and to feel further integrated into our society, rather than being stuck on the perimeter. It is worth remembering that, alongside these changes, the £4.3 million learner support fund that gave colleges the discretion to help with fees has been scrapped, as has the funding uplift that gave ESOL courses 20% more than courses in other subjects.

I am afraid that, as with so many other policies, the Department seems to have rushed in and then stopped to ask the questions later. It is very much like "Alice's Adventures in Wonderland": sentence first, trial later. Only now, after the policy has been announced, a

matter of months from the changes coming into force, has the Department commissioned a specific equality impact assessment.

I urge the Minister to listen to everything that has been said today and to make that assessment a real basis for real change. How could his Department sign off on changes as fundamental as these without a proper assessment of how they could affect the disadvantaged and the vulnerable, and exacerbate the gender bias in progression and employment? I hope that he already has his officials working on a plan to counteract some of those anticipated problems.

The changes to ESOL funding are, however, only the tip of a large iceberg. The restriction of fee remission to only those on active benefits is being applied across the board by the Skills Funding Agency as part of the harsh funding settlement that the Minister's Department was dealt by last year's comprehensive spending review, and Lsect—a learning and skills analysis company—estimates that the move could affect up to 25% of the adult provision currently funded by the SFA. That works out at some 300,000 learners.

Last year's Government skills strategy was called "Skills for Sustainable Growth", but what exactly is sustainable in cutting back on support that would enable low-income earners to take courses to improve their skills and job prospects? Those are surely vital aspects of building a balanced and sustainable economy. Someone working 30 hours a week on the minimum wage, for example, who has an annual income of £9,050 and receives working tax credits, will no longer qualify for full fee remission, thanks to the changes being brought in by the Government. I believe that the policies will nudge people away from, rather than towards, work, and that they point to a fundamental and potentially fatal disconnect between the Government's policies on skills and welfare.

It is clear from discussions that I have had with many of the key stakeholder groups, who were not consulted on the potential impact of ESOL change, that they are driven by the waste as well as the unfairness. I attended and spoke at a meeting in this House at the end of March, at which the University and College Union, the Association of Colleges, the Association of Teachers and Lecturers, the Refugee Council and a number of individuals eloquently expressed their frustration with the Government on this issue. I urge the Minister to take on board not just what he can do in his own Department, but what he can and needs to do with the Home Office and the Department for Work and Pensions, to prod them into rowing back from this ill-advised course of action.

The ESOL learning cuts could be, as others have said today, another blow to FE colleges, which have already had to cope with a 25% cut in their resource grant over the CSR period and the possible disastrous drop in enrolment thanks to the abolition of the education maintenance allowance. The cutting of ESOL funding could put college courses at risk, and in turn jeopardise lecturers' positions, and that is reflected in a recent UCU/Unison survey that shows that 60 of the colleges surveyed were already planning to cut courses over the next year.

The Minister is, and others have been, fond of referring to FE as moving away from being a Cinderella sector. However, he knows—because he and I were in Birmingham at the Association of Colleges conference, where it

[Mr Gordon Marsden]

came up time and again from the floor—that many of the colleges that right hon. and hon. Members here represent are very worried about the story's ending. The confusion that the Department for Business, Innovation and Skills has caused over ESOL sums up the muddled thinking and lack of joined-up thinking across the Departments, with sweeping changes being made before their impact has been considered.

The Prime Minister has talked the talk on promoting cohesion and integration, but the Minister's Department is failing to walk the walk. The issues being thrown up in ESOL provision will replicate themselves as general FE colleges across the country suffer the implications. The consequences will be serious for those who want to gain the skills to improve their career prospects and move on with their lives.

The issue is about the big society and moving forward. I urge the Minister to listen to what has been said today, delay the introduction of the policies, consider alternatives and convene the group that has been discussed. As I said, the Prime Minister has been eloquent on the subject. On 2 February, in response to a question on ESOL from one of his own Back Benchers, the hon. Member for Keighley (Kris Hopkins), he said:

"I completely agree, and the fact is that in too many cases", learning English

"is not happening. The previous Government did make some progress...I think we need to go further."—[*Official Report*, 2 February 2011; Vol. 522, c. 856.]

Are the cuts the sort of going further that we need? I think not. The Minister is rightly fond of literary quotations. I remind him of the words of Siegfried Sassoon's poem "The General", about Tommies on the western front:

"'He's a cheery old card,' grunted Harry to Jack..."

But he did for them both by his plan of attack."

If the Minister does not wish himself or his Prime Minister to be associated with such an outcome, he needs to think, persuade and act fast.

10.51 am

**The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes):** I am delighted to speak in this debate secured by the hon. Member for Lewisham East (Heidi Alexander), who represents her constituency, which I know extremely well, with a passion and commitment. I thank other hon. Members for contributing to this debate. Both the tone and the spirit of their contributions have been helpful. I put it on record that in opposition and, more especially, in Government, I have always informed what I have said and done by listening to the views of others, and I am happy to do so again today. In the short time available to me, I hope to be able to give some illustration of that willingness to listen.

Let us be clear about the context in which the decisions are being made. I have two points to make about that. One was made by my hon. Friend the Member for Cities of London and Westminster (Mr Field). We are debating in difficult times for Government finances and public spending. The strategy that we published last November, which has been mentioned, set out changes that, although positive in my view, occur in the context of spending reductions, not just in the area of English

for speakers of other languages but in many other areas. We have had to consider closely how to get maximum cost-effectiveness. I do not think that anyone in this Chamber expects ESOL to be exempt from such scrutiny. It was absolutely right to consider it alongside other spending commitments to decide how we could ensure value for money.

The second contextual point is that the changes are part of a strategy. I will not plead guilty to the charge that they were not thought through. We planned our skills strategy during five years in opposition, and the document that I published was the result of a careful rethink of how we fund and manage skills in this country. At the heart of that rethink is the question of who pays for what. What contribution should individuals make, what contribution should the state make and what contribution should business make? That question has been ducked for too long. It has informed the debate on skills for as long as I have been involved in it, but it has been posed and never previously answered. We are moving towards giving some clear answer.

The context is one of difficulty and the need for a fresh range of ideas and fresh thinking. However, it is also absolutely right that changes should be made on the basis of fairness. I am strongly committed to some of the principles articulated in this debate, such as social justice, social cohesion and social mobility. They are the cornerstone of my political views and should inform what we do in respect of policy. [*Interruption.*] I will not give way. I am terribly sorry. There have been a lot of contributions, and I want to make as much progress as I can. I apologise because I normally would.

I have five points to make in the time available to me, and in making them I will try to reflect the comments made during this debate and our consideration of these matters in correspondence and meetings. The first, which is a point of disagreement with some of the comments made, is that I take Trevor Phillips's view of multiculturalism, to be blunt. I think that there is a choice to be made in framing a society with people who started in many different places. Either we build a society around integration or we allow the co-existence of subcultures, with the potential risk, as Phillips said, of ghettoisation. In that spirit, it is important that we develop strong bonds that unite us so that the things that unite us are more important than those that divide us. Language seems central to that. Indeed, I agree that language is an absolutely crucial element in creating such social cohesion. The issue is how to fund the acquisition of those necessary language skills.

That brings me to the second point. If English language skills are critical to the kind of integration that I seek and that the Prime Minister has advocated so powerfully, how do we go about funding the acquisition of those skills? When I first considered ESOL, it was clear to me that, for example, many people who came here temporarily as migrant workers were being trained in English free of charge. As Alan Tuckett mentioned in his *Guardian* article on the subject last week, some firms have advertised abroad, saying, "Come to England to work and you will be taught English free by the Government." That seemed entirely unsustainable to me. It is absolutely wrong for the Government to subsidise highly profitable companies that recruit abroad to train their staff in English. It is not acceptable, and it must end.

Other people who came here used ESOL as a way to acquire language skills that helped them socially or culturally, or because they wanted to travel further. I remember going to a college and meeting someone from another European country, whom I asked, "Why are you learning ESOL here?" He said, "So I can travel around the world. You can't travel around the world if you don't have English." That also seemed to me fundamentally unacceptable.

My third point is a point of absolute agreement with the arguments made by the hon. Members for Slough (Fiona Mactaggart) and for Lewisham East. It is important, where women and families are fundamentally affected by the absence of good English skills, that we consider how to help and support them. The fourth point is that it is also vital, where the absence of English is an impediment to employment and the economic activity that is central to people's social and civic engagement, that we should also help. That is why I have decided to support people on active benefits.

The fifth point is that it was I who decided that a further impact assessment should be done. An impact assessment done at the time of the skills strategy determined that there would be no disproportionate effect on particular groups, but I felt that we should go further and consider the particular effect of this policy. That assessment will inform how the policy develops.

**Heidi Alexander:** When will the assessment be published?

**Mr Hayes:** I will ensure that it is published in good time—certainly before the summer recess—so that we have a chance to consider it in detail, informed by debates such as this one. The assessment will, of course, consider issues such as family learning and the effect of the changes on children, mothers and women. In addition, we will consider closely how our support for adult community learning can assist the wider cultural agenda. I have defended adult community learning clearly and strongly—people will know that the £210 million budget remains intact, even following the comprehensive spending review. We will also consider how colleges can use their flexibility to address the kinds of particular concern in their neighbourhood that have been raised today.

In summary, yes, we needed to re-consider ESOL, as we have needed to consider all spending priorities; yes, we needed to eliminate some of the waste; yes, I will ensure that the review is completed properly and informs policy. We will then determine how we move forward, inspired by some of the comments made today.

**Mr Roger Gale (in the Chair):** I congratulate all hon. Members who have participated in this debate on their exemplary conduct. It has been most helpful.

## Childhood Obesity

11 am

**Mary Macleod (Brentford and Isleworth) (Con):** Thank you, Mr Gale, for the opportunity to introduce this debate on childhood obesity, which is, unfortunately, an issue that I understand far too well. Childhood obesity is a significant issue in my constituency of Brentford and Isleworth, which is part of the Hounslow borough—13.9% of children in reception are at risk of being obese, with the figure rising to 24.6% by year 6, or age 10—so I have a personal interest in finding out as much as I can about the issue and what we can do to address it.

I believe that there are two strong reasons why childhood obesity requires Government focus. First, the issue concerns children, who may not, therefore, be directly responsible for the situation in which they find themselves. We must, therefore, do all that we can to support and help them. Secondly, the potential long-term implications on the health of these children is serious, as is the cost to the state of their medical care, so it is our duty to do all that we can to address the issue.

This debate is timely, because there have been several recent developments on the issue. When I switched on the news this morning, there was a story about overweight people in middle age having a greater chance of dementia. On the children's side, the Greater London authority has commissioned a report on childhood obesity in London, which looks in detail at the causes of childhood obesity and the effectiveness of intervention programmes. The London assembly has published a report on childhood obesity in London, "Tipping the scales", which considers the role that the Mayor of London could play and puts the cost of treating childhood obesity in the capital at £7.1 million per annum. The current generation of obese children will cost the London economy £110.8 million a year if they grow up to be overweight adults. The Government recently launched their responsibility deal as part of the strategy for public health in England. They are also working on the paper on obesity, which will be published later this year. It would be good to hear from the Minister about any progress on that.

In today's debate, I want to review the scale of the issue, talk about some of the possible causes of childhood obesity and look to the future to discuss what actions we can take. First, how significant is childhood obesity in the UK? The headline figures on childhood obesity in this country are alarming—29.8% of children aged two to 15 are either overweight or obese, which is almost one in three children. On current trends, two thirds of children will be overweight or obese by 2050. Breaking down the figures on childhood obesity throughout the UK shows that there is a particular problem in urban areas, especially London. Data for 2009-10 show that in London 11.6% of children aged four to five, and 21.8% of children aged 10 to 11, are at risk of being obese. I have already mentioned the figures for my area in London.

The figures are a significant worry for the future health of our nation as a whole, because evidence suggests that overweight adolescents have a 70% chance of becoming overweight or obese adults. Obesity is a disease with, potentially, very serious health implications, including, in the short term, breathlessness, feeling tired,

[Mary Macleod]

and back and joint pains, and, in the longer term, hypertension, cardiovascular disease—mainly heart disease and stroke—type 2 diabetes, musculoskeletal disorders, especially osteoarthritis, and some cancers, including breast cancer and colon cancer. There are also psychological issues of low self-esteem, lack of confidence, depression and feeling isolated, which restrict a person's potential ability to earn. Obesity is also associated with a higher chance of premature death and disability in adulthood. The long-term costs for the UK of this level of childhood obesity are vast. The 2007 Foresight report on obesity predicted that the NHS costs associated with overweight people and obesity will double to £10 billion per year by 2050, and that the wider costs to society and business will reach £50 billion per year by 2050.

Secondly, why is there an issue? Before we can decide how best to tackle childhood obesity, we need to understand more about what causes it. As one doctor once put to me, at its most basic level the formula behind obesity is simple—we put on weight when we take in more calories than we burn off through day-to-day living and physical exercise. However, we need to dig deeper than that to find out what is causing the problem, because, clearly, a number of factors are at play.

We are talking about children, so perhaps the biggest single factor is parental influence. Weight Concern reports that children with two overweight parents are 70% more likely to be overweight themselves. GPs to whom I have spoken in my area are often the first point of contact for parents on the issue, and they feel that, often, parents do not accept that their children are overweight. Given that perhaps more than a quarter of other children in the class are also overweight, they may feel that their child is normal. They may also feel that the suggestion that their child is overweight is a direct criticism of their parenting skills, and they are reluctant to accept that.

I am not a parent myself, but I have discussed this issue with friends and constituents who are. There is no doubt in my mind that there is a lack of knowledge and information that is easy to understand. Often, parents simply do not realise the number of calories that they are feeding to their children. For example, I am pretty sure that no parent would allow their child to sit and eat five spoonfuls of sugar, but some think nothing of giving them fizzy drinks containing the same quantity. Ask a parent how many calories there are in a bowl of chocolate-flavoured cereal and what percentage of a child's recommended intake of sugar that represents, and I would wager that most would probably not know the answer.

When I speak to parents about the issue, a common story emerges. Many start off with the best of intentions, breastfeeding their babies for weeks or months under the regular guidance of health visitors. Perhaps they then move on to religiously preparing pureed vegetables and home-cooked meals that they bag up and put in the freezer for their babies and toddlers. Gradually, however, as the years progress and as the influence of peers, TV and the media grows, as well as that of, critically, the children themselves, who become more demanding and fussy about what they eat, it is too easy to slip into bad habits from which it is very difficult to get them back.

I am not saying all this to give parents a hard time—far from it. What I am saying is that those who feed our children and organise their activities—typically parents

and schools for the most part—are so critical to this issue and need to be supported in any way we can. Jamie Oliver and many others in the school environment have worked hard to make progress in improving the quality of the meals that are provided to children when they are at school, and they should be commended for that work.

As I mentioned earlier, there are many factors at play, and I want to touch on another key one. Deprivation has been shown to play a significant part in levels of obesity, with children from the poorest backgrounds being much more likely to be obese. When families are struggling financially, they are more likely to be attracted to cheap, high fat, energy dense and poor foods, many of which are marketed with “buy one, get one free” deals.

The 2007 Foresight report on obesity highlighted the full range of factors that it believed were behind the trend towards obesity and made the point that there are lots to consider. However, to summarise the causes, the issue is about parents who have been overweight themselves, those who live in an urban area and those who come from a lower-income household.

Thirdly, what can be done in the future? Given that so many different factors influence childhood obesity, this is clearly not just a health issue, although I am pleased that a Health Minister is responding to the debate. The issue is also affected by planning, housing, transport, education, business and other things. Therefore, although the model we are aiming for is spearheaded by the Department of Health, it must be integrated across all areas. The Government have already taken important steps. Public health funding has been ring-fenced to ensure that sufficient focus is given to the matter and, in March, the responsibility deal was launched.

In the White Paper, “Healthy lives, healthy people: our strategy for public health in England,” the Government stressed that localism is key. A partnership approach will be encouraged between the Government, local authorities, health representatives, education, business and the voluntary sector. In addition to putting in place the right environment for change with that partnership approach and by integrating policies across Departments, we need to tackle the problem head-on by making nationally recognised programmes available to address childhood obesity.

I am a fellow of MEND, which is a social enterprise that has evolved from a 20-year partnership between Great Ormond Street hospital and the University College London institute of child health. MEND is the child-weight management partner of more than 100 primary care trusts and 15 local authorities in England. MEND stands for Mind, Exercise, Nutrition, Do it, which sums up the approach that it takes to covering each of those important elements. At a recent parliamentary event for MEND, I met a young boy called Charlie and his mother, who had been through the MEND programme. Over 10 weeks, the whole family learned about portion sizes and how to read and understand food labels. They set goals as a family and took part in fun physical activities. Charlie told me that taking part in the MEND programme has not only helped him to lose weight, but given him new confidence. He now enjoys taking part in many school activities. The changes put in place have made a real difference to the whole family, including

to Charlie's sister. He now looks forward to going out shopping with her and her friends to buy new clothes, when previously he absolutely dreaded doing so.

Like many other programmes across the country, MEND builds in a number of best practices to ensure success. The programme is about working with the whole family to ensure that changes are made to the weekly shop and family activities. It focuses on nutrition and physical activity, and it aims to start young. One school in my constituency, Hounslow Manor, works with children from reception to achieve the greatest possible long-term impact. The programme also aims to deliver in a community-based way to reduce the stigma around the programme and build the real support networks that can make a difference.

In the GLA intelligence unit report published this month, MEND was evaluated as a cost-effective approach to obesity intervention. Other cost-effective programmes in the UK include the local exercise action pilots, which focus on increasing physical activity. Other such programmes include one to reduce television viewing in the US and the regulation of television advertising of high-fat, high-sugar products at certain times, which was introduced in Australia. I would like research to be directed at how we can extend the online elements of programmes that are provided to children. Children enjoy learning in an online, gaming-style environment, and it would be good to see how that could be used in obesity programmes to build up such an approach.

**Lyn Brown (West Ham) (Lab):** I am thoroughly enjoying the hon. Lady's contribution. I have stayed here from the previous debate just to listen to what she has to say and because I have a personal interest in the issue. Does she agree that getting children involved in cooking enables a child to explore foods that they might otherwise not try? That enables a family to experience better, more wholesome home-cooked food, rather than the processed rubbish that is thrust at them from television screens every day.

**Mary Macleod:** I thank the hon. Lady for her contribution and absolutely agree with her. The issue is about the whole family, including children, understanding what goes into food. If they understand more about that and participate and get involved in it, they will have a better understanding and knowledge of what it is all about.

How should we start to deal with the issue? I want to consider a couple of things that are happening and that might have an impact. The first is the move from a primary care trust-based model to GP commissioning consortia, and the other is the upcoming London Olympics. As we move towards GP commissioning, we need to consider the impact on the obesity service provision. Currently, providers such as MEND have suggested that decision-makers in the new model will require clear information and guidance in the commissioning process for weight management programmes. They have also suggested that the commissioning process itself could be simplified and redesigned to ensure that it focuses on clear and consistent information and measurement outcomes. The commissioning model will help in pulling together best practice. That is certainly the case in the Great West commissioning consortium, of which Hounslow is a part. It is already starting to focus on some of the public health issues that need to be addressed.

The 2012 London Olympics and Paralympics will soon be taking place. Those events provide us with a fantastic opportunity in not only London, but elsewhere around the country to build on the legacy that will be left. What better Olympic legacy could we have than a whole generation of children who appreciate the benefits and enjoyment that come from regular participation in sport? The Mayor of London is working hard to encourage schools in London to participate in his Get Set programme, which involves school children taking part in a host of sporting and cultural activities related to the games. A majority of my schools have signed up to that. We need to make sure that other such programmes are happening across the country and that the influence of the Olympics lasts well beyond the event itself.

As part of the obesity paper, the Government will also no doubt want to consider the approach they should take on the use of legislation in the food and drinks industry. In its recent report, "Stepping up to the plate—industry in action on public health", the Food and Drink Federation offers its view on the progress the industry is making, particularly in the areas of reducing salt, fat and energy in popular products and in improving food labelling and marketing. There is more that the food and drink industry can do in that area—for example, having clearer labelling, so that people know exactly what they are eating.

In conclusion, nearly one in three children in the UK is overweight or obese, and much more can be done to give them a better quality of life. We need to protect the long-term health of children and avoid unnecessary short and long-term financial burdens on the NHS. There needs to be a broad integrated and co-ordinated approach across Departments. We need to raise awareness about planning permission for fast food outlets very near schools and to ensure that we share best practice and measure outcomes from all the obesity intervention programmes. We want to use the London 2012 Olympics as a starting block to encourage more young people into sport and to engage in physical activity as much as possible. We need to integrate ideas, such as encouraging schools to grow food, into the curriculum and to support and encourage parents to restrict television and do more things outdoors. We also need to encourage eateries to sell healthy options and have better labelling, so that people know what they are eating. In addition, we need to encourage more exercise. I have signed up for the Race for Life that will take place this month in Battersea, so I will be running my 5 km for charity as well as for my health.

I came into politics to help to make a difference to my constituency and the country as a whole. I feel very strongly that by improving health outcomes on childhood obesity we can definitely make a real difference to many people.

11.20 am

**Justin Tomlinson (North Swindon) (Con):** I pay tribute to my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) for her excellent speech. I would also like to echo the comments my hon. Friend made with regard to the MEND programme. I met a child from my constituency who had taken part in the programme and it had made a real difference. As Members of Parliament, we should be extremely supportive of the MEND programme.

[Justin Tomlinson]

I am interested in this debate for a variety of reasons. I am the vice-chair of the all-party parliamentary group on heart disease. Heart disease runs in my family and I have always had an eye on trying to be as active and as healthy as can be reasonably expected. I am also a vice-chair of the all-party parliamentary leisure group. I am a big, unashamed sports enthusiast, because sport can play an extremely important and positive role in encouraging an active and healthy lifestyle. My hon. Friend set out the picture, but I just want to concentrate on three areas that have a significant impact on child obesity levels: planning issues, food and organised sport.

On planning issues, prior to becoming the MP for North Swindon I was a councillor for 10 years. I represented a new build housing estate that had many good things and many poor things. One of the biggest challenges were the huge differences that hampered a child's ability to run around: back gardens are now a third of the size they were in the 1960s; front gardens all too often simply do not exist, with cars literally driving right in front of the front door, and we then wonder why children do not have the opportunity to run around; and there is a lack of accessible, useable open space. I was forever being told that the ward I represented had a huge amount of open space, but I could not see that. All I could see was concrete, and I wondered what was going on. I did a little bit of digging and it transpired that open spaces included hedges and heritage sites, neither of which are suitable for jumpers for goalposts. We do not need premier league-standard open spaces for kids to run around. When I was growing up, the bit of open space in the middle of my estate was almost vertical. That was handy, however, as some of my friends were more technically gifted than me and some of my other friends, so we had the advantage of kicking downhill all day long.

I was the lead member for leisure on Swindon borough council for four years and a lot of the focus in tackling child obesity was on organised sport through leisure centres. The most significant opportunity for children to be active, however, is through open spaces where they are unsupervised, can put down jumpers for goalposts and follow the latest TV trends. If Wimbledon is on TV, out come the tennis rackets; the Tour de France, out come the bikes; the Ashes, out come the cricket bats; and football, in my case, was played for the majority of the year. I welcome the fact that in my constituency the council invested £6 million, working in conjunction with the national lottery fund, in the Lydiard park facility, and that we have fantastic parks such as Coate Water and Mouldon Hill right on the doorstep. On a sunny day, and we have been blessed in the past month or so, one can see thousands of families coming out and kids being able to run around.

Another interesting observation was that on Friday, following the fantastic Royal wedding, I went to visit a number of Royal wedding parties where communities had reclaimed the streets as open spaces. While parents sat around toasting the happy occasion, the children ran around and were extremely active, and I was touched by that. That shows the importance of having those open, accessible community spaces.

On food, I echo the comments my hon. Friend made about food labelling. It is essential that parents, and children themselves, can make informed decisions. I am

not one of those food zealots who says that we should never eat junk food, or unhealthy food. It is all part of a balance. I charged around as a youngster and was then sometimes fuelled by food that was deemed to be not particularly healthy, but it is about striking a balance. We need to see clear, uniform food labelling. I am a big supporter of the traffic light system. We have it here in our parliamentary restaurants and that makes a difference to my choice of food. On this occasion, the EU is dragging its feet. I encourage the Government to continue to put pressure on to ensure that all retailers use a uniform and clear system. I know that they are doing so. I welcome the Government's public health responsibility deal, which has seen retailers such as McDonald's, Pizza Hut and KFC committed to reducing trans fats. That is the big secret killer and we need to do so much to remove trans fats, reduce salt and display calories—all coming together as part of the informed decisions.

Hon. Members have already talked about cookery skills. I am a big advocate of basic cookery skills. I would go as far as to say that it should be a compulsory element of the national curriculum. I am a big supporter of the Let's Get Cooking campaign, which is in its fourth year of a five-year £20 million programme funded by the national lottery. It encourages schools to take up cookery. I visited Haydonleigh primary school, in my constituency, a few weeks ago. Not only were the children taking part in a cookery session, the parents and grandparents were also coming in and getting involved so that, when they went home it was not just a one-off, two-hour cookery session, but something that would become part of their home life. Echoing the point about allotments that was raised earlier, the school had its own allotment, and was using the fruit and vegetables that were grown in the school. Wherever possible, schools should be allowed to do that full cycle. Basic cookery skills are essential for later life. It was not so long ago that I left university, where the idea of cookery for the vast majority of my colleagues involved the ping of the microwave and a three-minute wait. We certainly need to do something about that.

Finally, and probably what I am most passionate about, is organised sport. Not so many months ago, we had a debate on the school sport partnership and I was openly critical of the proposed changes. I am delighted that the Government changed their position, because where school sport partnerships work well, they can help maximise sporting opportunities. One frustration with the debate at the time was that, despite approximately £170 million a year being invested in SSP, we had not seen a massive increase in competitive sport activity. The reason for that is that children are sports-gifted, generally, because their parents have encouraged them at a young age and, by and large, whether a school is offering that sport or not, they will have joined a sports club and carried on. The SSP, however, was about the other children—those children who would otherwise just sit in front of the TV, not taking part. The advantage of the SSP was that it offered a menu of different sporting activities and there was always something for everybody to capture their imagination. I have spent many happy times touring schools and sporting groups to see what different sport captures them. A lot of people will no doubt bash television today, but television often inspires children, whether through traditional sport or through programmes such as "Pineapple Dance

Studios”—suddenly, there will be huge swathes of children dancing around in a dance hall. Yes, it is not a competitive sport as such, but it is extremely active.

The SSP in my constituency saw the number of schools taking part in two hours a week rise from 33 to 68—a fantastic result. The changes have allowed the SSPs nine months to secure continued funding from schools. Where there are good SSPs, they will be successful. Where some of the SSPs were not so good, those schools are now free to commission their own sports coaches. That is essential because there are a limited number of teachers with confidence, particularly in primary schools, to offer that wide range. A number of teachers said to me that they needed help. Another welcome Government measure that would indirectly improve the situation is fast-tracking the troops to teachers programme, because often troops are up for outdoor active lifestyles. They will be able to come in and get the kids engaged in something that is healthy and active.

I am also a fan of working with local sports groups. If children are given a taster session, they make sure that they then have an opportunity to continue. In my constituency, we set up a successful sports forum with the active involvement of about 60 different sports groups. They share best practice and help secure extra funding, but they also link in with programmes such as the SSP, going directly to the schools and saying, “Why don’t you try this and we can then get you involved?”

**Lyn Brown:** I have enjoyed the hon. Gentleman’s contribution very much. I was involved in the culture sector when I was in local government, and in the Local Government Association, and I recognise many of his arguments. Does he agree with me that the biggest problem we have, following on from our schools sports intervention, is that when children leave school there is no exit strategy for young people to enable them to continue in the sports that they played? I played badminton for my school up until the age of 16. By the age of 16 I stopped and there was no local club, or link with my school and a local club, for me to continue my activity. That is where we fall down.

**Justin Tomlinson:** I thank the hon. Lady for that useful contribution. She is right. A lot of what we are doing is putting in the building blocks for a long-term future to tackle health issues. Organisations, such as the sports forum, can talk to people of all ages and ask people to engage. Local authorities and sports groups have a role in that. One of the best things that I saw was Swindon borough council’s Challenge Swindon campaign, which brought together offices, pubs and sports groups and got them all involved in different sports. It aimed to get people to try something and then continue to do it.

We face a number of other challenges. The lack of volunteers is always a challenge, particularly in sport. A huge number of sports groups would like to be able to do something, but there are not a sufficient number of parents with the time to be able to do that—a particular problem for organised sport.

Private finance initiative schools are another challenge: when I was a councillor, the majority of schools in my area were PFI schools. We had a high-density development and a wonderful piece of open space, but a fence and a set of high hire charges blocked children from utilising what was their school until 4 o’clock in the afternoon. Sports clubs came to me on a number of occasions

saying that they simply could not afford to use the facilities, which could not be opened because there was not enough flexibility. It was a crying shame that they were left unused.

An issue that I have brought into other debates is the cost of insurance for transporting children. As we push things such as the school Olympics or outdoor active learning, insuring a teacher to take a minibus can cost more than £1,000. I have urged the Government to create a national insurance scheme for teachers and sports clubs using minibuses.

We must not forget the Olympics and the Olympics legacy, about which we had a debate in the main Chamber last week. It is all about the legacy. We will have an enjoyable Olympics, when we are bound to win some medals, but the key will be the lasting legacy. That is why I was so supportive of the principle of school sport partnerships. A big advert for a whole variety of different sports that different children will have never thought of trying will be on the television, and the ones we do particularly well in will inspire children to go and re-create them. We must ensure that we do all that we can. Going back to the point about insurance, if we want the school Olympics to work, we need to be able to get children from one school to another in order to compete.

My slightly more radical proposal in this section is to do with how leisure and youth services work in local authorities. In the old days, leisure was very much about competitive sport, with the traditional youth service organising youth activities. The two would never meet in the middle. Times have now changed massively.

I remember that on a Friday night the leisure centre would put on an ice-skating disco for the teenagers—again, not technically a sport, but 600 teenagers building up a head of steam and racing around chasing after the person they thought particularly attractive was a sporting activity. It was absolutely fantastic. Under my radical proposal, the youth service with its mobile buses would have been better off pitching up at that facility, to offer advice, advocacy and support to those who wanted it, and letting leisure be the attraction to bring people in. Likewise with the point made about the Pineapple dance studios and the street dance: often the biggest challenge is to get young girls active, but hundreds of children want to do dance and cheerleading.

Youth and leisure services should sit around the same table, pooling their funds and facilities—the leisure centres often have the better facilities—and working together. They would then be on hand. My hon. Friend mentioned the Get Set programme, and I have written to all the schools in my constituency, encouraging them to do as much as they can.

In conclusion, we need to learn three lessons. First, it is important to have balance in an active and healthy lifestyle. We can sometimes be a bit too zealous in saying, “You should not watch TV. You should not play computer games.” When I was growing up, as soon as the sun was shining, I was charging around outside. I would not have dreamed of watching TV or playing computer games. However, in the evening, that is what I did. That is a fine balance to have.

Secondly, we should allow people to make informed decisions through clear labelling and to do things for themselves. To do that, they need the skills, which is why I am such a fan of the cookery lessons.

[Justin Tomlinson]

Finally, everything should be fun. Children like fun things. Give them the open spaces—as I said, it does not matter if the open spaces are vertical, because children are creative and will come up with their own way of dealing with such things. However, let us at least give them the opportunity to have a better lifestyle.

**Mr Roger Gale (in the Chair):** Order. I expect the occupant of the Chair will wish to call the Front Benchers at five past 12, at the latest, and three hon. Members are waiting to speak. Hon. Members should bear that in mind when speaking.

11.33 am

**Robert Halfon (Harlow) (Con):** I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing and opening the debate. She showed an incredible level of expertise and was thoughtful in her remarks. We have had our own discussions about food, and I look forward to having many more in future.

I confess that I was hesitant about speaking in the debate today. It is difficult to talk about obesity, including childhood obesity—and we have a serious problem in Harlow—in a way that does not upset people. When I have spoken about it in the past, I have had many letters and e-mails from anguished individuals and residents. Nevertheless, I decided to go ahead today because the issue is so important and must be dealt with.

Some take the view that the only way to solve obesity is by encouraging people to go on a diet. I do not take that view. Dieting is essential, but obesity problems are very much about parenting, education and health. One of the best books that I have read about food—I read it almost in one sitting—was called “The Hungry Years” by William Leith. The author talks about his addiction to food, describing food almost as a drug. He went on the Atkins diet but, although he addressed that addiction, he went on to another—from memory, drugs. It was only when he dealt with the reasons for his compulsive behaviour that he ultimately managed to lose weight. It is a very important book.

I know how difficult diets are, having had to be on diets as a child because of my walking. As hon. Members understand, diets sometimes feel like walking up a hill with a boulder, like Sisyphus in the Greek myth: as soon as we get to the top, we see the boulder roll down, and we have to start again.

As well as having obesity and childhood obesity problems, Harlow has some important sporting organisations for young people. I want to talk about them; they are very much part of the big society. We have the Harlow athletics club, the Harlow gymnastics club and the football club Kickz, as well as strong candidates for the Olympics and Paralympics such as James Huckle and Anne Strike. We have probably the finest sports Leisurezone in the country, run by a non-profit making trust, which is another example of the big society. However, we still have the problem of obesity.

As my hon. Friend set out, Harlow is not alone in having such problems. Over the past 13 years, the United Kingdom has seen an unprecedented rise in obesity, especially in childhood obesity. The proportion of children

aged two to 10 who were overweight or obese increased from 22% in 1995 to 28% in 2003. If the number of obese children continues to rise, such children will have a shorter life expectancy than their parents do.

My constituency of Harlow has significant challenges of its own. Sadly, by the time that Harlow children finish primary school, one in three is overweight; one in five has the most challenging weight problems and is considered obese. Harlow has the highest such figures for any of the 12 district councils in Essex. I mention that not to criticise anyone—I am proud of my constituency and residence, and I do not want to cause offence—but because such problems cannot be swept under the carpet.

Clearly, some of the obesity problem is down to parenting, but it is also down to the McDonald’s culture that we live in. We do not even have to get out of the car these days; stopping off for fast food is so much easier than going to the supermarket and having to cook ingredients from scratch. I have a confession to make: I happen to love McDonald’s. As for most people, it is a treat, providing value for money and affordable meals. It has made progress, with the preparation of chicken salads and so on. The problem is when people eat there regularly, as if it were an extension of their kitchen.

The second reason for the obesity problems is the big retailers and food companies. At an all-party group meeting with Kellogg’s, I asked why all its cereals have so much sugar—cornflakes, or whatever they might be. The people from Kellogg’s said that some of the company’s cereals did not have so much sugar, and that it has non-sugar brands. However, we never see those non-sugar brands advertised or displayed prominently. As with everyone else, I go to the supermarket, but I would not have a clue about what a non-sugar cereal from Kellogg’s is, and yet I would know about its cornflakes and the rest, because those are the ones advertised.

Schools have made a lot of progress with their meals, following the media campaigns of recent years. Jamie Oliver, who has been mentioned, was successful partly because he was not the man or woman from Whitehall, although there is always the risk of bureaucracy when we deal with such things. I have a short anecdote on that subject. I visited a school in my constituency that wanted to give fresh fruit to its children every day. Instead of being able to buy it from the greengrocer down the road, the school had to order it through a centralised fruit planning system set up by the bureaucracy. A fruit co-ordinator was needed, to count the number of pieces of fruit, and how much was eaten and left. That shows the ludicrousness of what happens when big government gets in the way.

Why does Harlow have a unique problem? There are many reasons for general obesity, but they do not explain the specific problems in my constituency. The truth is that the tale in Harlow is of two towns. In many ways, it is an ambitious and enterprising place, with a culture of hard work. We have more than 2,500 private businesses, which makes us one of the most entrepreneurial towns in Essex, but according to the latest comprehensive study in 2007, Harlow also has housing estates with pockets of some of the worst deprivation and poverty not just in the region, but in England as a whole. That impacts on everything: homelessness, unemployment, literacy and numeracy, family breakdown, crime, and of

course health. Obesity is just one symptom of the broken society, but is that because of poverty, or educational poverty?

When it comes to solutions for obesity, it is fair to say that big or grand Government diet schemes do not work. Television adverts a few years ago urged us to eat fruit and said that it was wrong to have a bottle of wine with dinner. Many parts of the UK are still awash with NHS adverts covering the landscape with the same advice. In 2009, the Food Standards Agency—a quango that survived the bonfire—announced a scheme to encourage restaurants to give calorie counts beside each dish. The Department of Health has told us that we are all eating too much saturated fat, but despite all those worthy initiatives and their cost for taxpayers, obesity has gone up and up.

I am a Conservative because I believe in choice, freedom and the right of individuals to make their own decisions. Big state or “nanny-knows-best” programmes usually cost a lot, and do not achieve what they are intended to achieve, however noble they are. One thing that sticks in my mind about the Jamie Oliver success is that parents came to the school and tried to thrust fried Mars bars through the gate. The reason was partly lack of education, but also resentment at being told what to do by the big state. They were the parents, and they wanted to decide what to do with their own children.

People are not chess pieces to move around a board. We cannot design a Government scheme that will magically repair people’s lives, but I accept that we must not abandon people. The solutions must come from the communities and neighbourhoods that we live in. That is an old idea, but it has been given fresh impetus by the big society reforms.

We have some remarkable sporting groups in Harlow, which are very popular. They are run by volunteers and social entrepreneurs, who know how to stretch a few hundred pounds to have the greatest impact with as little bureaucracy as possible. Such big society groups need more support. If we diverted just 1% of the sin taxes on cigarettes—around £209 million a year, based on 2010 figures—and if the same were applied to alcopops, excessively fatty foods and high-sugar products aimed at children, and that money was then funnelled into the big society bank, the Big Lottery Fund or local funds and ring-fenced specifically for smaller grass-roots charities, that would really make a difference. It would transform childhood obesity. That incentive could work in many ways. Supermarket vouchers that are currently used for school equipment could also fund sports charities in the community.

Community support officers on the Berecroft estate in Harlow have a regular Saturday football game with local children, and organise it with the Berecroft residents association. All they need is a few hundred pounds to connect their floodlights to mains electricity. Small amounts of money can make a huge difference, and millions of pounds are not always needed, because small community groups are best at fighting obesity. Another example is Harlow gymnastic club. It has many members, and the cost of joining is very small. It has changed the lives of countless young people and those with significant health problems, but it struggles to access funding because it is not part of any grand Government diet scheme.

I have often said that, if the big society, or even the big-boned society, is to work, we must build the little society. That is why I urge the Minister to focus on sustainable funding for smaller, grass-roots charities, as well as national organisations.

11.45 am

**Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): I join the congratulations to my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on her contribution to the debate, which is important. The problem has reached such a level that we cannot ignore the emerging evidence. I am pleased that we have extended the debate beyond eating to education, diet, labelling and aspiration. I shall dwell a little on my area of interest—physical activity—as other hon. Members have done.

Another issue that has emerged in our debate is the problem of being overweight, in addition to the more technical issue of obesity. Exhibit A is a document from the NHS highlighting the number of overweight children in the four-to-five and 10-to-11 age groups between 2006 and 2009. I shall not go through all the figures, but they show that the problem has risen consistently in the overweight and obese categories. Exhibit B is a helpful response to my parliamentary question to the Minister. It highlights the fact that Government spending on obesity rose from £9 million in 2008-09 to the £36.8 million that is projected for 2010-11. If ever there was an example of the necessity of re-examining the ratio of expenditure to results, that is surely it.

I want to dwell a little on my debate in this Chamber in December 2010 on outdoor learning. It was directed at the Department for Education. Today’s debate, thanks to my hon. Friend, highlights the fact that obesity is probably an issue for every Department, not least the Treasury. A point that I tried to make in the earlier debate was that evidence, not just opinion, is emerging of genuine behavioural improvement in children who are exposed to outdoor learning, which is outdoor education as distinct from outdoor entertainment, which I fear is what some people think it is.

There are encouraging signs regarding school exclusions and the behaviour of children in school when they are exposed to outdoor learning, and there are considerable health benefits, as hon. Members have said, particularly in food sourcing and preparation. Underpinning all that is the critical evidence that I suspect is more relevant now than it has ever been that a massive national saving can be made from investing in the project to reduce obesity, instead of seeing it simply an expense that we cannot currently afford.

I tried to raise a distressing point during the debate back in December. There is enthusiasm for engaging in outdoor learning, and 86% of children and parents want it, but at the same time 76% of teachers are turning down the opportunity to undertake outdoor learning because of concerns about health and safety risks associated with such trips. However, the evidence shows that there are very few health and safety risks; in fact, risk is low, and the return for teacher, pupil and parent is very high.

I listened with great interest to my hon. Friend the Member for Harlow (Robert Halfon). He talked about the balance to be struck between being libertarian and

[Simon Hart]

adopting a hands-off approach to the problem, as well as the seriousness of the situation and what it requires us to do. I want to suggest some scenarios to the Minister, although not necessarily with a view to his coming up with the answers now or requiring him to state on the record what the Government propose. The examples come from my own experience as a parent of two young children aged 11 and nine, very much in the category that is most susceptible to the habits of the 21st century.

If we are serious about this issue, are we content that in April last year alone, 53 million new computer games were launched on to the open market? Are we satisfied by the fact that access to junk food has never been higher than it is this decade? Are we aware how commonplace advertisements for junk food are on children's television? Are we satisfied by the fact that one incentive to go to a fast food outlet is that of receiving free toys with a meal? My children would be appalled if they heard me say that because one of the greatest incentives for them is what comes with the meal that they get through the car window in a drive-through—I am trying hard to not mention any brand names.

[NADINE DORRIES *in the Chair*]

Are we aware of the extent to which children, particularly those under sixth-form age, go to the local chippy for lunch when they are at school, rather than eating something healthier? Do we know what is in the school lunch boxes that are provided with great care and attention by parents who often have considerable financial difficulties or other stresses?

In healthy schools where a lot of the kids will eat meat and two veg as part of their daily diet, those who bring a packed lunch do not have access to that good food. Let me put in a little plug for Pembrokeshire county council. It has a fantastic school dinner service—I think it is so good that it should be compulsory—and it is free. Are we as a nation satisfied with the propensity of supersize options, where one pays an extra 50p and receives 50% more food? Under current circumstances, and given the statistics that underpin the debate, is that a satisfactory situation?

Finally, is it not a little disingenuous that some of our major sporting events are sponsored by crisp makers and chocolate manufacturers? Is that not like having the “Silk Cut London marathon”? Are we not turning a blind eye to what such sponsorship means and how it legitimises in the eyes of children not particularly healthy foodstuffs, simply because they are attached to a major sporting event? I do not have the answers to those questions although perhaps other hon. Members will. I am not sure, however, that we can continue to turn away completely from the reality of the problem that is emerging.

The great achievement of this debate—I hope hon. Members will continue to raise other points—is that we are eventually recognising the social, cultural and economic cost to the nation of obesity and overweight children. As other hon. Members have said, the issue crosses all Departments. It is not about “curing” children—not the most appropriate expression—but about early intervention and prevention. I suggest to the Minister, just as I suggested to the hon. Member for Brent Central (Sarah

Teather) in the debate last December, that it is not about what we as a nation can afford to do, but about whether we can afford not to address the situation. Evidence clearly shows the damage done by obesity, not only to the prospects of our children, but to those of the nation.

11.53 am

**David Tredinnick** (Bosworth) (Con): I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing this crucial debate, and my other hon. Friends who have spoken.

I was in the Mall on Friday for what everybody agreed was a most wonderful royal wedding. However, my heart sank when I saw a very large, hugely overweight man hanging on to a railing for dear life and panting. He may have had a problem caused by steroids or something else, but it is most likely that he was obese. I thought how unhappy he must be with his life—my hon. Friend the Member for North Swindon (Justin Tomlinson) touched on the issue of happiness. One point we must get across to people who are obese is that they can be much happier if they overcome obesity.

My hon. Friends have made many points, but I want to touch on three issues. First, I want to look at the Change4Life programme and the changes that the Minister proposes to make. Secondly, I would like to say something about the impact of high-energy drinks that contain a lot of sugar and caffeine. Thirdly, I will speak about sizes of portions and clothes.

I will start by referring to the October 2007 Government report, “Tackling Obesities: Future Choices”, on what the human body is designed to do. It points out, with classic understatement, that our biological system is,

“not well adapted to a changing world, where the pace of technological progress and lifestyle change has outstripped that of human evolution.”

Many years ago in this Chamber—the old Grand Committee Room—I listened to a debate one evening, instigated by the food and health forum, that I have never forgotten. The speaker was a professor of nutrition and he said, “Look, in a nutshell, if you want to stay healthy, remember that we have not really evolved since the stone age; we are essentially stone-age people in the 20th century.” He said that if we want to be healthy, we should live like stone-age people. We should walk most of the time and run occasionally, eat berries and vegetables in season, catch fish when possible, and eat meat rarely. I was struck by that speech. Generally, our health problems arrive when we deviate from that simple model.

Last week, *The Daily Telegraph* looked at the problem of obesity as it affects parents. It pointed out that British men are among the fattest in Europe and that according to the World Health Organisation, we do less exercise as a nation than almost every other country in the world. In another article, I read that the World Health Organisation believes that in the regions of Europe, the east Mediterranean and the Americas, over 50% of women are overweight.

We have an enormous problem. All my hon. Friends have drawn on statistics. We tend to follow what happens in America, so we should be aware of what is happening in that country, where the problem is greater—obesity

rates are 36% among women and 32% among men. The number of obese men in England has doubled since 1993, and the number of obese women has risen by half.

My hon. Friend the Member for Harlow (Robert Halfon) referred eloquently to issues in his constituency, but in my constituency we do not have the problems that affect many others. For example, the prevalence of obesity among reception-age children in the east midlands is just under 10%, and for year six children by region it is 18%. In Hinckley and Bosworth, the figures are smaller at just over 7% and under 16% respectively. Those are still enormous figures, however, and we must put that in the context of my original point about happiness. How many of those children are very unhappy with their lives?

The Minister inherited the Change4Life programme from the previous Government and I hope she will say a few things about the changes that she proposes to make. As I understand it, the funding for that programme is to change and she will be looking for contributions from the food industry. That may be a good thing, but I would like reassurances that the food industry will not be driving the agenda. I know that she has already said that we will not legislate further to bring in a range of new standards, but I think the quid pro quo is that we must know that the food industry will be very supportive of measures that do exactly what has been suggested and ensure that we see a reduction in sugar. There is far too much sugar in cereal, for example. I suggest to my hon. Friends that if they really want a cereal that is sugar-free, they should make it themselves; it is not difficult. I look to the Minister for support on that issue.

My next point relates to high-energy drinks. I have not heard a word about high-energy drinks this morning; I think that that is a forgotten area. Children and adults are consuming drinks that have two or three times the recommended caffeine level and a very high sugar content. If people have far too much caffeine, they get behavioural disorders. It is very bad for them. It increases their heart rate, and there have been instances of children going to hospital in such circumstances. It is extremely dangerous.

I recommend that the Minister look at the research conducted by Johns Hopkins university, which concluded that energy drinks should be labelled with highly visible health warnings aimed at young people. I will not quote from the study extensively, but it based its recommendations on research that discovered that certain drinks contained as much as 14 times more caffeine than the average can of cola. That is the same as drinking seven cups of coffee.

While we are on the subject of coffee, is it not extraordinary that we are now being invited by coffee shops to drink half-pint mugs of coffee? Have we taken leave of our senses? Have we all gone mad? If I stop for a cup of coffee with a friend, I often order the smallest cup of coffee and split it into two mugs because it is too much. In the 19th century, coffee cups were tiny. That is another issue that we must address.

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): Drinking half a pint of coffee would be one thing. Is not the problem with coffee shops that often people are also drinking coffee with cream, sugar and additives? Sometimes with these half-pint cups of coffee, people would get fewer calories in an ordinary meal.

**David Tredinnick:** I absolutely agree. What is going on in coffee shops is a debate in itself, but coffee used to be taken in very small quantities. It was not intended that we should have so much caffeine in our system.

My last point is about size—the size of portions and the sizing of clothes. I was very touched when, on the day we came back from the recess last week, one of our colleagues came into the Chamber and my hon. Friend the Member for Harlow and one or two others were saying how slim and how wonderful he looked—he had better be nameless because I did not talk to him about the fact that I might refer to him in this debate. He said, “Yes, I’ve lost a lot of weight,” and I think that it was my hon. Friend who said, “How did you do it?” He said, “I’m eating half as much food as I used to eat.” He is eating half as much food—it is not rocket science.

How about suggesting to people that sometimes they do not need to eat as much food? For those who have a faith, may I remind them that gluttony is one of the seven deadly sins? This wonderful stone-age body that we have knows when it has had enough food. The problem is that we override the system too much. We are not taught moderation. Instead of trying to eat smaller portions, we tend to overeat and eat very large meals. We are not helped by the restaurant industry and the food industry, which are constantly trying to pile our plates higher and higher, with triple or quadruple deckers and vast portions. The same applies to children’s food. That is a problem.

On the sizes of clothes, I have some reliable research from someone well known to me. In the mid-1970s, a lady weighing 7 stone with a 24-inch waist would buy a skirt in a size 10; in 2011, the same person, whose waist has increased by three quarters of an inch, buys a size 8 or 6 because the size 10 is far too large. The industry has created a completely new range of sizes to accommodate the population. The largest size used to be size 18; it is now 20 to 22. People who are buying a particular size, thinking that they are a certain weight, are actually much larger than they think they are. That is very unsatisfactory.

Some of my hon. Friends touched on sport. Sport is fantastic; it is so important, and we have the Olympics coming to this country next year. Obese children do not play much sport. They cannot because they cannot get on the pitch—they are too big—so they miss out that wonderful opportunity. With the Olympics round the corner, surely this is the best time to take every possible measure and all steps in the Minister’s power to reduce obesity among children.

12.5 pm

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): I congratulate the hon. Member for Brentford and Isleworth (Mary Macleod) on calling this very important debate. I also congratulate you, Ms Dorries. I am sure that you have chaired many debates, but this is the first time that I have spoken under your distinguished chairmanship.

When we discuss childhood obesity, we should be clear that we are talking not about how children look but about how they feel, because one of the problems with debates about body size is that they can have an element of judgmentalism, which makes the issue more difficult and emotional for people. I think that we can

[Ms Diane Abbott]

all agree, as a Chamber, that everyone's child is loveable and everyone's child is beautiful. We do not want to get into being judgmental about body size, because the other side of the coin from childhood obesity is childhood eating disorders—particularly among girls, but also, increasingly, among boys.

I want to touch on the introductory remarks made by the hon. Member for Brentford and Isleworth about the origins of childhood obesity. She talked about parenting. I do not disagree with anything that she said, but let us stand back and realise that we live in a world that has changed since the days when Nye Bevan set up the national health service. At that time, fewer than one in 10 households had a television and fewer than a third owned a car. Nowadays, 98% of households have at least one television, if not two or three, and 19.5 million households own a car.

When the NHS was set up, the only form of processed food available was spam. Now, there is an infinite variety of processed food; it is possible to eat it three times a day, with all the problems of trans fats, added sugar and so on that that involves. It is also the case that when the NHS was set up, many more people did manual labour. We are looking at a world that has changed. It is not just that people are making different personal choices; they live in a much less mobile, much less active, much more sedentary world.

When I was a child, I was not as sporty as some of the Government Members, but in the summer holidays I would have my breakfast and then go out and play all day. Children played out all day. Their parents did not worry about where they were; they just knew that they were playing out. Children played down back alleys and in other people's gardens. We might or might not come home for lunch, but we came home for tea. I am a parent myself—my son is now 19—and I would not have dreamt of letting him play out on the streets of London. Whereas parents 30 or 40 years ago thought nothing of letting their children play out unsupervised, nowadays parents feel much happier if their children are at home watching television or playing a computer game. They think that they are being good parents and they are certainly less fearful parents.

When I was a child, children routinely walked to school. Now, I see children driven to school over much shorter distances than I used to cover when I walked to school. Again, those parents think that they are being good parents. Perhaps my family was not as grand as those of some hon. Members, but when I was a child, we always sat down for a family meal together. We waited for my father to come home from work and we all sat down and ate as a family. There was not the snacking that my son routinely did when he was at home. Our world is very different from Nye Bevan's.

Even over the past 20 or 30 years, however, the world has changed. People's notions of what it means to be a good parent have been attenuated, certainly in big cities, although things may be different in Shropshire and more rural areas. In big cities, people think being a good parent means having their child safely at home. They think it means that their child is never hungry and that there is always food in the fridge to feed them. They think it means that they must feed their child the most

heavily advertised and expensive products. The issue is not, therefore, just one of individual choices; we live in a changing society with changing ideas about parenthood.

Altogether, this is a more sedentary and materialistic society. As Members have said, even if children are active at school, that activity will stop when they leave. That is particularly true of girls. There are also the attractions of television. When I was a child, there was no daytime television, so children could not sit at home in the daytime watching television. We were out in the garden, on the swing or up the park; we were chasing people up and down, shouting at our brother and doing all the things that helped us work off the calories bit by bit.

We live in a changed world, which is part of the reason why we have seen a gradual increase in children leading more sedentary lifestyles, eating more processed food and snacking on processed food between meals. When I was a child, the only form of fast food was fish and chips or food from a Wimpy bar. I remember begging my father to take me to a Wimpy bar, which I thought was the height of sophistication and glamour. There was no question of children routinely stopping off at some fast-food shop on the way home from school or having fast food between meals; we lived in a very different world.

What can the Government do in a world that has changed and become commodified—one in which the average British child recognises nearly 400 brand names? We have touched on a number of issues that I am interested to hear the Minister talk about. In particular, there is the issue of what happens in school. As we have heard, one important thing is that children can learn to cook in school and can be taught about good nutrition. There is also the issue of the sort of school meals that are made available. There was some resistance to Jamie Oliver-type school meals, particularly when they were introduced at secondary school level, but introducing children to healthy food at primary school will set up habits that see them through life.

There is also the issue of food labelling. I would be interested to hear what the Minister has to say about traffic-light labelling, which is the easiest for mothers in places such as Hackney to understand. Mothers there are not going to read a label or to try to do the sums to work out how many calories there are in a packet of food if there are 60 calories per 100 grams. However, a traffic-light label in red, yellow and green is easy for them to understand.

I will be interested to hear the Minister explain how the commissioning model of health care in public health will engage with these issues. I am particularly interested to hear what she says about the extent to which Change4Life is working with the food industry. As one Member said, we might as well have the Silk Cut marathon, but I have an open mind and I am waiting to hear what the Minister has to say.

Childhood obesity is about how our children feel, not how they look. If somebody was a little chubby when I was a child, people used to say, "Oh, she'll grow out of it", but 70% of obese children stay obese well into adult life, with all the outcomes we are so familiar with in terms of heart disease, diabetes, stroke and blood pressure.

The striking thing about child obesity in 2011 is the extent to which it is a problem of poverty in the United Kingdom and the United States. Historically, it and the

gout that went with it were problems that rich people had. Increasingly, however, heroes in popular culture in America and elsewhere are strikingly obese, which never used to be the case. Obesity is a problem of poverty; it is about a lack of information and a lack of access to a healthy diet.

We have heard about the increase in the numbers and about the real danger that significant numbers of today's children will live shorter lives than their parents and spend their lives in poor health. We as a political class, and the Government, cannot simply leave childhood obesity as a matter of parental or children's choice. Of course, choice is a big issue, but we have to set out a policy framework, whether it relates to schools, labelling or schemes such as Change4Life.

We have to set out a policy framework that makes things easier for parents, who are under more pressure than ever from commodification and materialism, and who are more frightened than ever about simply letting their children out to play. We have to set out a policy framework that makes it easier for parents, including Members of the House, to make the right decisions and to determine not only how their children look now, but how their health will be in years to come.

12.15 pm

**The Parliamentary Under-Secretary of State for Health (Anne Milton):** May I say what a pleasure it is to serve under your chairmanship, Ms Dorries? I have not had the pleasure before. I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing the debate. I thank her and other Members for their contributions. I noticed that the hon. Member for West Ham (Lyn Brown) stayed on from the previous debate because she was so riveted by my hon. Friend's contribution. It is good to see that, because we perhaps do not see it as much as we would like in this Chamber.

My hon. Friend eloquently highlighted not only the scale of the problem and its costs in her constituency, but the individual consequences and the health impact. She was absolutely right, however, to say that this is not just a health issue, and if we need to get one thing across today, it is that. The Prime Minister set up a Cabinet Sub-Committee on Public Health because we need sign-up from all Departments. This is everybody's business; it is about local government, education, transport and the Department for Culture, Media and Sport, and it requires action on every level.

I was not in the country for the royal wedding on Friday, sadly, because I was attending a World Health Organisation conference in Moscow on non-communicable diseases. Along with smoking, alcohol and lack of exercise, obesity is one of the major issues facing the world, and it was interesting to hear some of the interesting ideas that are coming forward.

There is no doubt that tackling the problem of obesity, particularly in children, is key. The hon. Member for Hackney North and Stoke Newington (Ms Abbott) was right to raise the associations between obesity and deprivation. Obesity was, and still is in some developing countries, a problem for wealthier people, but we are now seeing a switch, with obesity now being associated with deprivation.

My hon. Friend and other Members mentioned MEND. She also mentioned the importance of the Olympic legacy and food labelling, and I will deal with those points in my remarks.

As Members are aware, the Government published their public health White Paper last year. It set out the scale of the public health challenge ahead of us and the Government's approach to improving health and well-being.

The hon. Member for Hackney North and Stoke Newington mentioned parenting, which involves some really complex issues. There is the issue of what constitutes a good parent. Am I not a good parent if my fridge is not full? The hon. Lady rightly touched on that. Am I not a good parent if I do not make my children clean their plate at every meal? My generation was brought up on the idea that what children do not eat one day, they have cold in their sandwiches for tea the next day. We need to approach such attitudes.

The White Paper signalled the Government's commitment to addressing the current trend. This is not about just the governmental costs, but the social costs and the burden of disease. The latest figures show that 61% of adults and 28% of children aged between two and 10 in England are overweight or obese. Those figures are enormous. My hon. Friend the Member for Brentford and Isleworth mentioned the publication of a report by the London assembly. We know that in her area nearly a quarter of children in year 6 are obese—one quarter, one out of every four children, is obese. The risks of being overweight include the increase of a range of diseases, such as heart disease and type 2 diabetes.

An analysis by the National Heart Forum has predicted that, by 2050, the number of people getting diabetes because of their weight will nearly double, and that those with heart disease caused by obesity will rise by 44%. Obese and overweight people place a significant burden on the NHS and the direct costs are estimated to be £4.2 billion. However, the indirect costs are massive, such as the impact of early death on families, poverty due to not being able to work, and so on.

The White Paper sets out our vision and general approach. There are three underlying principles. First is individual responsibility: we want to encourage people to take responsibility for their own health. My hon. Friend the Member for Bosworth (David Tredinnick) commented on an anecdote about losing weight by eating less. That is old-fashioned and simple, but a message that we need to get across. It is about individual responsibility.

The second principle is working together, to which I have referred. That is about the problem being everybody's business—every part of society, focusing on developing partnerships across the board, with third sector organisations, social enterprises and business. Everybody has a role to play. The third aspect is the role of local communities, about which we heard a lot from my hon. Friend the Member for North Swindon (Justin Tomlinson), who talked about local initiatives and what can be done at that level.

We will publish before the summer a document on obesity, which will set out how we will tackle the matter in the new public health and NHS systems, and the role of key partners. The Department has recently held two events with key organisations involved in reducing obesity,

[Anne Milton]

to help develop the document. We will also consider comments from the consultation exercise on proposals for a public health outcomes framework, which has just come to an end. That framework includes two possible indicators relating to adults and children, to measure progress relating to obesity.

Experts from the Foresight team described the UK as having an “obesogenic environment”. That is probably right in many ways. There are a number of factors that drive people towards overweight and obesity. As I have said, it is clear that too many people eat too much and exercise too little, and are storing up big health problems. We all need to play our part. It is for local and central Government, business and other partners to make it easier for people, and remove the sort of barriers—mentioned by my hon. Friend the Member for North Swindon—which include irritating matters such as insuring minibuses to get people to sporting events.

The Government cannot compel people to eat less food. We can encourage people and make it easier for them to make better choices. There is already a lot of action under way to do that. Many products in the UK voluntarily provide front-of-pack nutrition labelling, which provides more information. The regulations surrounding front-of-pack labelling are an EU competence. The EU is not dragging its feet, but it is incredibly complicated to get all member states to sign.

We would like to see as light a regulatory burden as possible, to allow different member states to have different front-of-pack labels, because, as a number of hon. Members have said, all systems—guideline daily allowances are one example, traffic lights another—have upsides and downsides. Some can be difficult to understand and some can be misleading. We have all seen claims on the front of packets indicating low fat, but the sugar content is another problem staring one in the face. Indicating calories is attractive to some people but is a problem for those with an eating disorder and are overweight. We need maximum flexibility. Discussions are very active in the EU at the moment and we will start to see some suggestions coming forward.

The Change4Life programme is encouraging people to make simple changes: eating more fruit and vegetables, cutting down on fatty and sugary food and being more active. The national child measurement programme, started under the previous Government, provides feedback to parents about the weight status of their children, enabling them to take action where necessary. My hon. Friend the Member for Bosworth mentioned clothes sizing, which indicates that being fatter has become the norm. The child measurement programme is an important part of giving information to parents.

The Department has also been working with the Association of Convenience Stores to increase the availability of fresh fruit and vegetables in convenience stores across the country. That initiative has been expanding incredibly quickly. I recently had the pleasure of visiting a scheme. This development is particularly important for areas of high deprivation; convenience stores are

often the first port of call for many to do their shopping. Some participating stores have seen a dramatic 47% increase in sales of fruit and vegetables.

As part of the public health responsibility deal, a number of organisations have made a series of pledges, which will provide better information to consumers about food. Let me make it clear that the Government are the only people to decide Government policy. However, the responsibility deal currently involves 180 organisations and businesses, and there are 19 collective pledges available on line, which I urge hon. Members to view. The idea is to capitalise on the reach of many of these organisations—both businesses and voluntary bodies—so that we can tap into the unrealised potential of a wide range of resources that can promote healthier lifestyles and give people information.

Calorie labelling in out-of-home venues is intended to give information and has been quite successful. We have talked about the half-pint latte and a muffin. It is dramatic and astounding to discover that one has probably had the daily allowance just in a snack on the way to work.

We talked about physical activity. We are currently reviewing the chief medical officer’s guidelines, and are looking at evidence in relation to the health benefits of physical activity. There is also an important psychological benefit, because it makes one consider how one feels and what one is eating and doing, and to be more conscious of overall general physical and mental health.

While much of the focus is on preventing problems from arising, we are also working to meet the needs of those at most risk of becoming obese, including those who are already overweight. Weight management providers will continue to play a role in tackling obesity. In future, the move of public health into local councils is going to be an important and significant step.

I think it was my hon. Friend the Member for North Swindon who mentioned playing in the street and street parties. Interestingly, when I was in Moscow last week, the Minister of Health for Columbia talked about a scheme they have there. On Sundays they close certain streets so that everybody can play in them. That is an outstanding idea. Before constituents e-mail to complain about their streets closing, I should say that I accept it would not work everywhere. It could, however, work in some places.

We have heard today of the huge opportunity for local action; we cannot work in silos any more. Government cannot tackle obesity alone and we want to work with the widest range of providers. Government can and must do their part, but we rely on the compliance of the public as individuals. We have to facilitate and help more people to want to lose weight and stay at a healthy weight. The truth is that no single solution will make a difference; the issue is about using all the ideas raised in this debate to turn round the supertanker. There is a tendency to refer to an epidemic, to suggest that it is something that happens to us. We are like—

**Nadine Dorries (in the Chair):** Order. I call Mr Jim Cunningham.

## Budget (Coventry)

12.30 pm

**Mr Jim Cunningham** (Coventry South) (Lab): This is the first time, Ms Dorries, that I have been involved in a debate chaired by you; it is a pleasure to see you in the Chair.

Coventry has had a long and significant economic history, which continues to shape and influence the performance of the local economy and could provide the foundation for its growth. The steady waning of coal mining after the second world war, together with the more rapid decline of our motor industry in the 1970s and 1980s, hit Coventry particularly hard. Coventry's economic output is now 8.5% lower than the national average, and for Nuneaton and Bedworth it is now 35% below the average, yet Warwick performs 17% better than the national average.

Since the millennium, Coventry has benefited from significant redevelopment and regeneration, and the public sector has been crucial in that process. Coventry has a particularly youthful age profile, and scores well above average in measures of economic adaptability. Rates of growth were increasing before the recession, which suggests that the structural change is largely complete. The city holds many competitive advantages for research and development, engineering and niche manufacturing. However, unemployment is a growing worry. The latest figures from the House of Commons Library reveal that Coventry has 10,324 unemployed job seekers, and things are likely to get worse as the year progresses.

Coventry is famous for making cars, but it is public-sector workers who drive much of the local economy. As we know, Becta and the Qualifications and Curriculum Development Agency are being abolished. It may have seemed the easy option to get rid of these education quangos, but they employ a combined total of close to 800 people. Many are former teachers. The relocation of the QCDA cost the Government more than £44 million, and it came at a personal cost to many of the staff who relocated from London.

We cannot ignore the strain on the private sector. Friends Life, formerly Friends Provident, recently announced that it plans to close its offices in Coventry by the end of the first half of 2012. There are 428 jobs at stake, and staff will be badly affected. That brings total job losses in Coventry to around 3,000.

I turn to the scale of the grant reductions that Coventry faces. Because of the cuts, the city council is being forced by the Tory-led Government to cut as many as 500 posts over the next 18 months. The amount of money that the council spends in the local economy will also be dramatically reduced. That, too, will have an impact on council staff. The front-loading of cuts means that staff losses will be required in the early stages of the spending cuts. That will affect families throughout Coventry. The overall impact is that Coventry city council is expected to lose about £45 million over the next few years.

The cuts will have an impact on the economy of the west midlands. They will have a significant knock-on impact on local businesses and employment in the region. We can see what is happening in other sectors as the cuts and reforms begin to bite. For example, cuts of more than 20% to the West Midlands police equate to 2,500 jobs.

There are two parts to the Department for Communities and Local Government cuts for Coventry council. It will lose formula grant of more than £19 million, and specific grants in excess of £17 million. The city council will not be able to continue providing services at the same level. Because of the latter cuts, there will be far fewer grants and they will have a lower overall value. It is a matter of great concern that many grant streams will end.

The vulnerable people of Coventry will be hit a number of times by the Government's deficit reduction plan. Pensioners were dealt a blow by Government when the winter fuel payment was slashed by up to £100. How can those who are disabled or who live in care homes take part in the Government's big society once the mobility component of the disability living allowance has been removed? Has the Minister considered the effects of reduced local Government budgets on the cost-per-placement of patients on independent care providers such as Southern Cross? Notwithstanding the burden on the NHS, local hospitals will be expected to deliver far-reaching reforms to patient care as its budget decreases and demand increases. How can the Minister justify removing the provision of face-to-face legal advice for the poorer residents of Coventry in favour of a cheaper phone line?

I am deeply concerned about local provisions for our young people. Building Schools for the Future is to be abolished. That will result in a loss of £300 million to the local economy in construction, which can be added to the cuts in the council's budget. We await the James review—it has been a long time coming—but that is of no comfort to schools that are in desperate need of repair. From this year, the Connexions careers service will operate on a budget that is more than 70% smaller than in April 2010. The service gives young people the skills and confidence to get into the workplace. Its downsizing will doubtless contribute to the high youth unemployment that the region has experienced.

The coalition Government admit that Sure Start will suffer real-terms cuts. Ministers refuse to deny that this will result in the closure of Sure Start centres. However, Sure Start centres in Coventry will lose nearly £600,000, which will be a great blow to young families. Services for young people face other financial pressures. Coventry's children, learning and young people's department has announced a further £1.2 million loss because of the ending of the 5% standards fund.

Crucial retention funds that the council had relied upon will not be continued in the next financial year. The largest proportion of JSA claimants in Coventry are aged between 18 and 24. Given what I said about the Coventry's youthful profile, there is no reason why our young people should not be given the opportunities that they need as it will strengthen Coventry's regeneration.

All these changes will have an irreversible effect on the economic growth of the region. The leader of Coventry city council estimates that up to £25 million will be taken out of the local economy. The public and private sectors will not be able to invest in the regeneration of the region and its infrastructure.

There is an urgent need to address infrastructure issues. We need an increase in train travel between Coventry and Nuneaton and Coventry and Leamington. The go-ahead for a new station at the Ricoh arena is vital to Coventry's economy. Equally, we are waiting for

[Mr Jim Cunningham]

the Friargate development to go ahead; again, it could have a big impact in revitalising the city centre. Revitalising the city will obviously create jobs.

**Mr Bob Ainsworth** (Coventry North East) (Lab): I raise the question of what I fear is the impending sale of the strategically important land at Ansty. If a developer gets hold of that land, the possibility is that it will sit on it, waiting for the maximum return. That will probably be through housing rather than what it was meant for, which was job creation in the high-tech manufacturing sector.

**Mr Cunningham:** My right hon. Friend anticipates me, as I was just coming on to that.

The abolition of RDA funding means that there is little to lever in private-sector investment for large-scale redevelopment projects. Although the prospect of 10,000 jobs in the enterprise zone is welcome, questions arise on the implications for other employment sites such as those at Ansty and Browns lane. In answer to my right hon. Friend, I am sure that he will remember, as will my hon. Friend the Member for Coventry North West (Mr Robinson), that we lobbied hard to get the Ansty site as a technological centre, and the city and the west midlands invested a lot of money in it—if my memory serves me correctly, the investment for the infrastructure was somewhere in the region of £5.9 million. It is vital that the Minister clears up the future of that site. A lot of taxpayers' money has been invested in it and some companies are operating from it at the moment. How does the development of that site square up with the proposal to create 10,000 jobs at Coventry airport? Although my hon. Friends and I do not deny that such jobs are needed, we need the issue to be sorted out one way or another. The public in Coventry want to know why some of those jobs cannot be located on the Ansty site. My hon. Friend, therefore, raises a vital point, which is of interest to a lot of people, particularly those in Coventry.

My next point relates to the impact of the Localism Bill. Local people seek assurances from Government that there will be no fire sale of employment sites in need of overhaul, such as the Ansty and Browns Lane sites, to help address the deficit. I have dealt with the Ansty site, but of equal importance is the Browns Lane site, which was once a manufacturing site for Jaguar in Coventry—let me just say in passing that my hon. Friends and I are glad to see that Jaguar is reinvesting in the west midlands and in Coventry.

The Localism Bill also applies to the Coventry airport site, which is a proposed enterprise zone. Some major environmental issues will arise from the development of that site and the Severn Trent site. People will be testing the Localism Bill to see whether the public will have a major say in any development initiatives. Many people in Coventry are worried about the use of greenbelt land for example. We will soon find out whether the Government mean what they say about localism.

The Government need to address the balance of housing and employment. The highest rates of unemployment are generally found in the neighbourhoods that were based around the mining and manufacturing industries of the past. That highlights the key role that

places can play in creating and sustaining unemployment. Areas housing large numbers of unemployed, low-skilled and vulnerable residents cannot generally attract business investment.

I will finish here because I know that my hon. Friend wants to speak and we obviously want to give the Minister time to answer our points.

12.42 pm

**Mr Geoffrey Robinson** (Coventry North West) (Lab): We are very grateful to you, Ms Dorries, for your chairmanship of this important debate on the present economic situation in Coventry. I congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing this debate and I thank Mr Speaker for granting it.

I should like to develop a few of the points made by my hon. Friend. I want to draw the Government's attention to them as they contribute to the highly unsatisfactory situation regarding jobs and the prospects for jobs in Coventry at the moment.

My first point relates to the review of the schools building programme. The situation in Coventry is particularly bad. All building was stopped and none was allowed to go forward. Even two schemes in my own constituency—Woodlands school and President Kennedy school—that were on the point of signature were refused. The Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) is aware that at present the main building of Woodlands school is propped up by scaffolding, and has been for the past two years. What family is likely to want their child to go to a school which is propped up by scaffolding and might collapse at any minute? That scheme should have been given the go-ahead because the school is not fit for present-day purposes. I know that such buildings are the subject of the current capital review that is going on. We are approaching the end of the first year of this coalition Government and the situation is no longer satisfactory.

Similarly, development at the President Kennedy school, which was on the brink of getting the go-ahead, was suddenly stopped. Again, it is a totally unsatisfactory situation. There are a number of other such schools. My hon. Friend mentioned others in his own constituency and in the north-east. The matter must be brought to a head in the near future.

My hon. Friend mentioned the regional fund, which has been slashed by 70% in Coventry. Such a cut will have a major impact on the level of activity and on the number of schemes that can be carried out with Government support. Many projects could go ahead if we had quicker and easier funding for them.

Let me draw the Minister's attention to transport. Not so long ago, we had a debate in this Chamber with the Minister of State, Department for Transport, the right hon. Member for Chipping Barnet (Mrs Villiers) in which we tried to thrash out alternatives to the massive High Speed 2 programme. Some £18 billion would need to be spent on the London to Birmingham route. What needs to be done urgently and would hugely contribute to employment activity in the Birmingham and Coventry area is simple four-tracking, which has to be done on the London to Birmingham route. Such a scheme is supported by Centro and local

experts who say that it could make a huge contribution not just to employment but to the development of the region by bringing in activity and easing transport between Coventry and Birmingham, which is a very congested area of the west midlands. That scheme is not going ahead now because it has been earmarked to be done in five years' time—if we are lucky—as part of an £18 billion build. It could be done under a rail package 2 proposal, which has been put up by the same consultants who are doing the HS2 work for the Government, at a fraction of the cost. With many areas under blight, many Conservative MPs in the south-east share our view that we should invest in the areas through which the rail already travels.

Similarly, there is the issue of the Knuckle project, which is the rail link between Coventry and the Ricoh stadium. It goes further north to Nuneaton and further south from Coventry. Again, it is local and regional and could get the go-ahead. We know that it has not been killed by the present Government; it is still there and is still a possibility. The project is estimated at about £18 million, which is chickenfeed compared with the scale of the investments that we are considering in other areas.

The schools schemes and the rail programme could be given the go-ahead and they would make a tremendous difference to the blight that we otherwise face in Coventry.

The last time we went through a similarly bad period was in the early 1980s. The car industry and the machine tool industry collapsed. Virtually all the mechanical engineering sectors that were located in Coventry collapsed. There was nothing much left at the end of that period and they still have not recovered. Although investment and development continued to take place in the country, much of it bypassed Coventry. We face the same problem again and it will affect those sectors that came in to replace manufacturing, notably the public sector. Becta and the QCAD have been closed. The council is announcing huge cuts. The whole public sector that came in to replace manufacturing—not much else came in apart from transport and delivery—is now facing the same sort of cuts at a time of severe recession and once again, Coventry will be pushed down.

I realise that time is limited and I will not go on any more. I have listed a number of specific projects that could be undertaken in the context of what the Government have available now for regional development. I urge the Minister, who has no direct responsibility for any of the projects, to push her colleagues who are responsible at least to consider them.

12.49 pm

**The Economic Secretary to the Treasury (Justine Greening):** Thank you very much, Ms Dorries. It is a pleasure to serve under your chairmanship for what must be the first time.

I congratulate the hon. Member for Coventry South (Mr Cunningham) on tabling and securing an important debate. It is important not only for Coventry itself but more broadly. I also pay tribute to the hon. Member for Coventry North West (Mr Robinson) who spoke, as did the hon. Member for Coventry South, with great passion about the challenges facing Coventry. In the time available to me, I will try to address a number of wide-ranging points that the hon. Members made.

The hon. Member for Coventry South is right to make the points that he did, in the sense that there is not going to be one thing that helps to regenerate and grow the Coventry economy, and create jobs. We need a broader strategy in place to ensure that we are successful in helping Coventry. As the hon. Gentleman will be aware, the main backdrop to the policies that the Government are pursuing is the huge budget deficit that we inherited, which we must tackle. In his speech, he talked about young people; the worst thing that we could do for young people is to pass on to them that debt of the money that our generation has spent, so that they can pay it off. We have an obligation to get our finances back in order so that young people do not face that additional challenge as they enter the economy.

We need to tackle the deficit. However, as the hon. Gentleman pointed out, we have also got to increase economic growth and rebalance the economy across all regions of the UK. I think that he would recognise, as many of us do, that too much of the last economic boom, which took place roughly between 2000 and 2007, was enjoyed by London and the south-east, and not enough of it was enjoyed by cities and regions outside the south-east. We must ensure that, as we generate and create the right ingredients for the next period of growth in our economy, that growth is enjoyed by precisely those communities that can benefit most from it, in terms of jobs, skills and opportunities.

The key aspect at the last Budget was not only economic growth itself but ensuring that we had some plans to stimulate that growth. The hon. Gentleman will be aware that we made a series of proposals at the last Budget to create a model for more sustainable and more balanced growth, including in Coventry and more broadly in the west midlands.

As hon. Members have made clear, Coventry faces some difficult challenges, but it remains a significant contributor to the regional economy in the west midlands. As has also been mentioned, during the last 20 years Coventry has rebalanced its economy somewhat by moving towards more high-tech manufacturing and business services. The reforms set out in the plan for growth, and indeed in the broader Budget, will give businesses and individuals in the region, including in Coventry, a real boost. Those reforms include cutting corporation tax from this month, so that it will be 23% by 2014; increasing the personal allowance by £630 next year, following the increase of £1,000 last month, which will take 25,000 people in the west midlands out of tax altogether; and, of course, building on the success of the manufacturing technology centre in Coventry and in other cities, by creating high-value manufacturing technology innovation centres. They will be the first of an elite network of centres that will enable businesses to access state-of-the-art equipment and technical skills.

The hon. Gentleman will be aware that a further opportunity for Coventry—one that I am sure is already being investigated in the city—is the enterprise zones policy. The west midlands already has two of the enterprise zones that were announced at the Budget. He will be aware of the zone in Birmingham and Solihull, created by the local enterprise partnership, and of the zone in the black country. During the coming months, I hope that Coventry itself will submit a proposal to become part of an enterprise zone.

**Mr Jim Cunningham:** Can the Minister talk to her colleagues in other Departments about one issue that I do not think her Department—the Treasury—actually handles? That issue is the future of Ansty. A list of sites has been published. In particular, we are talking about Advantage West Midlands, which is the regional development agency. On that list of sites, Ansty is not mentioned, so we do not know what is happening with it. That is one of the points that I made in my speech. A lot of taxpayers' money has been invested in the site and a lot of effort has been put in by myself and my colleagues to get it developed. We and the public want to know what exactly will happen to it. I do not expect the Minister to answer me directly today, but perhaps she could go away and consider that matter.

**Justine Greening:** One of the things that the hon. Gentleman has been able to do very effectively in his speech today is to raise a number of issues—such as transport and infrastructure, which I will come on to shortly—that are not necessarily a concern of the Treasury, but that doubtless have been recognised by the Departments concerned. I will ensure that I pass back his specific comments about the Ansty site to my colleagues in the Department for Business, Innovation and Skills and I will write to him in more detail about that specific site.

As I was saying, enterprise zones are another opportunity to bring some genuine benefits to the hon. Gentleman's area. In his speech on the Budget debate and again today, he has expressed the hope that Coventry will benefit from inclusion in an enterprise zone in the future. I welcome his enthusiasm for the enterprise zone policy. Of course, the Coventry and Warwickshire local enterprise partnership is welcome to bid to be part of the second tranche of 10 enterprise zones. Regarding timelines, I have no doubt that his local LEP will be working on its proposal already. We expect to take some decisions within Government in the summer about where the next tranche of enterprise zones will be. We do not intend to spend a long time making those decisions. We are aware of the urgent need to get on with this policy, because we believe that it can make a real difference.

The Government have also established the regional growth fund, which is worth £1.4 billion overall, to help to grow a private sector-led economy in England. Of course, Coventry will benefit directly from the first round of awards from that fund, with Jaguar Land Rover having won support for a project to undertake design engineering for a new small common vehicle platform that will be developed in part in its Whitley centre.

There have been other signals that the private sector sees Coventry as being “open for business” and that it has real confidence in the future of the city. Only last week, it was announced that the overhaul of Coventry airport will go ahead, creating new infrastructure and business opportunities in a £250 million development.

The second round of the regional growth fund, in which we are aiming to allocate the remaining £950 million of funding available, is now open for bidding. The second round closes on 1 July and I look forward to seeing many more exciting proposals, including from businesses in Coventry.

Hon. Members have raised concerns about local government funding. As I have already made clear, the

last Government left an appalling financial mess behind them and we have a moral obligation to ensure that we pay down our debts as quickly as possible. Tough decisions have been necessary across all areas of public spending. Local government, which makes up a quarter of all public expenditure, has its part to play in that process.

The Government have delivered a challenging but fair settlement for local government to ensure that the most vulnerable communities are protected. Although financial settlements have been tight, local authorities will still receive £29 billion in grant next year. It is also worth noting that formula grant in Coventry will be nearly £500 in 2011-12, which is more than twice what it will be in west Oxfordshire, precisely reflecting the higher levels of need in Coventry. I know that Coventry council is getting on with calculating how it will make the savings that it needs to make. In fact, its deputy leader, Councillor George Duggins, has said that the council was in a “good position” compared with other councils, because it has taken early action.

There is no doubt that these are difficult decisions to make and of course they should be made at the local level by local authorities, to ensure that the priorities of local people, including those of people in Coventry, are reflected in those decisions. Ultimately, however, there is no doubt that the worst thing that we could do is to ignore the huge deficit that our country faces and the need to tackle it.

The hon. Gentleman rightly mentioned the issue of infrastructure in his speech and I want to refer to it briefly. During the spending review period, the Government will actually spend slightly more on infrastructure than the last Government had planned to spend. Of course, investment across the board has already been announced by my right hon. Friend the Secretary of State for Transport, but I have no doubt that the points that have been made today about the regional transport infrastructure in the west midlands, including rail, will also be taken on board by him. Hon. Members are right to point out that high-speed rail is a strategic project that can bring benefits not only to the west midlands but nationally. However, there is still the need to ensure that we get investment in the existing track. Of course, that existing track has a clear role to play in the coming months and years, by helping Coventry and other areas to regenerate their economy.

Finally, I will mention the Building Schools for the Future programme. I recognise the concerns that the hon. Gentleman set out about that programme—they are concerns that I face in my own constituency. It says everything about the BSF programme that a Government who were in power for 13 years could come to the end of their term and still have existing schools in the sort of state that the hon. Gentleman and his colleague, the hon. Member for Coventry North West, described.

However, I have no doubt that such considerations are being taken into account by the James review and I assure both hon. Gentlemen that, as we go through the coming years, we want to ensure that parts of the country outside the south-east, such as Coventry, benefit to the maximum from the next period of economic growth.

## Larch Disease

1 pm

**Neil Parish** (Tiverton and Honiton) (Con): It is very nice to have this debate under your chairmanship, Ms Dorries, and it is nice to see the Minister with responsibility for agriculture here.

There is an insidious disease hitting the south-west that, if swept under the carpet, could decimate some of our most treasured ancient woodland, and cost many of the green jobs in the forestry sector that are vital to the rural economy and to the maintenance of our environment. *Phytophthora ramorum* is a fungus-like pathogen that is causing extensive damage and mortality to plants and trees. In particular, it has infected commercial softwoods such as Japanese larch in the south-west of England and south Wales. It was unknowingly spread by plant movements of ornamental rhododendrons to gardens across the UK.

In 2000, Forestry Commission scientists found similarities between a pathogen that had been causing leaf blotch and dieback in rhododendrons in nurseries in Germany since the early 1990s, and a pathogen in California—and subsequently in Oregon—that had caused the death of more than 1 million oak trees since its symptoms were identified in the US in 1994, gaining it the name, “sudden oak death.” In Japanese larch, the symptoms are that shoots and foliage can be affected and are visible as wilted, withered shoot tips with blackened needles, with the infected shoots shedding their needles prematurely. Trees with branch dieback may have numerous cankers on their branches and upper trunk that can bleed resin.

It is now known that Japanese larch, when actively growing in spring and summer, can produce very high quantities of disease-carrying spores, at much higher levels than those produced by rhododendrons, and they can be spread across significant distances in moist air. In August 2009, the pathogen was found to have infected Japanese larch trees at sites in Somerset, Devon and Cornwall, which was an unexpected change in its behaviour. More recently, in March 2011, the disease was found in the European larch in woodlands near Lostwithiel in Cornwall. The fact that this lethal pathogen has now proved capable of infecting yet another species is a worrying development and a setback in tackling the disease, but given the similarities between the two species, experts were not surprised.

Regarding the threat to the industry, as of January 2011 some 138 statutory plant notices had been issued in the UK requiring trees to be felled due to infections on some 2,200 hectares. An estimated 1,745 hectares in the south-west are affected by the disease. That is a grave threat to our woodlands and to the 2,220 people who are employed in primary production and processing. The 15,000 green jobs in the south-west supported by the forestry sector are under threat.

Japanese and European larch, the primary victims of the disease in the south-west, are extensively used in the manufacture of garden furniture, fencing and pallets, and their value to the south-west's economy has been estimated at £47 million. Wood prices have been hit, with landowners estimating that the disease outbreak has seen larch prices fall by 35%. Over-supply, the cost

of bio-security measures and the need for the diseased timber to be handled carefully only at licensed mills has also affected profitability.

Current actions by the Food and Environment Research Agency include a strategy to control and contain the disease, reducing levels of the infective spores in the environment by felling infected plantings of the principal host—Japanese larch—as rapidly as possible. FERA is also continuing its programme of clearing infected rhododendrons from woodland and other sites. There is also an aerial survey programme in the south-west, Wales and western Britain, where the climate favours the disease, to identify possible sites of infected larch, which is then followed by contact with owners, site visits to check symptoms and laboratory testing to confirm the presence or otherwise of the disease. When the disease is confirmed, there is a programme of clearance on both private and publicly owned sites and the development of a package of short-term help for private woodland owners affected by the disease, which includes a licence system to enable the movement and processing of timber from affected larch.

Other actions include continued scientific research better to understand the disease and the overall risks to our trees, woods and forests, including the potential impacts on the UK forestry sector and its associated industries; a further survey of rhododendrons by FERA, followed up with funded rhododendron clearance agreements when appropriate; and, very importantly, encouraging owners to check their woodland, especially larch plantings, for signs of the disease and to report suspicious symptoms promptly. Owners have a legal obligation under plant health legislation to notify the authorities if they suspect that the disease is present.

Regarding the effect on the forestry industry and the Confederation of Forest Industries, felling diseased larch has accelerated the loss of productive softwood forest, and the area of such forestry is already in decline, with new planting falling to match ongoing losses. A report by South West Woodland Renaissance, a coalition of 35 sawmillers and woodland owners, warned:

“The forecast total softwood availability from the current potential productive growing stock is forecast to decrease”

by up to 50%. The loss in larch trees has caused the acceleration of lost softwood forestry, undermining local green jobs and damaging efforts to reduce carbon emissions and develop a low-carbon economy.

I turn to the felling of diseased larch and replanting. Many landowners are concerned about the considerable cost of clearing woodland of infected trees, and also that the lack of support for woodland creation is inadequate and the resource is diminishing, especially with the value of larch trees going down due to so many of the trees having to be cut down because of the disease. There is a huge disparity in the current grant system, with the grant rates providing a higher contribution to the cost per hectare of planting broadleaves than softwood, and providing no grant at all for replanting softwood in protected ancient woodlands.

**Dr Sarah Wollaston** (Totnes) (Con): May I back that up by talking about the experience of my constituent, Mr Rob White, who has lost 20 hectares of his Japanese larch under a compulsory felling notice? He is on a planted ancient woodland site and only 50% to 70% of his replanting costs would be covered—even if he planted

[Dr Sarah Wollaston]

wholly broadleaf species—and he is seriously considering the extent to which he will replant. He would, of course, like to use his common sense and replant a range of species; he has talked to me about replanting Sitka spruce and Douglas fir, which are relatively disease-resistant, and he would also like to mix in some broadleaf species. Does my hon. Friend feel that we should trust our constituents to use their common sense in that regard?

**Neil Parish:** My hon. Friend is absolutely right. We have to use our common sense and bring a mixture of trees back into these ancient woodlands, which have suffered from the destructive larch disease. From my farming background, I know that the greater the spread of varieties of tree, the lower the chance of spreading the larch disease that might still be there. I am sure that the Minister heard exactly what my hon. Friend said, and it will be interesting to see whether the Department for Environment, Food and Rural Affairs can come up with a solution whereby we can get the forests replanted, especially the very valuable ancient woodland.

**Jim Shannon (Strangford) (DUP):** I thank the hon. Member for Tiverton and Honiton (Neil Parish) for bringing this matter to Westminster Hall; his concerns are shared by many of us. In Northern Ireland, for example, some 200 hectares of trees are under the same threat. Does he agree that trees are perceived as the lungs of the earth and that if they die, it will affect the environment as well? They are important. Does he agree that we need a co-ordinated plan that takes in not only parts of southern England but other regions such as Northern Ireland, where there has been a severe outbreak? It is clear from the evidence that the disease has jumped species.

**Neil Parish:** I thank the hon. Gentleman for his intervention. He is right. It is said that such diseases often breed better in the south-west of England due to the climate, but it is amazing how, over the years, they gradually move north. Is the disease present in Northern Ireland at the moment?

**Jim Shannon:** The evidence from the Department of Agriculture and Rural Development is clear. The disease is present in 200 hectares across nine woodlands and 4 hectares of private woodland. It is a disaster for the woodland in Northern Ireland, and it is prevalent in the Republic of Ireland as well.

**Neil Parish:** There are a lot of larch trees in Scotland as well. We must be concerned about the disease, which is why I am glad to have the opportunity to debate it with the Minister so that we can put the case to him. The case has been made for Northern Ireland and the south-west of England, and I will carry on. I thank the hon. Gentleman for his intervention.

The industry believes that a flat-rate supplement will maintain the present imbalance of incentives, exacerbate the softwood differential and push up the cost of dealing with the disease. The Confederation of Forest Industries believes that the proposed grant system will increase the cost to the taxpayer by £1,500 a hectare. To retain a successful forestry sector in the south-west, urgent action is needed to create a more balanced grant system to

allow forest owners more choice in replanting; my hon. Friend the Member for Totnes (Dr Wollaston) made that point. We must also listen closely to people who own and manage forests.

The Clinton Devon Estates are close to my constituency, and they have assessed what is happening with the disease. Before the involvement of His Royal Highness Prince Charles in February 2011—I understand that the Secretary of State was present at a meeting with the Clinton Devon Estates—the growing belief in the industry was that the plant health threat was poorly understood within the Department for Environment, Food and Rural Affairs and that the issue was under-resourced and at significant risk of being compounded by a lack of timely action and resource.

The Clinton Devon Estates now believe that the situation is being turned around. Experts and practitioners across the field are pulling together an action plan that highlights the following: understanding and minimising plant disease threats and mitigating their risks; managing pests and diseases and mitigating their impact; a robust review of the UK's plant import controls to learn how we inflicted the disease on ourselves and which we hope will delay future disease threats; continued resourcing of relevant Forestry Commission activities, specifically aerial monitoring and diagnostic and research work undertaken at the FC research station at Alice Holt, to provide rapid diagnostic support to field teams and resource to engage proactively with woodland owners; and adequate resourcing of rhododendron removal from the wider environment.

As I am sure the Minister is aware, many parts of the south-west have a huge number of rhododendrons. Natural England leads on the issue within DEFRA and has requested additional resources. To date, there has been no response, although I understand that the Minister is probably not entirely flush with money.

The disease needs to be treated like foot and mouth, and the equivalent of a national war room should be set up to give focus and momentum to efforts to address the threat. Unlike foot and mouth, larch disease does not represent an obvious issue to society. Therefore, it is important to keep the pressure on so that proper resources are allocated to addressing it. The proposed support measures for replanting infected woodland should be equitable to both commercial softwood species and native broad-leaf planting. Significant productive areas within the south-west risk being lost, which would have a direct negative impact on the wood processing sector.

Some 11.5% of Devon, or some 77,000 acres of land, is woodland, enjoyed by all who visit it. However, a Forestry Commission survey found that 60% of Devon's woodlands are under-managed. That is a key issue that should be addressed. I am happy that the Minister could be here for this debate, and I ask him to take these matters forward. As I said, not everybody realises what is happening to our forests as a result of larch disease, and we need to tackle it quickly. We have many rhododendrons in the west country that could spread the disease. I will be interested to hear what solutions he has.

1.15 pm

**The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice):** I congratulate my hon. Friend the Member for Tiverton and Honiton (Neil Parish) on bringing this important issue to the

attention of the House. I am happy to confirm that when I took responsibility as the forestry Minister almost a year ago and was apprised of the issue, I quickly realised its importance and the potential severity of its impact on the UK's forests. It is right that a year on, we should be having a debate, albeit a short one, about *Phytophthora ramorum*, particularly in the south-west.

As my hon. Friend said, the disease was first identified in rhododendrons in this country in about 2002. It was not until 2009 that it appeared to jump species into the Japanese larch. It has appeared in other species—in Ireland it has been found in Sitka spruce—but apparently, in all such instances, the individual tree has been surrounded by highly infected rhododendron, which shows the impact of the spores. Touch wood—perhaps that is an unfortunate phrase—there is no sign that the disease is openly jumping to other species, but that is clearly the big worry.

As my hon. Friend rightly said, the matter does not affect only state forests. The vast majority of England's forests, 80%, are not state-owned, so private forests have a serious role to play. I am sure that he will pass on my thanks to those in his constituency for how private landowners have joined the Forestry Commission and the Food and Environment Research Agency to combat the threat of *Phytophthora ramorum*.

My hon. Friend asked what we are doing in the widest context. I will try to address that first. DEFRA's chief scientific adviser, Professor Bob Watson, is advising us on the issues, opportunities and priorities for new research, working with others to ensure that outputs have maximum impact on what we can do and working with the Forestry Commission, FERA and the wider scientific community to develop further our strategic approach to existing and emerging plant pests and diseases, which are not unique to this country. There is an international perspective as well.

That work is setting out an agenda wider than *Phytophthora ramorum* to minimise the risk of new threats entering the UK, to enable us to understand more about the threats that we face, to work with society to make it more aware of threats, pathways and the risks of bringing in infection and to identify positive actions that those who manage our trees, woodlands and forests can take to improve their resilience. In addition, Forest Research, the research agency of the Forestry Commission, is, like every other public body, going through its own spending review. It has decided, rightly, to reprioritise its research work. As part of that, programmes such as biosecurity will be increased and the budget maintained.

As my hon. Friend has said, *Phytophthora ramorum* is not unique to this country. We do not know exactly how it came in, but it is believed to have probably come from some infected plant importation. It exists in 15 European Union member states and, as he has pointed out, the United States. In the UK, it was initially in rhododendron and the whole of that species, and it then jumped into Japanese larch. It is not so much that this is a disease of the south-west, but it appears to be a disease of larch, which is a particularly common species in the south-west—particularly Japanese larch—for the commercial reasons to which my hon. Friend has referred. Larch is an important forestry species in the south-west and in parts of Wales and the rest of England. The

disease has, as my hon. Friend has said, also been found in European larch in Cornwall. I have asked whether that indicates that European larch is any more resistant, but we just do not know. It is probably because there are far more Japanese larch than European larch in the south-west.

On the Government's strategy, whether it relates to the Department for Environment, Food and Rural Affairs or the Forestry Commission, to deal with *Phytophthora ramorum*, our overall strategy on the fungal pathogen, which is the disease under discussion, is to reduce the pathogen inoculum—in other words, the spores that are produced—to an epidemiologically insignificant level by removing sporulating host plants from high risk areas. The aim is to reduce the risk of significant tree death and other impacts. In plain English, our policy is to cut them down as quickly as possible. The point is that, while the tree is alive and standing in the wind, the fungus is sporulating and the spores spread considerably. The sooner the tree is cut down and dies, the less risk. Although the tree being on the ground and dead does not remove all risk, it dramatically reduces it. That is the fundamental objective—cut them down as soon as possible.

I should say that the timber from such trees is perfectly okay. The timber itself does not carry any disease. The bark and any foliage, however, are more risky. Bark can be burnt and used for incineration for power generation and heat and so on, but it cannot be used for mulch purposes, because of the risk that it contains disease. Small trees and useless stuff are left on the ground, because it is not cost-effective to remove them for the small risk. Once they are on the ground, the risk is much lower. That is the layman's approach to what is happening, which is important.

**Jim Shannon:** Biosecurity precautions are important. Have there been any discussions with other regions in the United Kingdom and Great Britain—in other words, Northern Ireland, Scotland and Wales—where there have also been outbreaks, so that there is a co-ordinated plan to address the issue across the whole of the United Kingdom?

**Mr Paice:** I am happy to confirm to the hon. Gentleman that we are talking to bodies not only throughout the United Kingdom, but beyond. As I have said, 15 EU member states have *Phytophthora ramorum*. Clearly, it would be pointless for everybody to enter into their own, unique research programmes, so we are working closely with all of them on research into the disease and, as he has indicated, on biosecurity.

I have responded to my hon. Friend about our practical solutions to reduce the incidence of sporulation of the fungus, to reduce the risk of further infection. It is a massive challenge and he is right to identify the need to find out more. The Forestry Commission and FERA, together with other organisations, such as the National Trust, the Royal Horticultural Society and Natural England, are delivering a five-year, £25 million programme in England and Wales against *Phytophthora ramorum*. This partnership is working together to implement the measures necessary to achieve the programme's objectives. Some of those measures are obvious and my hon. Friend has referred to them. They include the use of aerial surveillance of more than 50,000 sq km to detect

[Mr Paice]

symptomatic trees and to monitor progress with felling. That aerial surveillance started again a couple of weeks ago, because larch, unlike most conifers, is deciduous and we do not know when it will come into leaf until it does.

The measures also include additional funding for woodland owners to use the services of qualified agents to arrange the felling and removal of infected timber, and there has been a moratorium on felling asymptomatic larch in winter. The Forestry Commission also has statutory powers to deal with the disease, and they require the felling of infected trees on up to 2,000 hectares of private land and the public forest estate. We are also issuing licences that allow the timber processing industry to transport infected timber and utilise it in an approved manner. My hon. Friend has rightly referred to the sad fact that that has led to a reduction in the value of larch timber. I gather that it has picked up again to about 75% of its price before the disease's outbreak, but I recognise fully that it is an issue.

That brings me to our assistance with the restocking of infected sites, which includes enhanced rates of grant aid and advice on alternative species to larch. This relates to the point that both my hon. Friend and my hon. Friend the Member for Totnes (Dr Wollaston) made about planting on ancient woodland sites, a number of which have been infected. We will announce shortly the new rates of grants, so I cannot use this as an opportunity to speculate on what they may be, but I can say to both my hon. Friends that we are aware of the challenges of dealing with planted ancient woodland sites. On the one hand, there is the desire for an economic return, which is why larch was there in the first place, but, on the other hand, there is considerable pressure to return them to their ancient woodland origins by using, primarily, broadleaf trees. We are trying to work out a grant system that recognises that challenge.

The Forestry Commission and FERA have regular meetings with industry associations to alert them to the various threats of the pathogens. There have been a number of reports in the media about the disease, which is helpful, and the commission maintains a series of

web pages. We have talked about the problem of a number of diseases, pathogens and pests that have found their way into the UK in recent years. There is little doubt that, with increased trade, transport and, possibly, climate change, we face a higher level of challenge from those various, newly arrived organisms. We recognise that many of them may have been introduced through the international trade in plants, and we are committed to finding ways of preventing entry through that route, which brings us back to biosecurity.

A review of the European Union's plant health regime is well under way and a number of recommendations have been made and are being considered by both the Government and industry stakeholders. A number of improvements are likely to be implemented in 2013-14. However, our import controls can be targeted only at plants and plant products that are known to pose a risk. Owing to international law, we cannot put a blanket control on all plants and trees.

It is worth mentioning that the level of infection of *Phytophthora ramorum* in nurseries and garden centres has been reduced significantly. Last year, only 0.16% of inspections resulted in any positive findings, which is a reduction of more than 3% since 2003. It is clearly going in the right direction. However, we may—I hate to say this, but I think it is the reality—have to learn to live with some pests and diseases, which means that we have to learn to manage them and keep them under control rather than eliminate them entirely. It will require a co-ordinated approach from our forest owners and managers, as well as our scientists, forestry experts and policy makers. It may require any of a range of different approaches, but we have to put biosecurity at the centre.

I assure my hon. Friend the Member for Tiverton and Honiton that the Government and I take this disease extremely seriously. I am pleased that he has used the opportunity of a short debate to talk about it, describe it and challenge the Government about it. We appreciate its importance. If he or anybody he knows feels that the Government are not taking it sufficiently seriously, or has any other suggestions, I would be interested to hear from them. I am grateful to him and hope that I have been able to reassure him about the seriousness that we attach to the issue.

## Medical Students

1.29 pm

**Mr Andrew Smith** (Oxford East) (Lab): It is a pleasure to have this debate under your chairmanship, Ms Dorries. I am very pleased to have the opportunity to raise some key issues about the funding of medical students. Aspects of the upheaval in higher education funding are, of course, important both for the recruitment of doctors and the availability of opportunities to study for the medical profession. They are of particular concern in my constituency, which is home to 1,000 undergraduates and 1,300 post-graduates in medical sciences. I am grateful for the briefing that I have received on the matter from the British Medical Association and the Oxford university medical sciences division, as well as for the concerns that constituents have raised with me on these issues.

At a time when higher education as a whole faces the challenges and dangers of the 80% cut in university teaching support and the trebling of fees, concerns about the costs of and access to medical education are all the greater. The length and intensity of medical courses both add to the cost to students and limit their opportunity to supplement their income through paid work.

The BMA estimates that, under the present system, medical students graduate with some £37,000 of student debt. With all universities charging or set to charge £9,000 for medical studies under the new regime, the BMA estimates that that figure will go up to around £70,000. That does not count overdrafts, credit cards, professional loans or family borrowing. We do not need to exaggerate the impact of prospective debt on students' choices to be concerned that debts of £70,000 or more might be a barrier to able people from poor—or, indeed, middling—backgrounds who are considering entering the medical profession.

My concern is about the funding position facing all medical students. However, on the challenge facing us on widening participation, there is likely to be a triple impact on entry to medical studies. The A-level admission grades are understandably particularly demanding and poorer students from schools serving poorer areas are less likely to achieve them, which clearly demands further action within the school system. The requirement of medical work experience is also likely to be harder to fulfil for school students from financially hard-pressed families or, indeed, from families with no connections to the medical profession. At the same time, the prospective length and costs of study are considerably higher and it seems plausible that those are also having an impact on the relatively low rates of admission to medical studies from poorer socio-economic groups.

Statistics on admissions show that the wider challenge of opening up access to higher education is certainly compounded in the case of medical studies. The BMA equal opportunities committee report published in October 2009 includes a review of UCAS data. It states:

“The proportion of acceptances to medical school coming from socio-economic class I (31%) was almost twice that of acceptances to all other degrees from class I (16%). Just 15% of students accepted into medical school came from the four poorer socio-economic classes (grades IV to VII) compared with 24% of students accepted to all degrees.”

The BMA has also said:

“The percentage of students from lower income families is slowly improving across the higher education sector but the rate remains stagnant in medicine.”

In the light of all that and the Government's stated commitment to widen access to higher education, I would like to ask the Minister what the Government's specific proposals are to widen the pool of talent entering medicine and whether the Government, in bringing forward the higher education White Paper, will look at the likely special factors at work in relation to medicine? I have listed some of those.

Will the Government also consider the advice and support given to able students in school, the necessity and operation of the work experience requirement and the £75 cost of the UK clinical aptitude test used as part of the selection process? That test gives an early signal to students from poor backgrounds that studying medicine is an expensive undertaking.

An important part of overall support for medical students is the provision of bursaries. As the Minister will be aware, the future shape of those has been uncertain for some time. The previous Government consulted on options for change in 2009, and last month the present Government set out new options for reforming the system.

**Nicola Blackwood** (Oxford West and Abingdon) (Con): As I represent the other half of the Oxford university seat, the right hon. Gentleman will know that I share many of his concerns. In the light of his valid concerns about equal representation among medical students, does he agree that now is the crucial time to decide about the NHS bursary scheme, given that many students are deciding which courses to apply for?

**Mr Smith:** I am grateful to have the support of my colleague. I might describe her constituency as covering the other third of Oxford university. Her support on that point is very welcome. I was about to say that people are already asking what the situation will be, and obviously the sooner they can have certainty, the better.

The BMA has joined other bodies in consulting on the issue, and I understand there is some expectation that agreement will be reached. However, one big outstanding question is whether the new proposed bursary arrangements will cover tuition fees in the same way as they are covered now, with the Department of Health paying the fees for years 5 and 6 of an undergraduate course. If the bursary does not cover fees—it seems extraordinary that Ministers have not yet made the Government's position on that clear—medical students would obviously face still higher costs and debt.

As my colleague and friend the hon. Member for Oxford West and Abingdon (Nicola Blackwood), whose constituency represents the other third of Oxford university, says, mounting urgency on that matter arises because would-be applicants worry about how the arrangements will work for 2012-13. So I press the Minister to give an undertaking that tuition fees for medical students will be covered at least as well as they are now.

**Dr Sarah Wollaston** (Totnes) (Con): The other point that needs to be made is that many of these courses are for six years, not just five. We need to take into account

[Dr Sarah Wollaston]

the cost of living expenses and the fact that many medical students have to take out commercial loans in addition to student loans, which makes the matter especially significant. I declare an interest as the mother of a medical student on a six-year course.

**Mr Smith:** The hon. Lady will know all about the matter. That was a very well made point. I will come to the subject of commercial loans later.

I also want to press the Minister on the position of graduate-entry medical students. That is an even more important route of entry than the 10% of total numbers that they represent suggests. The BMA has pointed out to me that its 2009-10 medical student finance survey shows that a higher proportion of students from poorer socio-economic groups enter medicine through graduate-entry courses than do so through undergraduate courses. Oxford university medical sciences division has pointed out to me that the best graduate-entry students are extremely strong and do exceptionally well. That route into medicine is important both for excellence and widening access.

**Jim Shannon (Strangford) (DUP):** The pharmaceutical and medical sectors of industry have clearly made many financial commitments to a number of universities across the whole of the United Kingdom, including at Queen's university, Belfast. Does the right hon. Gentleman think that the pharmaceutical and medical industry could do more to help poorer students with tuition fees?

**Mr Smith:** A number already do, and of course we are grateful to those who give support directly, or through foundations and trusts. If more could be given, that would be very welcome. As the hon. Gentleman says, whether in Northern Ireland or elsewhere in the UK, the contribution that spin-offs make to our economy, as well as the direct benefits of investment in medicine, is enormous. Those who benefit from that in profit should put extra back.

The point that I was making about graduate-entry medical students is that they are not eligible for loans to cover tuition fees and have to find first year fee costs out of their own pocket or from other sources of help, some from specific university bursaries. If graduate-entry students had to raise £9,000 for their first, and maybe subsequent, year fees, on top of the debts that they would have already accumulated as undergraduate students, that might be prohibitively expensive and inflict real damage on the quality and social range of graduate-entry medical students. What assurances can the Minister give on graduate-entry student funding? Will there be additional help for first year fees in light of the increase? Will tuition fees for subsequent years be supported by the Department of Health at the new, higher rate?

Another concern, which relates to the point made by the hon. Member for Oxford West and Abingdon, regards graduate-entry students who may no longer have access to some of the loans for professional development that have been made available by commercial lenders. The BMA have cited the recent decision by banks such as NatWest to withdraw those loans, which were obviously hugely important for graduate students who were ineligible for tuition fee support. Will the

Minister make representations directly to the banks and to the Chancellor of the Exchequer, who might usefully underline that this is an especially important area for us all to be in it together in doing what we can for graduate medical entry?

All in all, there are big challenges facing prospective medical students. Yes, demand for the courses is high, and it is good for patients, science and the economy that so many of the brightest want to study medicine, but we cannot be complacent. It is vital that people from all backgrounds are encouraged and helped to fulfil their potential in medicine when they have something good to offer.

I would like to thank and praise the work of access officers, at Oxford university and elsewhere, who are working hard to reach out to schools and students who have not in the past thought of Oxford, and to raise aspirations and challenge prejudice. A very good example is the university of Oxford's UNIQ summer school—it is unique, I think, but it is called UNIQ too—which is a programme of free residential courses in July and August for year 12 students from UK state schools and colleges.

The summer schools are targeted at academically talented students whose school or college has little or no history of making successful applications to Oxford. Participants follow a week-long academic course designed and taught by Oxford lecturers and tutors, as well as taking part in social activities and meeting up with alumni of the university and current students.

In its first year, 69% of UNIQ summer school students went on to apply to Oxford and 27% were given conditional offers by the university. I understand that the medical strand of that initiative has attracted a lot of state school applicants, and that the conversion rate to application and the offer of an undergraduate place in medicine is very good. That shows what can be done. Let us, through the funding arrangements for medical students, make the job of those promoting access arrangements easier, not harder.

This country can be very proud of the quality of education, training and research in medicine, and the scale of achievement in my constituency is awesome. We all want to see the most able people, regardless of background, working in the profession. Criteria for admission and the judgment of would-be students' potential must, as with the assessment of their progress and qualifications, be matters for the medical schools and universities, not the Government. The Government have a clear responsibility to act and open up opportunities to ensure that there is the right advice and support, to raise school standards and aspirations, to remove barriers and to fund medical students fairly. I look forward to hearing from the Minister on whether and how the Government intend to set about that.

1.44 pm

**The Parliamentary Under-Secretary of State for Health (Anne Milton):** I congratulate the right hon. Member for Oxford East (Mr Smith) on securing this debate on what I know is an area of great importance. He is right to say that it is about recruitment, skills and the development of the profession. I would also like to thank him for his praise of access officers at Oxford, and for highlighting the summer school. It is important to see universities doing what they can to ensure that participation is

widened, and that people who might not have felt able to apply to such universities as Oxford, or who might not have felt that they had the necessary skills, are given the greatest opportunity to do so. It is good to hear the right hon. Gentleman raise the point that this is something that schools have to take on board. We often discuss the issue of universities widening participation, but we also want to ensure that our schools prepare young people, and have the skills to prepare young people, to apply to all universities. Young people should not feel as though they are excluded from any opportunity.

There is no doubt that training for medical students in this country is some of the best in the world, and we want to keep it that way. That means that funding must be at a level that allows for the best training. The consultation paper “Liberating the NHS: developing the healthcare workforce” sets out our proposals for a new framework for education and training, and the right hon. Gentleman raised particular issues that I will come back to in more detail. The proposals would see health care providers take the lead. They would plan and develop their own work force, and take on many of the responsibilities that were previously held by the strategic health authorities. A new statutory body, health education England, would provide national leadership for education and training, with a strong clinical focus from top to bottom. The proposals for health education England have been widely applauded—it is very important to have that leadership in education and in that strong clinical focus. We now have an opportunity to review and reshape our work force and what it is designed to do, so that it can respond to the challenges of the future while still providing excellent care. We sometimes lag behind, trying to solve the problems of tomorrow with the solutions of yesterday.

For patients, of course, but also for staff and students, there must be a secure, diverse work force that has full access to education, training and opportunities to progress. That must be transparent, so that we can see how it is working and help ensure that we all get value for money, students included. The Government have consulted to see how that can happen. We have involved a wide range of people, because the new framework is about giving some of the power to those people. The central pillar is the transfer of greater responsibility to health care providers, escaping the one-size-fits-all approach that has been too prevalent in the past. Those providers will need to work together to co-ordinate the development of their local work force, so that it is tailor-made for the individual pressures of individual areas, which vary widely. That means building strong partnerships with universities and colleges to put the skills of educators to the best possible use and strengthening those relationships, which I do not think have been strong enough. There has been a general recognition among health care providers that those relationships have not been strong enough in the past.

I know that those involved with both the medical profession, including the BMA and the education sector, want to ensure that medical education is protected and improved. They also want to know that the role of the postgraduate medical and dental deaneries, which currently form part of the strategic health authorities, will continue, so that medical students and trainees continue to be well-supported. Medicine, like many other professions, does not end at the end of training—continuing professional development is an important part of it.

**Mr Smith:** Will the Minister come on to the specific questions that I asked about bursaries, both for undergraduates and those on postgraduate entry?

**Anne Milton:** I am happy to—so that the right hon. Gentleman does not feel I am ducking his questions, I will deal with them now, once I have finished with the deaneries.

We want to retain and build on the important functions of deaneries as we build the new framework for education and training. We know how important that is, because any transition not only makes the participants feel nervous but is a significant operation for any Government. The transition is when we can let the baby slip out with the bath water.

The right hon. Gentleman raised the issue of bursaries in particular, but I have to disappoint him, in that I cannot make an announcement today. We are acutely aware how long awaited it is. No one could be more frustrated than me with the slowness of government at times, but it is important that we get it right. I thank my hon. Friends the Members for Oxford West and Abingdon (Nicola Blackwood) and for Totnes (Dr Wollaston) for their contributions. My hon. Friend the Member for Totnes also raised the issue of some of the indirect costs of training, to do with the length of the course. We will be making announcements soon but, as I said, it is important that we get it right and that we involve other Departments.

The right hon. Gentleman also asked if I would make representations via the Treasury to other organisations about supporting training schemes. It is important that we continue to do that—perhaps we do not see enough of that in this country. At this point, I should mention that Julie Moore, the chief executive of University Hospitals Birmingham NHS Foundation Trust, is leading some of the work we are doing with the NHS Future Forum, as part of the ongoing listening exercise on the health reforms. Julie will continue the debate started in the consultation, so there will be further opportunity for input. I urge him and the other Members present to get involved, to ensure that their views and the particular issues faced by medical students are taken on board.

Our responsibility is held jointly with the Department for Business, Innovation and Skills, so the right hon. Gentleman should ensure that any comments made today also go as directly to it. The two Departments are working closely together, so that the specifics of medical education can be recognised.

**Mr Smith:** I wanted the assurance that, as part of the Department of Health’s collaborative work with the Department for Business, Innovation and Skills, the long-awaited higher education White Paper, which it would have been better to have had before the fees increase rather than after, will address the specific position, challenges and opportunities of medical students.

**Anne Milton:** Very much so. To some extent, the health of the nation rests on the skills of the professions that deal with the consequences of poor health. Medical students and doctors are part of that, so it is important that we get the system right. We need to maintain a competitive edge if we are to continue to produce medical graduates of the highest calibre. We shall not fail in our duty to make representations to other Departments, although working together is not always

[Anne Milton]

as easy for government as it sounds. However, we have made significant progress, and I think our words are being heard loud and clear.

As the right hon. Gentleman knows, universities will be able to charge a basic threshold of £6,000 a year for courses, and up to £9,000 a year for some, but subject to much tougher conditions on widening participation and fair access, which he mentioned in particular. There are still many such challenges, not only for universities but for our education system and at a wider societal level, if we are truly to get participation as wide as it can be. We need to look at all sorts of other drivers in the system directing young people to their choices.

We are shifting the balance of contributions from taxpayers to graduates, who benefit most from higher earnings over the course of their working lives. It is important to recognise that, after medical students have gone through the system and become consultants, they are probably among the top few percent of wage earners in this country. Contribution from them, therefore, is important. For poorer students, who might feel that the burden is too high, there is a balance or tipping point at which active participation in a fees scheme becomes a barrier. We have done a lot of work to ensure that that is not the case, and we continue to do so.

Many of the subjects associated with medicine cost more to teach, and we want a system in which anyone with the ability can access university and study such courses without being put off by the cost. That is why we will continue to provide additional funding for science, technology, engineering and medical courses.

The NHS bursary, which is in recognition of the length of time it takes to study medicine, will continue, helping students with their tuition fees and supporting those from low to middle-income families—sometimes, the middle-income families get squeezed in the middle. We have undertaken a review of the bursary, and will make some announcements shortly. In the review, we considered the views of the British Medical Association, which played an active part, ensuring that the perspective of medical students was considered.

In addition to the NHS bursary, last year an additional £890 million were invested by the NHS to provide clinical placements to medical students, ensuring that NHS providers continue to deliver high-quality clinical placements, which are an important part of such training.

The central investment in 2011-12 is £4.9 billion, a 2% increase on 2012-13. It is important that the funding mechanisms provide the right incentives and allow funding

to be transparent, to drive quality and to be value for money, supporting a level playing field between providers. Any bursary schemes included should be easy to use and to access—sometimes, the mechanisms by which one can get support are only available to those at the top end of the IQ scale, because they are so complicated. Such complexity can be another significant barrier.

Current funding for clinical education and training is based on local agreements between strategic health authorities and providers. It can result in inequities in the funding of similar placements in different parts of the country. To resolve that, we have been working with others to develop proposals for a tariff-based approach to clinical education and training funding. Such tariffs would enable a national approach to funding all undergraduate clinical placements, including placements for medical students, as well as postgraduate medical training programmes. That will support a much more level playing field between providers. The variation in current funding arrangements means that the introduction of tariffs would have a bigger impact on some providers than others.

**Mr Smith:** Will the proposed tariff take account of the extra cost of living in certain places—obviously London but also places such as Oxford?

**Anne Milton:** We are looking at that issue at the moment. We have received about 500 consultation responses, so I am sure that it will be highlighted—it is something we need to look at. The other important thing we are looking at is proposed levies on private health care providers. Certainly, when I trained as a nurse—many years ago—that was an issue, and it remains so today.

The tariff ought to mean a more even and equitable system throughout the country. We will continue to work with SHAs and providers, and we will consider all the views expressed, to build understanding of what the tariffs will do and of how to manage the transition.

I assure the right hon. Gentleman that the Government recognise the importance of medical education and of continuing medical education. The new arrangements will take on board many of the issues he has raised, to ensure that we have a health care work force fit for the future.

*Question put and agreed to.*

1.59 pm

*Sitting adjourned.*

# Written Ministerial Statements

*Tuesday 3 May 2011*

## FOREIGN AND COMMONWEALTH OFFICE

### Afghanistan

**The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague):** I wish to inform the House that the Foreign and Commonwealth Office, together with the Ministry of Defence and the Department for International Development, is today publishing the fifth progress report on developments in Afghanistan.

The report focuses on key developments during the month of March.

Progress across the political and security spectrum was, by and large, positive in March. The continuing rise in the number of weapons caches found, the attack on the UN compound in Mazar-e-Sharif on 1 April and other protests against the burning of the Koran in the US, are clear signs however that the insurgency remains a serious threat to stability in Afghanistan.

President Karzai repeated his invitation to the Taliban to return to peaceful Afghan society. He invited

“all Afghanistan’s neighbours and in particular officials in the Islamic Republic of Pakistan to give their full and cordial support to our efforts for peace and reconciliation”.

UN Security Council Resolution 1974 renewed the mandate of the United Nations Assistance Mission (UNAMA) in Afghanistan on 22 March.

President Karzai announced the first seven provinces and urban districts to begin the process of transition to Afghan-led security responsibility, the first step towards Afghanistan assuming full responsibility for its own security by the end of 2014. President Karzai’s announcement on security transition was warmly welcomed by Afghans.

The Afghan national army led an important operation in Helmand, clearing a route of improvised explosive devices and seriously disrupting the insurgency without the active support of international security assistance forces.

The lack of an International Monetary Fund programme, which is used by the international community as an indicator of sound economic and financial management, remains a serious concern.

I am placing the report in the Library of the House. It will also be published on the Foreign and Commonwealth Office website ([www.fco.gov.uk](http://www.fco.gov.uk)) and the HMG UK and Afghanistan website (<http://afghanistan.hmg.gov.uk/>).



# Petition

Tuesday 3 May 2011

## OBSERVATIONS

### INTERNATIONAL DEVELOPMENT

#### Child Health

*The Petition of Staff and Pupils of Hackleton Church of England Primary School,*

Declares that just over 8 million children die every year before their fifth birthday, mostly from preventable causes like diarrhoea and pneumonia; that ensuring that proven, cost-effective, preventative measures such as immunisation and breastfeeding are available at family and community level can save millions of these lives; that, where child health is prioritised, in countries such as Malawi, there are real and long-lasting results, showing that change is possible; and notes that the petitioners believe that global leaders must prioritise child health and end these unnecessary deaths.

The Petitioners therefore request that the House of Commons urges the Secretary of State for International Development to widen the Government's approach on maternal and newborn health in the developing world to include child health.

And the Petitioners remain, etc.—[Presented by Andrea Leadsom, *Official Report*, 23 March 2011; Vol. 525, c. 1052.]

[P000906]

*Observations from the Secretary of State for International Development:*

The UK Government are, and will remain, a strong supporter of efforts to improve child health.

We share the concerns of the Petitioners. It is unacceptable that more than 8 million children die every year before their fifth birthday, and that over 3.5 million of these deaths are to babies who die within the first 28 days of life. It is also unacceptable that a child dies every 15 seconds from dirty water and poor sanitation.

The Department for International Development (DFID) tackles the direct causes of child mortality, including measles, malaria, diarrhoea, HIV and AIDS. Examples of DFID support include:

Over the past two years we have provided funding to help the Global Polio Eradication Initiative: vaccinate more than 400 million children using more than 1.2 billion doses of vaccine; improve the training of staff to carry out the vaccinations; and develop approaches to overcome the challenges faced in reaching children in the last polio-infected areas of the world.

We are also supporting the Global Alliance for Vaccines and Immunisation (GAVI), which since 2000 has immunised more than 280 million children saving over 5 million lives. Within this GAVI has helped prevent over 30,000 deaths from polio; over 1.2 million deaths from measles; and over 3 million deaths from Hepatitis B, reaching children in over 70 countries around the world.

We have a new priority to improve the prevention and treatment of malaria which is the cause of one in five child deaths in Africa.

DFID recently launched two new Frameworks for Results, detailing plans to tackle malaria and prevent deaths during pregnancy and childbirth. Both publications can be found on our website: [www.dfid.gov.uk](http://www.dfid.gov.uk). They will make an important contribution to achieving the Millennium Development Goal 4 (reduce child mortality) particularly through improving the survival chances of newborn babies.

The chances of a newborn baby dying remains stubbornly high. This is despite the achievement of significant reductions in infant and child deaths. The minutes and hours around childbirth is the time when the risk of death is greatest for women and babies, with around 2 million lives a year lost due to complications in labour and birth.

The health of newborns is inextricably linked to the health of their mothers. Interventions to improve maternal health and survival also improve newborn health and survival. These include: pre-birth care, skilled attendance at birth, access to emergency obstetric care when necessary, adequate nutrition, post-delivery and newborn care, education to improve health, breastfeeding, and improved sanitation, hygiene and water.

Malaria is one of the leading causes of avoidable childhood death worldwide. An estimated 781,000 people died as a result of malaria in 2009; 85% of those deaths were in children less than five years of age, and 91% occurred in Africa. Pregnant women are four times more likely to be affected by malaria than other adults and malaria contributes to maternal anaemia, putting both mother and child at risk. It exacerbates the health impact of under-nutrition. It can result in poor cognitive development and it contributes to school absenteeism across endemic countries.

One focus of the UK's approach to combating malaria is to improve case management of fever by increasing access to and use of effective malaria diagnosis and treatment. Better diagnosis of fever provides the basis for both the appropriate treatment of malaria and non-malaria cases, particularly for childhood illnesses like respiratory infection and diarrhoeal disease.

In the Frameworks for Results, the UK sets out how we will:

save 250,000 newborn babies by 2015

support at least 2 million safe deliveries, ensuring long-lasting improvements in quality maternity services, particularly for the poorest 40%; and

help halve malaria deaths in at least ten high burden countries by 2015.

The survival of mothers is important for their children's survival to and beyond five, as well as their development. Recent DFID-supported evidence from Bangladesh shows that a child whose mother has died has a significantly lower chance of surviving to 10-years-old.

We are determined to deliver the commitments we have made in our Framework for Results. We will continue to support civil society and other partners who strive to improve child health and the wider realisation of children's rights.



# Written Answers to Questions

Tuesday 3 May 2011

## HOUSE OF COMMONS COMMISSION

### Cleaning Services

**Caroline Lucas:** To ask the hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, if he will make it his policy to require all cleaning contracts held with the House of Commons Service to stipulate that the cleaning products used should be EU Ecolabel products accredited by the Department for Environment, Food and Rural Affairs; and if he will make a statement. [52371]

**John Thurso:** The two Houses have one cleaning contract. The contractor has worked with the principal supplier of the cleaning materials that they use on the parliamentary estate to improve sustainability and minimise environmental impact. Although the particular products supplied to Parliament do not carry the EU Ecolabel they are super-concentrates, which are designed for use on a large scale and can provide even better sustainability benefits, typically in terms of transport, packaging and CO<sub>2</sub> emissions. Super-concentrates are also considerably cheaper. Some essential supplies such as sanitisation products are, by their nature, incompatible with the requirements of the EU Ecolabel.

I have asked the House's Director General of Facilities to write to the hon. Member with more detailed information, and a copy of that letter will be placed in the Library.

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Bees

**Michael Fallon:** To ask the Secretary of State for Environment, Food and Rural Affairs what steps her Department is taking to encourage growth of the bee population in England. [53679]

**Mr Paice:** DEFRA is undertaking a number of steps to protect honey bee health, including control of statutory diseases, preparing for exotic pests, a range of research projects and implementation of the Healthy Bees Plan. This is a 10-year plan published by DEFRA in 2009 to achieve a sustainable and healthy population of honey bees. The Food and Environment Research Agency is working closely with beekeepers to implement the plan. An important part of this work is education and training of beekeepers, given their important role in sustaining the population of honey bees. These are a managed species whose population size is determined by the number of beekeepers, which has grown in recent years due to an increasing interest in beekeeping, the number of colonies they manage, their beekeeping skills and the time of year, given seasonal fluctuations in the size of colonies.

## Bovine Tuberculosis: Disease Control

**Caroline Lucas:** To ask the Secretary of State for Environment, Food and Rural Affairs pursuant to the answer of 9 March 2011, *Official Report*, column 1133W, on bovine tuberculosis: disease control, in what month she proposes to announce her decision; and if she will make a statement. [53660]

**Mr Paice:** We received a large number of responses to our consultation, which we are considering carefully. This is a difficult and sensitive issue and we need to get it right. We will announce our decision as part of a comprehensive and balanced TB eradication programme for England as soon as possible.

## Bovine Tuberculosis: Kent

**Michael Fallon:** To ask the Secretary of State for Environment, Food and Rural Affairs how many cases of bovine TB were confirmed in Kent in each of the last 10 years. [53670]

**Mr Paice:** There were fewer than 10 confirmed reactor cattle slaughtered under bovine tuberculosis (TB) control measures in Kent in each of the last 10 years. For data protection reasons, we do not disclose figures that total fewer than 10, as this may lead to identification of individual cases.

*Note:*

Data are provisional and subject to change as more data becomes available.

*Source:*

DEFRA's Animal Health Database (Vetnet)

## Catering

**Mr Spencer:** To ask the Secretary of State for Environment, Food and Rural Affairs what her policy is on the provision of country of origin information on menus in restaurants and cafeterias in Government buildings. [52678]

**Mr Paice:** There is no legal requirement for restaurants or cafeterias to give country of origin information on menus. However, if they do, it must not mislead.

I have welcomed the introduction, by the food industry, of voluntary principles on country of origin labelling. In the case of caterers, these state that they should be able to provide the origin of the meat, meat products and dairy products either on the menu, on accompanying literature or, at the very least, when the information is requested by the consumer. Among the criteria being considered for the forthcoming Government buying standards for food and catering services is the inclusion of these principles for all central Government catering operations.

## Cereal Products

**Neil Parish:** To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the likely effects of removal of Common Agricultural Policy subsidies from cereal producers on the cost of feed for UK pig producers. [52853]

**Mr Paice:** Feed prices are largely determined by the supply and demand situation on the world market.

Although we have made no specific assessment of the likely effects of the removal of Common Agricultural Policy subsidies from cereal producers on the cost of feed for UK pig producers, the FAPRI-UK project “Impact of HM Treasury/DEFRA’s Vision for the Common Agricultural Policy on Agriculture in the UK”, published in 2009, looked at a scenario where the single farm payment (SFP) was phased out, to be replaced by environmental payments, and agricultural trade was significantly liberalised. It concluded that “the phased elimination of the SFP on top of further trade liberalisation [would have] a small impact on the crop sector”. The report projected total feedstuff costs to be 7% lower by 2018 under this scenario, although this primarily reflects a projected fall in livestock numbers.

We are working in Europe with member states and industry to find ways to improve the overall situation for pig producers through discussions in the Commission’s Enlarged Pig Meat Advisory Group.

### Farming

**Mr Bain:** To ask the Secretary of State for Environment, Food and Rural Affairs if she will make an assessment of the capacity of the farming industry to participate in the small companies research and development tax credit scheme. [49852]

**Mr Gauke:** I have been asked to reply.

R&D tax relief is available to limited companies which carry out qualifying R&D within the definition laid out in guidelines published by BIS.

The relief is not sector specific and could be claimed by any company in the agriculture sector which engages in a project to:

‘achieve an advance in science or technology through the resolution of scientific or technological uncertainty’.

### Forests

**Ben Gummer:** To ask the Secretary of State for Environment, Food and Rural Affairs what proportion of users of public forests were (a) walkers, (b) cyclists and (c) horse riders in the latest period for which figures are available. [53260]

**Mr Paice:** The Forestry Commission has collected data at its principle recreation sites through on-site surveys since 2003.

Average figures from these surveys show that in England from 2003-09:

(a) 63% of visitors go for a walk;

(b) 32% of visitors ride a bike; and

(c) Horse riding visits are estimated at less than 1% of total visits.

**Ben Gummer:** To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the effects on local economic development of (a) cycling and (b) equestrian access to public forests. [53261]

**Mr Paice:** A study entitled “Valuing Forest Recreation Activities” was commissioned by the Forestry Commission and published in 2006.

The study estimated the local economic (income and employment) impacts of forest recreation. In particular, the study considered the mean local spend on forest recreation by horse-riders, general visitors, nature watchers and cyclists, mainly at public forests. Horse-riders generated the highest spend per visit but cycling and other activities were also found to generate significant levels of spending. Annual local expenditure at the sites surveyed in the New Forest and Thetford forest were over £60 million and £10 million respectively.

The full report can be found on the Forestry Commission’s website at:

[www.forestry.gov.uk](http://www.forestry.gov.uk)

### Greenhouse Gas Emissions

**Graeme Morrice:** To ask the Secretary of State for Environment, Food and Rural Affairs when she expects to introduce regulations on corporate greenhouse gas reporting. [53031]

**Mr Paice:** I refer the hon. Member to the answer given on 16 March 2011, *Official Report*, column 323W, to the hon. Member for Brighton, Pavilion (Caroline Lucas).

### Livestock: Animal Welfare

**Andrew Rosindell:** To ask the Secretary of State for Environment, Food and Rural Affairs what recent progress her Department has made in reducing risks to the health of farm animals. [52377]

**Mr Paice:** DEFRA’s Animal Health and Welfare Strategy places particular emphasis on the prevention of disease. Working closely with farmers, the veterinary profession and others, we are making good progress:

We have successfully eliminated Bluetongue through a well co-ordinated vaccination campaign.

DEFRA conducted a public consultation at the end of 2010 on the Government’s approach to tackling bovine tuberculosis (TB) and a badger control policy, which highlighted a number of planned changes to existing cattle measures to ensure that they are better targeted on the basis of disease risk. We will be announcing a comprehensive and balanced TB eradication programme for England as soon as possible.

We have reviewed the implementation of the Veterinary Surveillance Strategy to ensure that risks and emerging threats are effectively identified and prioritised. We continually monitor and assess the global animal health situation to help inform risk-based controls on imports of animals and animal products.

The way we respond to disease outbreaks is also an important factor in reducing risk. The evaluation report of Exercise Silver Birch, a major national exercise designed to test the Government’s ability to deal with a significant outbreak of foot and mouth disease (FMD), demonstrated the benefits of changes introduced since the 2001 FMD outbreak.

### Livestock: Transport

**Mrs Moon:** To ask the Secretary of State for Environment, Food and Rural Affairs what discussions she has had with her European counterparts on the resumption of the transport of live animals in 2011; and if she will make a statement. [52765]

**Mr Paice:** DEFRA Ministers have had no discussions with their European counterparts on the resumption in 2011 of the transport of five animals for the purposes of further fattening and slaughter. This is a separate trade from the transport of animals for breeding purposes.

Although we would prefer to see animals slaughtered as close as practicable to their point of production, the trade in live animals between member states of the European Union is legitimate and is governed by Council Regulation (EC) No 1/2005.

The European Commission is conducting a review of Regulation 1/2005 and the UK continues to provide the necessary input into this review. In preparation for the eventual publication of any formal proposal to amend the legislation, we will continue to engage with key stakeholders in order to build an evidence-base and gauge views/opinions on the Regulation's implementation and how it might be improved.

#### **Tress: *Phytophthora Ramorum***

**Neil Parish:** To ask the Secretary of State for Environment, Food and Rural Affairs what action her Department is taking to eradicate (a) *Phytophthora ramorum* and (b) *Phytophthora kernoviae* in trees. [52854]

**Mr Paice:** The Food and Environment Research Agency and the Forestry Commission are jointly implementing the £25 million, five-year, *Phytophthora* Disease Management Programme until 2014.

The aim of the programme is to reduce pathogen inoculum to epidemiologically insignificant levels by removing sporulating host plants from high risk areas to reduce the risk of significant tree death and significant impact on heathlands within England and Wales.

"*Phytophthora ramorum*" has been found to be killing Japanese larch and removal of infected trees has become a priority. The disease has been confirmed at more than 100 sites and statutory powers are being used to require felling of up to 2,000 hectares of infected trees.

"*Phytophthora kernoviae*" appears to be more of a threat to deciduous trees and heathland and action under the programme includes monitoring for this disease and eradication of any plants found to be infected.

#### **Water: Pollution**

**Mr Marcus Jones:** To ask the Secretary of State for Environment, Food and Rural Affairs what measures the Environment Agency has put in place to implement the recommendations of the National Audit Office in its report published in July 2010 on the Environment Agency's efforts to tackle diffuse water pollution in England. [53628]

**Richard Benyon:** The Environment Agency has developed an action plan and associated governance arrangements to take forward the advice and recommendations highlighted in the recent diffuse pollution report.

The actions focus on reviewing and improving approaches to evidence, communication and measures in line with NAO recommendations. Actions include joint work with DEFRA, Natural England and other third parties,

and link to the 'Catchment Management Approach' to River Basin Planning which was announced on 23 March 2011.

**Mr Jim Cunningham:** To ask the Secretary of State for Environment, Food and Rural Affairs what recent assessment she has made of the effects of water companies on the natural environment. [53636]

**Richard Benyon:** Work under the water framework directive involves assessing the current status of water bodies in each river basin and, for those that are failing, confirming the cause of failure. Where a failure is due to a water company discharge or abstraction, measures are included in the improvement plans for the water companies, which form part of their business plans. For the first cycle of river basin management plans, 25% of water body failures were due to water company discharges. However, 82% of the cost of all improvement measures is being funded by water companies. The last set of water company environmental improvement plans were approved in November 2009 and are published on the Environment Agency website.

For the second cycle, improvement plans will be confirmed in 2014 and included in the water company business plans.

The Environment Agency also measures environmental regulatory performance of the 10 major water and sewerage companies on an annual basis. This feeds into a published performance assessment, and leads to financial penalties and incentives for the companies depending on performance. The last assessment took place on 2009 data and was reported in October 2010. The collation and assessment of the 2010 data has now commenced.

### **FOREIGN AND COMMONWEALTH OFFICE**

#### **UK-Turkey Relations**

**David Morris:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent assessment he has made of the state of bilateral relations between the UK and Turkey; and if he will make a statement. [53534]

**Mr Lidington:** We have excellent co-operation with Turkey on a wide range of issues, reaffirmed in a new Strategic Partnership signed by my right hon. Friend the Prime Minister during his visit to Turkey in July last year. Priority areas for co-operation include support to stability in the middle east, trade and investment, energy and migration.

#### **Middle East**

21. **Robert Halfon:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent assessment he has made of the security situation in the middle east; and if he will make a statement. [53542]

**Mr Hague:** The stability and security of our friends in the middle east remains our major concern. But no true stability can result from the repression of legitimate demands for political participation and the rule of law.

Nothing can justify the use of lethal force against peaceful demonstrators. We are supporting peaceful reform in Tunisia and Egypt, just as we are opposing violence elsewhere, and urging all Governments to respond positively to popular calls for better governance.

### Ivory Coast

**Mr Umunna:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent assessment he has made of the political situation in Ivory Coast. [53543]

**Mr Bellingham:** We welcome the fact that President Ouattara has at last assumed the office to which he was elected last November.

He faces huge challenges including national reconciliation and economic rehabilitation. Those guilty of serious human rights abuses must also be held accountable.

We have told the President that he will have the support of the British Government in these efforts.

### Council of Europe: Manpower

**Priti Patel:** To ask the Secretary of State for Foreign and Commonwealth Affairs how many staff were

employed by each institution of the Council of Europe for the purposes of (a) communication and (b) communication with the media in the latest period for which figures are available. [52686]

**Mr Lidington:** The Foreign and Commonwealth Office does not hold this information.

**Priti Patel:** To ask the Secretary of State for Foreign and Commonwealth Affairs how many staff were employed at each grade by (a) the Council of Europe's Commissioner for Human Rights in each of the last three years and (b) each institution of the Council of Europe; and what estimate he has made of staffing levels in the Council of Europe's institutions in each of the next three years. [52687]

**Mr Lidington:** The Foreign and Commonwealth Office does not hold the information requested, and has made no estimate of future staffing levels in the Council of Europe (CoE).

The Secretariat of the CoE has provided the following information:

*Council of Europe staff: Numbers by grade working in the Office of the Commissioner for Human Rights; and total numbers working for the Council of Europe by grade*

2008													
	Grade												
	A1	A2	A3	A4	A5	A6	A7	B1	B2	B3	B4	B5	B6
HR Comm Office	1	1	5	2	—	—	—	—	2	4	1	—	—
Total staff by grade	49	133	252	137	63	32	9	20	278	468	216	130	19

  

2009													
	Grade												
	C1	C2	C3	C4	C5	C6	L1	L2	L3	L4	L5	Total	
HR Comm Office	—	—	—	—	—	—	—	—	—	—	—	—	16
Total staff by grade	6	30	46	30	19	5	1	11	29	16	3	2,002	

  

2010													
	Grade												
	A1	A2	A3	A4	A5	A6	A7	B1	B2	B3	B4	B5	B6
HR Comm Office	2	1	4	2	—	1	—	—	2	3	2	—	—
Total staff by grade	38	140	273	139	63	32	9	13	264	503	235	143	19

  

2010													
	Grade												
	C1	C2	C3	C4	C5	C6	L2	L3	L4	L5	Total		
HR Comm Office	—	—	—	—	—	—	—	—	—	—	—	—	17
Total staff by grade	3	49	47	32	19	4	1	8	30	15	4	2,083	

  

2010													
	Grade												
	A1	A2	A3	A4	A5	A6	A7	B1	B2	B3	B4	B5	B6
HR Comm Office	2	5	4	2	—	1	—	—	2	4	2	—	—
Total staff by grade	23	148	287	142	62	34	10	5	274	533	252	151	18

  

2010													
	Grade												
	C1	C2	C3	C4	C5	C6	L2	L3	L4	L5	Total		
HR Comm Office	—	—	—	—	—	—	—	—	—	—	—	—	22
Total staff by grade	3	55	47	30	17	4	8	33	15	4	2,155		

### Departmental Official Cars

**Maria Eagle:** To ask the Secretary of State for Foreign and Commonwealth Affairs on what date (a) he and (b) each other Minister in his Department last used a ministerial car while travelling in an official capacity; and how many times (i) he and (ii) each other Minister in his Department has travelled to their constituency in a ministerial car since May 2010. [50194]

**Mr Lidington:** The information is as follows:

(a) and (b): All Ministers have used a car in the last week.

(i) and (ii): This information is not held centrally and is available only at disproportionate cost.

### Departmental Vacancies

**Mike Freer:** To ask the Secretary of State for Foreign and Commonwealth Affairs what the staff vacancy rate in his Department was in 2010-11; and what vacancy rate has been assumed in his Department's budget for 2011-12. [51387]

**Mr Lidington:** In 2010-11, the Foreign and Commonwealth Office (FCO) filled 21 Fast Stream programme and 30 other vacancies for UK-based staff through external recruitment campaigns. This represents a vacancy rate of approximately 1.02%.

In 2011-12, the FCO expects to take on a similar number of applicants to the Fast Stream programme to last year. The Fast Stream recruitment programme is exempt from the Government-wide recruitment freeze.

It is not possible to provide an overall figure for vacancy rates in 2011-12. External vacancies arise only when roles are not filled either internally or from across Whitehall and it is difficult to predict these in advance.

### Diplomatic Service

**Chi Onwurah:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent assessment he has made of the adequacy of his Department's consular support to British nationals involved in conflicts or natural disasters overseas. [53526]

**Mr Jeremy Browne:** The Foreign and Commonwealth Office (FCO) has in recent months responded to an unprecedented number of crises. We have deployed significant resources to provide immediate, emergency consular assistance to British nationals. Overall the support has been excellent. However, there are lessons to be learnt and the Secretary for State for Foreign and Commonwealth Affairs, my right hon. Friend the Member for Richmond (Yorks) (Mr Hague), commissioned a review to examine the FCO's arrangements for leading the evacuation of British nationals in a crisis, and, as he informed the House on 21 March 2011, *Official Report*, columns 822-23W, we will publish the report of the review.

In the meantime, we are ensuring that our responses in Syria and elsewhere are reflecting our experiences of earlier crises.

### European External Action Service: Manpower

**Priti Patel:** To ask the Secretary of State for Foreign and Commonwealth Affairs what the current staffing level is of the European External Action Service; and what the expected full staffing level is of that service. [52685]

**Mr Lidington:** There are currently 3,720 staff slots in the European External Action Service (EEAS). The 2012 draft Budget includes plans for 27 new posts. These, and any future additional staff slots would have to be agreed by the EU member states. We are pressing the EEAS to adhere to the agreed principle of budget neutrality.

### Exports: Asbestos

**Natascha Engel:** To ask the Secretary of State for Foreign and Commonwealth Affairs if he will raise the risks associated with the export of asbestos from Commonwealth states to other Commonwealth states at the Commonwealth Heads of Government conference in October 2011. [51756]

**Mr Lidington:** It is for the hosts and the Commonwealth Secretariat to set the agenda for the Commonwealth Heads of Government Meeting in Perth, Australia. We have every confidence that the agenda will meet the priorities of all member states.

### Gibraltar

**Andrew Rosindell:** To ask the Secretary of State for Foreign and Commonwealth Affairs how much the Government of Gibraltar received from his Department in each of the last five years. [52069]

**Mr Lidington:** The Government of Gibraltar have not received any funding from the Foreign and Commonwealth Office in the last five years.

### Gibraltar: Spain

**Andrew Percy:** To ask the Secretary of State for Foreign and Commonwealth Affairs what reports he has received of the dispute involving the Spanish police and the Royal Gibraltar Police; and if he will make a statement. [53841]

**Mr Lidington:** We have received information from the Gibraltar authorities and the Spanish Government about the incident involving the Royal Gibraltar Police (RGP) and the Spanish Guardia Civil (GC) on Sunday 24 April in British Gibraltar Territorial Waters (BGTW).

The incident occurred during the attempted seizure of a suspect vessel thought to be smuggling drugs. Two suspected smugglers were arrested by Spanish officials and transported to Spain. The UK remains fully confident of its sovereignty over British Gibraltar Territorial Waters and we make this clear to the Spanish authorities on all appropriate occasions.

I discussed the issue of incursions by Guardia Civil vessels into British Gibraltar Territorial Waters with the Governor and the Chief Minister of Gibraltar during my visit to Gibraltar on 12 and 13 April.

The UK remains fully committed to the Trilateral Forum as the best means of improving co-operation to the benefit of all the people in the region. I am confident that both the Spanish and Gibraltar Governments share this aim. Judicial, customs and police co-operation is one of the six areas currently being developed under the auspices of the forum.

#### **Iraq: Iran**

**Jim Fitzpatrick:** To ask the Secretary of State for Foreign and Commonwealth Affairs what steps his Department is taking to assist the residents of Camp Ashraf. [52705]

**Alistair Burt:** Our embassy officials meet regularly with the UN Assistance Mission to Iraq (UNAMI) and international partners to discuss the situation in Camp Ashraf. We remain concerned about recent developments and have urged the Iraqi authorities to take immediate steps to calm the situation at the camp; ensure that medical supplies are able to enter; and ensure that the human rights of camp residents are respected. We will continue to monitor developments at the camp closely.

**Jim Fitzpatrick:** To ask the Secretary of State for Foreign and Commonwealth Affairs what discussions he has had with the Iraqi ambassador about recent attacks on Camp Ashraf by the Iraqi army. [52706]

**Alistair Burt:** Iraq is yet to appoint a new ambassador to the United Kingdom. However, following an incident on 8 April 2011 at Camp Ashraf, I released a statement calling on the Government of Iraq to cease violent operations in Camp Ashraf immediately.

Our embassy officials, including our ambassador in Baghdad, have raised concerns about the incident with the Iraqi President, Prime Minister, Foreign Minister and Minister of Human Rights. We have made it clear to the Iraqi authorities that we deplore any loss of life and have urged them to set up an independent investigation into the incident.

#### **Members: Correspondence**

**Mr Winnick:** To ask the Secretary of State for Foreign and Commonwealth Affairs when he plans to respond to the letter from the hon. Member for Walsall North of 4 April 2011 about a constituent. [53789]

**Mr Lidington:** The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), replied to the hon. Member for Walsall North on 28 April 2011.

#### **Palestinians**

**Guto Bebb:** To ask the Secretary of State for Foreign and Commonwealth Affairs what reports he has received on actions by the Palestinian Authority to honour Palestinian citizens that have participated in terrorist acts; and if he will make a statement. [52232]

**Alistair Burt:** The UK deplores all incitement to violence. The naming of a square after the leader of the 1978 terrorist attack would have been distasteful under any circumstances, but particularly so in the wake of

the murders that occurred in Itamar. We also strongly oppose the payment of cash directly linked to acts of violence. Our Consulate General in Jerusalem will raise these issues with the Fatah Leadership.

We welcomed Palestinian President, Mahmoud Abbas' condemnation of the murders that occurred in Itamar. He said they were despicable, immoral and inhuman. We endorse President Abbas's commitment to a path of non-violence and a negotiated solution to the peace process.

#### **Sri Lanka: Elections**

**Mr Mike Hancock:** To ask the Secretary of State for Foreign and Commonwealth Affairs what reports he has received on voter registration of displaced civilians in the north of Sri Lanka during that country's recent local elections. [52870]

**Alistair Burt:** We have some concerns about the registration of voters in the north of Sri Lanka, particularly registration of the displaced population. Our high commission in Colombo has raised these concerns with the Government and is considering projects which might provide practical assistance with voter registration.

#### **Sri Lanka: Politics and Government**

**Mr Mike Hancock:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent assessment he has made of the state of civil society in Sri Lanka. [52869]

**Alistair Burt:** The Foreign and Commonwealth Office's (FCO) 2010 Human Rights and Democracy Report highlights areas of progress, as well as the challenges that remain. The report is available on the FCO Website at:

<http://www.fco.gov.uk/en/global-issues/human-rights/around-the-world/human-rights-report/>

We remain concerned about the difficult environment for civil society groups, media and opposition. Prominent human rights defenders have faced criticism from the Government, human rights organisations have experienced difficulties with visas to work in Sri Lanka and activists have been intimidated when carrying out their work. We continue to make our concerns known to the Government of Sri Lanka most recently when I met the Sri Lankan Foreign Minister on 31 March 2011.

**Mr Kennedy:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent reports he has received on the role of the military in civilian life in Sri Lanka. [53620]

**Alistair Burt:** Although the military conflict ended in May 2009, military personnel in Sri Lanka continue to maintain a significant presence. We are aware of increasing involvement by the Sri Lankan army in civilian activities, including law enforcement, particularly in the north. The Sri Lankan Ministry of Defence also control the Urban Development Authority. We believe the extension of military activity to areas of civilian life may hinder the reconciliation process.

### Sri Lanka: Press Freedom

**Mr Kennedy:** To ask the Secretary of State for Foreign and Commonwealth Affairs what recent reports he has received on media freedom in Sri Lanka. [53619]

**Alistair Burt:** We monitor the issue of media freedom in Sri Lanka closely. The media there continues to operate in a difficult environment. We regularly urge the Government of Sri Lanka to take decisive action to guarantee press freedom and raise particular cases of concern. Our 2010 Human Rights and Democracy Report:

<http://www.fco.gov.uk/en/global-issues/human-rights/around-the-world/human-rights-report/>

highlights areas of progress as well as the challenges that remain.

### NORTHERN IRELAND

#### Royal Ulster Constabulary: Catholicism

**Philip Davies:** To ask the Secretary of State for Northern Ireland what proportion of officers of the Royal Ulster Constabulary were (a) Catholic and (b) Protestant at the time it was disbanded. [52677]

**Mr Paterson:** The Police Service of Northern Ireland (PSNI) came into being on 4 November 2001, by virtue of section 1 of the Police (Northern Ireland) Act 2000. At that time there was a total of 9,446 police officers, including reserve officers. Of that total 756 were Catholic, 8,305 were Protestant and 385 were of undetermined community background.

### TRANSPORT

#### Aviation: Working Hours

**Jim Dobbin:** To ask the Secretary of State for Transport what recent discussions Ministers in his Department have had in the Council of Ministers on (a) the European Aviation Safety Agency and (b) Flight Time Limitations. [53604]

**Mrs Villiers:** I refer the hon. Member to my answer given to the hon. Member for Eastbourne (Stephen Lloyd) of 28 February 2011, *Official Report*, column 178W.

#### Railways: Electrification

**Clive Efford:** To ask the Secretary of State for Transport if he will ensure that Network Rail take steps to reduce delays and cancellations caused by the freezing of the third electrified rail on South East franchise rail lines. [46980]

**Mrs Villiers:** The "third-rail" electrified network has suffered disruption during the last three winters because of the formation of ice on electrical conductor rails. As a result, during 2010 Network Rail installed experimental heating elements at selected sites to keep the conductor rail free of ice when such conditions arise.

It is understood that very good test results were achieved during the severe weather in December 2010, and Network Rail is now proposing to install the system at an additional 160 sites.

I have discussed this potential solution with senior representatives of Network Rail and the Office of Rail Regulation, and will continue to monitor the progress of this and other actions to improve rail service resilience in the future.

The Quarmby review of the resilience of England's transport systems in winter recommended that conversion of the top contact/third rail system to a less vulnerable method of traction current supply should be considered and evaluated.

The Secretary of State asked the rail industry to formulate proposals in response to the recommendations in the report, including third-rail alternatives, to help the rail system to improve its resilience in winter weather.

In addition the Rail Safety and Standards Board has initiated a research study into the economics of converting to alternatives to the third rail DC system. The outputs of this research work will help inform future investment decisions in relation to the electrified rail network.

### JUSTICE

#### Crime

**Mr Ruffley:** To ask the Secretary of State for Justice on how many occasions (a) antisocial behaviour orders, (b) acceptable behaviour contracts, (c) warnings, (d) individual support plans, (e) action plan orders, (f) child safety orders, (g) referral orders, (h) parenting orders, (i) parenting contracts, (j) local child curfew schemes, (k) dispersal powers, (l) fixed penalty notices for disorderly behaviour, (m) detention and training orders, (n) seizure of vehicles used antisocially, (o) closure of licensed premises, (p) confiscation of alcohol from young people and (q) designated public places orders have been used in each (i) local authority and (ii) basic command unit of each police authority area in each region of England and Wales in each year since 2007. [53376]

**Mr Blunt:** The available information required to answer this question is currently being collated. I will write to the hon. Member as soon as it is available. A copy will be placed in the House Library.

**Mr Ruffley:** To ask the Secretary of State for Justice how many (a) prosecutions have been brought and (b) fixed penalty notices have been issued by (i) police and (ii) local authorities for (A) fly-tipping, (B) graffiti, (C) dog fouling, (D) the dropping of litter and (E) parking offences in each year since 2008. [53398]

**Mr Blunt:** I refer the hon. Member to the answer given on 17 March 2011, *Official Report*, column 558W, for the requested information on the number of prosecutions.

Regarding the information requested on fixed penalty notices, please note that a penalty notice for disorder (PND) may be issued for offences of criminal damage (which includes graffiti) and littering. See Table 1 for

the number of persons aged 16 and over issued with a PND for these offences in England and Wales for 2008 and 2009.

PND data for 2010 are planned for publication on 26 May 2011.

The Department for Environment, Food and Rural Affairs (DEFRA) publish data on fixed penalty notices (FPNs) for offences listed in parts (B) to (D) of the question. FPNs cannot be issued for fly-tipping. Police community support officers can issue FPNs on behalf of the local authority and these are included in the aggregated figure provided by each local authority to DEFRA. The available information on the number of FPNs issued, by offence type, in England for 2007-08 and 2008-09 can be viewed in Table 2. DEFRA advise that this data collection is now discontinued.

The Home Office advise that information for parking offences in 2008 and 2009 is published in chapter 3 of the Home Office Statistical Bulletin "Police Powers and Procedures 2009/10", a copy of which can be found in the Library of the House. Fixed penalty notice data for 2010 are due to be published in 2011.

Table 1: Number of persons aged 16 and over issued with a penalty notice for disorder for criminal damage and depositing and leaving litter offences, England and Wales, 2008 and 2009<sup>1</sup>

	2008	2009
Criminal damage (under £500)	13,427	10,145
Depositing and leaving litter	1,202	1,148

<sup>1</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

Source:

Justice Statistics Analytical Services—Ministry of Justice.

Number of persons proceeded against at the magistrates court for driving without insurance, in the East of England region by police force area, 2006-09<sup>1, 2</sup>

Statute	Offence description	Proceeded against			
		2006	2007	2008	2009
Road Traffic Act 1988 S.143(2)	Using motor vehicle uninsured against third party risks				
<i>Police force area within East of England</i>					
Bedfordshire		2,702	2,436	2,572	2,683
Cambridgeshire		2,826	1,972	1,435	1,516
Essex		4,511	4,865	4,176	4,372
Hertfordshire		6,023	4,523	3,491	3,056
Norfolk		2,690	2,509	2,440	1,540
Suffolk		2,250	1,768	1,645	1,868
Total		21,002	18,073	15,759	15,035

<sup>1</sup> The figures given in the table on court proceedings relate to persons for whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences, it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences, the offence selected is the offence for which the statutory maximum penalty is the most severe.

<sup>2</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

Source:

Justice Statistics Analytical Services: Ministry of Justice.

**Mr Ruffley:** To ask the Secretary of State for Justice how many drivers have been prosecuted for (a) offences under sections (i) 3 and (ii) 34 of the Road Traffic Act 1988 and (b) failing to stop after an accident under the provisions of that Act in Suffolk in each year since 2009. [53443]

Table 2: Number of fixed penalty notices issued in England, 2007-08 and 2008-09

(B) Graffiti	
Reporting year (April to March)	Number
2008-09	119
2007-08	138
(C) Dog fouling	
Reporting year (April to March)	Number
2008-09	2,071
2007-08	2,079
(D) Litter	
Reporting year (April to March)	Number
2008-09	35,465
2007-08	33,693

Source:

Department for Environment, Food and Rural Affairs.

### Driving Offences

**Mr Ruffley:** To ask the Secretary of State for Justice how many people have been prosecuted for driving a car while uninsured in each police authority area in the East of England in each year since 2006. [53381]

**Mr Blunt:** The number of persons proceeded against at magistrates courts in the East of England region for driving without insurance, by police force area, for the year 2006-09 (latest available) can be viewed in the following table.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

**Mr Blunt:** I refer the hon. Gentleman to the answers I gave on 10 March 2011, *Official Report*, columns 1211-12W.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

### Human Trafficking: Sentencing

**Jack Dromey:** To ask the Secretary of State for Justice if he will take steps to increase the length of sentences for traffickers in forced labour cases for the purposes of ensuring that sentences passed (a) reflect the seriousness of the crime committed and (b) are significant enough to act as an effective deterrent.

[53330]

**Mr Blunt:** The offences of trafficking people for exploitation, trafficking people for prostitution and trafficking people for sexual exploitation all carry a maximum penalty of 14 years' imprisonment, which reflects the seriousness of these crimes. Within the maximum penalty, sentencing is entirely a matter for the courts, taking account of all the circumstances of each case and any relevant sentencing guidelines and case law.

### Offenders

**Philip Davies:** To ask the Secretary of State for Justice how many offenders on (a) probation and (b) licence have travelled abroad unsupervised in each of the last three years.

[53006]

**Mr Blunt:** Information on the number of offenders who have been given permission to travel abroad while on licence is not held centrally. To provide such information would incur disproportionate cost.

### Police: Prison Accommodation

**Mr Ruffley:** To ask the Secretary of State for Justice how many prisoners are being held in police cells; at what cost; and how many have been so held in (a) England and Wales and (b) each police force area in each year since 2009.

[53405]

**Mr Blunt:** Police cells, under Operation Safeguard, have not been used since 22 September 2008 and no police cells under Operation Safeguard have been on stand by since the end of October 2008.

In addition to Operation Safeguard arrangements, prisoners may be held overnight in police cells as a "lockout". Lockouts can arise from a number of factors, including late court sittings, which can compromise the contractors' ability to deliver the prisoner to prison prior to the reception closure time. Under an agreement between NOMS and ACPO, NOMS are charged a flat rate fee of £55.00 per prisoner per night for the use of police cells in these circumstances.

On 26 April 2010, *Official Report*, column 168W, I provided my hon. Friend with the total number of prisoners held overnight in a police cell as a lockout in 2010.

The following table shows the number of lockouts in 2009, 2010 (information provided previously) and 2011 (up to 31 March).

<i>Number of lockouts in 2009, 2010 and 2011<sup>1</sup> by police force area</i>			
<i>Police force</i>	<i>2009</i>	<i>2010</i>	<i>2011<sup>1</sup></i>
Avon and Somerset	0	0	0
Bedfordshire	12	4	4
BTP	0	0	0

<i>Number of lockouts in 2009, 2010 and 2011<sup>1</sup> by police force area</i>			
<i>Police force</i>	<i>2009</i>	<i>2010</i>	<i>2011<sup>1</sup></i>
Buckinghamshire	0	0	0
Cambridgeshire	0	0	0
Cheshire	0	0	0
City of London	0	0	0
Cleveland	0	0	0
Cumbria	0	0	0
Derbyshire	0	0	0
Devon and Cornwall	9	4	0
Dorset	0	3	0
Durham	0	0	0
Dyfed Powys	0	0	0
Essex	8	9	1
Gloucestershire	0	0	0
Greater Manchester	0	1	0
Gwent	0	1	0
Hampshire	6	8	3
Hertfordshire	11	10	3
Humberside	0	3	1
Kent	4	19	1
Lancashire	2	0	0
Leicestershire	20	11	2
Lincolnshire	1	2	0
Merseyside	0	0	0
Metropolitan Police	67	101	31
Middlesex	0	0	0
Norfolk	3	0	0
North Yorkshire	0	1	0
North Wales	0	0	0
Northamptonshire	3	1	0
Northumbria	0	0	0
Nottinghamshire	2	0	1
South Yorkshire	0	1	0
South Wales	0	0	0
Staffordshire	0	1	0
Suffolk	0	7	0
Surrey	6	2	0
Sussex	3	19	0
Thames Valley	18	10	0
West Mercia	0	0	0
West Midlands	0	0	0
West Yorkshire	0	0	0
Warwickshire	0	2	0
Wiltshire	0	0	0
<b>Total</b>	<b>175</b>	<b>220</b>	<b>47</b>

<sup>1</sup> Up to 31 March

### Prison Service: Violence

**Mr Mike Hancock:** To ask the Secretary of State for Justice (1) what assessment he has made of the effectiveness of the Prison Service's policy on zero tolerance on violence;

[52778]

(2) what checks are in place to ensure the accuracy of reporting of assaults on Prison Service staff.

[52672]

**Mr Blunt:** NOMS is fully committed to zero tolerance to violence in prisons. No act of violence is acceptable, be it verbal, physical or directed at property. Zero tolerance is a proactive approach to reducing violence in all its forms, in our prisons, and is subject to ongoing and robust monitoring.

The Incident Reporting System (IRS, now integrated onto the NOMIS system) is used to record events that undermine the safety of those within an establishment. Assaults are one category of IRS data. The data-entry process is largely reliant on each establishment accurately recording incidents as they occur.

Every assault incident entered onto NOMIS is subject to a central check to ensure that the incident has been reported correctly on the reporting system. If the incident has been reported incorrectly then the establishment is contacted and asked to rectify the error. Once the incident has been entered correctly it is locked and the establishment is no longer able to modify the incident report without contacting NOMS HQ. At regular intervals NOMS HQ will follow up any outstanding incidents with establishments to ensure they are captured accurately and in full.

NOMS uses NOMIS data to undertake quarterly monitoring on levels of violence, referrals to the police and the number of successful prosecutions.

NOMS is committed to open reporting and since 2009 data on violence in prisons has been published in the Ministry of Justice Safety in Custody statistics.

### Prisons: Private Sector

**Sadiq Khan:** To ask the Secretary of State for Justice what estimate he has made of the cost per prisoner place in each private sector prison (a) including and (b) excluding any capital repayment element in each of the last five years. [53338]

**Mr Blunt:** The following two tables show the cost per place and per prisoner for the four years 2006-07 to 2009-10. Figures for 2010-11 are not yet available.

For each year the direct cost is shown. Additionally, for 2007-08 to 2009-10 an overall cost is also shown (this information was not collected prior to 2007-08). The direct cost reflects mainly the direct contract costs for each private prison. The overall cost also includes costs met centrally by NOMS, including rates, depreciation, cost of capital, major maintenance, prisoner transport, etc. This includes some estimation.

The capital repayment element is not normally included in the cost per place/prisoner as it is not part of the annual resource operating cost. In table 2 it has been added to the direct cost only, as the overall cost figures in Table 1 already include depreciation and cost of capital charges.

Doncaster and Wolds are privately managed prisons, while the remainder are run under private finance initiative contract arrangements. Due to changes in accounting treatment over the period covered, the figures are not necessarily directly comparable.

Cost per prison place is expressed in terms of the baseline certified normal accommodation number of places, which will generally give a higher unit cost than the cost per prisoner.

	2009-10		Overall expenditure (£)	
	Direct resource expenditure (£)	Cost per prisoner	Cost per place	Cost per prisoner
<i>exc. Capital repayment</i>				
Altcourse	58,486	35,883	61,926	37,993
Ashfield	56,858	81,292	57,273	81,885
Bronzefield	51,817	54,865	56,126	59,428
Doncaster	30,475	21,018	43,937	30,302
Dovegate	34,844	32,995	37,039	35,074
Forest Bank	36,051	26,300	40,173	29,307
Lowdham Grange	31,114	29,215	34,191	32,105
Pare	54,169	38,660	56,974	40,662
Peterborough	37,253	32,937	41,462	36,658
Rye Hill	30,775	28,284	33,632	30,910
Wolds	29,195	24,197	40,737	33,765
Total	40,840	33,354	45,409	37,086

  

	2008-09		Overall expenditure (£)	
	Direct resource expenditure (£)	Cost per prisoner	Cost per place	Cost per prisoner
<i>exc. Capital repayment</i>				
Altcourse	58,885	36,982	62,701	39,379
Ashfield	56,672	63,424	59,033	66,067
Bronzefield	57,817	59,537	60,348	62,143
Doncaster	37,820	26,205	44,026	30,504
Dovegate	34,829	33,220	37,305	35,581
Forest Bank	35,652	25,576	38,845	27,867
Lowdham Grange	32,207	30,153	34,699	32,486
Pare	53,615	37,698	57,033	40,101
Peterborough	38,584	33,563	41,303	35,928
Rye Hill	31,095	28,880	33,594	31,202
Wolds	37,228	31,302	42,720	35,920
Total	42,686	34,437	46,054	37,153

  

	2007-08		Overall expenditure (£)	
	Direct resource expenditure (£)	Cost per prisoner	Cost per place	Cost per prisoner
<i>exc. Capital repayment</i>				
Altcourse	58,464	34,740	62,213	36,968
Ashfield	54,950	58,089	58,473	61,814
Bronzefield	53,824	54,922	57,275	58,444
Doncaster	36,055	24,513	46,437	31,572
Dovegate	32,668	31,039	34,763	33,029
Forest Bank	32,955	24,121	35,068	25,667
Lowdham Grange	30,498	29,440	32,454	31,328
Pare	50,330	37,324	53,557	39,718
Peterborough	36,138	31,786	38,455	33,824
Rye Hill	29,532	28,859	31,426	30,709
Wolds	33,986	29,236	44,236	38,053
Total	40301	32,760	44,111	35,856

  

	2006-07		Overall expenditure (£)	
	Direct resource expenditure (£)	Cost per prisoner	Cost per place	Cost per prisoner
<i>exc. Capital repayment</i>				
Altcourse	55,108	32,947	n/a	n/a
Ashfield	49,960	54,304	n/a	n/a
Bronzefield	47,045	50,285	n/a	n/a
Doncaster	27,828	19,312	n/a	n/a

2006-07				
<i>exc. Capital repayment</i>	<i>Direct resource expenditure (£)</i>		<i>Overall expenditure (£)</i>	
	<i>Cost per place</i>	<i>Cost per prisoner</i>	<i>Cost per place</i>	<i>Cost per prisoner</i>
Dovegate	29,048	28,619	n/a	n/a
Forest Bank	29,097	22,212	n/a	n/a
Lowdham Grange	27,264	25,447	n/a	n/a
Pare	44,080	34,914	n/a	n/a
Peterborough	31,319	30,626	n/a	n/a
Rye Hill	24,577	24,455	n/a	n/a
Wolds	25,221	21,638	n/a	n/a
Total	34,996	29,534	n/a	n/a

Table 2

2009-10		
<i>Inc. Capital repayment (direct resource expenditure)</i>	<i>Cost per place (£)</i>	<i>Cost per prisoner (£)</i>
Altcourse	61,254	37,581
Ashfield	60,839	86,985
Bronzefield	54,438	57,641
Doncaster	30,475	21,018
Dovegate	38,577	36,531
Forest Bank	37,557	27,399
Lowdham Grange	33,323	31,289
Pare	58,687	41,885
Peterborough	39,049	34,525
Rye Hill	32,401	29,779
Wolds	29,195	24,197
Total	43,181	35,266

2008-09		
<i>Inc. Capital repayment (direct resource expenditure)</i>	<i>Cost per place (£)</i>	<i>Cost per prisoner (£)</i>
Altcourse	61,440	38,587
Ashfield	60,357	67,549
Bronzefield	60,426	62,224
Doncaster	37,820	26,205
Dovegate	38,860	37,065
Forest Bank	37,191	26,680
Lowdham Grange	34,280	32,094
Pare	57,780	40,626
Peterborough	40,281	35,039
Rye Hill	32,605	30,283
Wolds	37,228	31,302
Total	44,933	36,249

2007-08		
<i>Inc. Capital repayment (direct resource expenditure)</i>	<i>Cost per place (£)</i>	<i>Cost per prisoner (£)</i>
Altcourse	61,068	36,287
Ashfield	58,361	61,696
Bronzefield	56,306	57,455
Doncaster	36,055	24,513
Dovegate	36,407	34,591
Forest Bank	34,391	25,172
Lowdham Grange	32,414	31,290
Pare	54,169	40,171
Peterborough	37,740	33,195
Rye Hill	30,935	30,229
Wolds	33,986	29,236
Total	42,409	34,474

2006-07		
<i>Inc. Capital repayment (direct resource expenditure)</i>	<i>Cost per place (£)</i>	<i>Cost per prisoner (£)</i>
Altcourse	57,923	34,629
Ashfield	53,174	57,797
Bronzefield	49,406	52,809
Doncaster	27,828	19,312
Dovegate	32,516	32,036
Forest Bank	30,437	23,234
Lowdham Grange	29,513	27,545
Pare	47,618	37,717
Peterborough	32,833	32,106
Rye Hill	25,879	25,750
Wolds	25,221	21,638
Total	37,025	31,246

**Sadiq Khan:** To ask the Secretary of State for Justice how much disinvestment he expects will be required from each private sector prison in (a) 2010-11, (b) 2011-12 and (c) 2012-13. [53336]

**Mr Blunt:** The level or nature of disinvestment has not yet been agreed. We are in negotiations with the main providers of contracts to central Government and decisions regarding the disinvestment in private sector prisons are dependent on the outcome of these discussions.

#### Prisons: Public Expenditure

**Sadiq Khan:** To ask the Secretary of State for Justice what level of efficiency savings he expects each of the public sector prisons to achieve in each of the next five years. [53335]

**Mr Blunt:** I assume the right hon. Member wants the percentage level of efficiency savings predictions for the next five years. There are currently targeted plans that span the spending review period through to 2014-15. As part of the plans to deliver the savings required in the current spending review, public sector prisons will be required to deliver real terms efficiency savings of 10% by 2014-15. The intention is not to realise the 10% savings equally across all of the public sector prisons, but to ensure that local factors are taken into account in efficiency plans.

#### Prisons: Visits

**Mr Ruffley:** To ask the Secretary of State for Justice how many people visiting prisons were found to be in possession of illegal drugs in each year since 2007-08; how many such people were referred to the police; and what steps were taken in respect of those not referred to the police in each such case. [53378]

**Mr Blunt:** Information on the number of visitors to prisons in England and Wales found in possession of illegal drugs is not recorded centrally. Information on the actions taken in respect of visitors not referred to police is now held at local level. To provide the information would require a detailed investigation into all local records and incur disproportionate cost. It is NOMS policy to refer all visitors found to be in possession of drugs, to the police.

The following table shows a breakdown by year of visitors arrested or apprehended who have been suspected of smuggling drugs into prisons in England and Wales.

	<i>Total</i>
2007-08	432
2008-09	472
2009-10	354
2010-11	282

These figures have been drawn from live administrative data systems which may be amended at any time. Although care is taken when processing and analysing the returns, the detail collected is subject to the inaccuracies inherent in any large scale recording system.

These figures may change should any further incidents relating to this period be identified and reported to NOMS.

### Privacy

**Austin Mitchell:** To ask the Secretary of State for Justice what information his Department holds on super-injunctions issued in relation to the right to privacy; and if he will make a statement. [53661]

**Mr Djanogly:** We are currently examining the issue of how reliable data on the number of injunctions issued by the courts might be collated in the future.

**Austin Mitchell:** To ask the Secretary of State for Justice if he will bring forward proposals to amend the law on privacy. [53662]

**Mr Djanogly:** The Government recognise the importance of finding the correct balance between individual rights to privacy on one hand with rights to freedom of expression and transparency of official information on the other. Our proposed reforms of the law of defamation are one aspect of this balancing process. Another is the Master of the Rolls' Committee to examine the use of super-injunctions and other issues relating to injunctions which bind the press. The Government will await the report from the Master of the Rolls Committee before deciding on next steps.

### Secure Accommodation: Young Offenders

**Paul Maynard:** To ask the Secretary of State for Justice if he will place in the Library copies of the most recent reports by Youth Justice Board performance monitors on the secure estate. [53257]

**Mr Blunt:** Reports prepared by Youth Justice Board (YJB) performance monitors on the secure estate are used for internal management by the YJB. They allow the YJB to consider commissioning and performance options, and factors relating to the placement of young people. Reports contain personal, sensitive and commercial information that if published would compromise function, relationships and prejudice contracts. HM Inspectorate of Prisons and Ofsted undertake formal inspections of the youth secure estate and their reports are published and can be accessed through the inspectorate websites.

**Paul Maynard:** To ask the Secretary of State for Justice what estimate he has made of the potential savings to the public purse arising from the closure of facilities in the youth justice secure estate in each year of the comprehensive spending review period. [52745]

**Mr Blunt:** The estimated savings generated by the Youth Justice Board through its decommissioning of parts of the youth secure estate in 2011-12 are £17.6 million.

The decommissioning programme began in 2009 and generated savings of £6.25 million in 2009-10 and £21.949 million in 2010-11.

Savings across the remainder of the spending review period are yet to be finalised and will depend on the demand for youth secure places in the period.

### Sentencing: Females

**John McDonnell:** To ask the Secretary of State for Justice how many women who formerly served in the armed forces are serving a custodial sentence in prisons in England and Wales; and how many such prisoners have children who are in the care of a local authority or kinship placement. [53325]

**Mr Blunt:** In September 2010, the Ministry of Justice and Ministry of Defence published the results of a joint study to estimate how many prisoners in England and Wales had been in the regular armed forces. This showed that 3.5% of prisoners had previously served in the regular armed forces, of which 0.4% were female. This report may be found in the House of Commons Library and at the following web link:

<http://www.dasa.mod.uk/applications/newWeb/www/index.php?page=66&pubType=3>

Data on prisoners with children who are in the care of a local authority or kinship placement are not held centrally, and to collect them would incur disproportionate cost.

### Young Offenders

**Mr Ruffley:** To ask the Secretary of State for Justice how many (a) 15, (b) 16 and (c) 17-year-olds were given custodial sentences in each police force area since 2009; and what the average length was of such sentences. [53373]

**Mr Blunt:** I refer the hon. Gentleman to the answer I gave on 16 March 2011, *Official Report*, column 474W.

Please note that court proceedings data for 2010 are planned for publication on 26 May 2011.

## CULTURE, MEDIA AND SPORT

### BBC

**Mr Amess:** To ask the Secretary of State for Culture, Olympics, Media and Sport pursuant to the answer of 6 September 2010, *Official Report*, column 309W, on the BBC, what progress has been made on proposals to make the BBC more accountable to Parliament; what discussions he has had with the BBC on this issue since October 2010; and if he will make a statement. [53013]

**Mr Vaizey:** My officials are working with the BBC Trust on the detail of the new arrangements. The Secretary of State for Culture, Olympics, Media and Sport, the right hon. Member for South West Surrey (Mr Hunt) discussed the matter in a phone call with the chairman of the BBC Trust on 24 March.

Another new measure to increase the BBC's accountability to Parliament has been the recent introduction by the Government of pre-appointment scrutiny for the post of BBC Trust chairman by the Culture, Media and Sport Committee. This offers Parliament the opportunity to assess a preferred candidate's suitability for the role and their key priorities in advance of appointment. The committee held a pre-appointment hearing with Lord Patten on 10 March.

### Broadband

**Ian Lucas:** To ask the Secretary of State for Culture, Olympics, Media and Sport what steps he is taking to facilitate competition in the deployment of superfast broadband. [53067]

**Mr Vaizey** [*holding answer 28 April 2011*]: The Government's broadband strategy, "Britain's Superfast Broadband Future" published in December 2010 includes a number of policy and regulatory interventions aimed at supporting and stimulating investment in superfast broadband networks—including encouraging sharing of infrastructure, allowing new deployment of overhead communications cables and encouraging other methods of reducing civil engineering costs such as micro-trenching. The Government are also investing £530 million up to 2015 to support broadband rollout in areas the market will not reach in a reasonable time. Those projects will be subject to open competitive tender procedures consistent with European procurement guidelines. The networks they support will have to be made available on an open access basis.

### Copyright: Internet

**Mr Ivan Lewis:** To ask the Secretary of State for Culture, Olympics, Media and Sport when Ofcom expects to publish the Initial Obligations Code. [53297]

**Mr Jeremy Hunt:** The Office of Communications (Ofcom) have produced a draft Initial Obligations Code which we are considering closely within Government. However, the code must reflect and contain the provisions of the cost-sharing statutory instrument, which will itself have to be withdrawn and amended to reflect the judgment in the judicial review of the online infringement of copyright provisions. This will inevitably lead to a delay in the code's publication, but I would hope that we can make clear the Government's proposed changes shortly, together with the overall implementation timetable.

### Departmental Work Experience

**John Mann:** To ask the Secretary of State for Culture, Olympics, Media and Sport how many students from (a) the UK and (b) Bassetlaw constituency have been offered internships in his Department since 8 May 2010. [53207]

**John Penrose:** The Department has not offered internships to students in the UK or from the Bassetlaw constituency since 8 May 2010.

**Mr Ivan Lewis:** To ask the Secretary of State for Culture, Olympics, Media and Sport what remuneration his Department offers interns. [53296]

**Mr Jeremy Hunt:** My Department would pay the equivalent of a grade C (EO) salary—£23,197.

### Digital Economy Act 2010

**Mr Ivan Lewis:** To ask the Secretary of State for Culture, Olympics, Media and Sport if he will publish a timetable for the implementation of the Digital Economy Act 2010. [53293]

**Mr Jeremy Hunt:** The implementation of the online infringement of copyright initial obligations has been affected by a number of factors. We now have the judgment from the judicial review, and are currently considering the changes which will need to be made to the cost-sharing statutory instrument in light of this. This will inevitably impact on the timetable for implementing the notification provisions of the Digital Economy Act. The report by Ofcom into the workability of sections 17 and 18 of the Act is due shortly. I will set out what action we plan to take as soon as we have had an opportunity to consider the report and all other relevant factors.

**Mr Ivan Lewis:** To ask the Secretary of State for Culture, Olympics, Media and Sport when the review of Section 17 of the Digital Economy Act 2010 will report. [53294]

**Mr Jeremy Hunt:** We expect the report from Ofcom into the technical workability of the reserve site blocking provisions by the middle of May this year.

### English Heritage

**Andrew Bridgen:** To ask the Secretary of State for Culture, Olympics, Media and Sport whether English Heritage plans to tender for the digitisation of aerial surveys undertaken in the 1940s. [52744]

**John Penrose:** English Heritage (EH) has no plans to tender for the digitisation of the 1940s post-war aerial photographic surveys at present. The photography is fully catalogued and access to the images is provided for a wide range of private and commercial users through the EH national collection of archives in Swindon.

### House of European History

**Philip Davies:** To ask the Secretary of State for Culture, Olympics, Media and Sport whether his Department plans to loan any exhibits to the House of European History project. [53008]

**Mr Vaizey:** This Department is not aware of any requests to our sponsored museums to loan exhibits to the House of European History project. Any such requests would be made to the museums directly.

**Internet: Children**

**Lindsay Roy:** To ask the Secretary of State for Culture, Olympics, Media and Sport what steps his Department is taking to assist children to use the Internet safely. [52843]

**Mr Vaizey** [*holding answer 28 April 2011*]: The protection of children from illegal and harmful content when online is an absolute priority for this Government. The UK Council for Child Internet Safety (UKCCIS) brings together over 170 organisations including Government Departments such as the Department for Education, the Home Office, the Department for Culture, Media and Sport, children's charities, law enforcement and academia. UKCCIS members are committed to working together to help keep children and young people safe online.

The UK has a very successful model of industry-led self-regulation. The Internet Watch Foundation (IWF) works closely with internet service providers to ensure that webpages which provide access to images of child abuse, including those hosted outside of the UK, are reported and removed or blocked at source. Government are also working closely with industry as part of the UK Council for Child Internet Safety to improve many aspects of children's digital safety.

In addition, I hosted a discussion in February with internet service providers, UKCCIS, the IWF and other interested groups to look at how parental controls can be further improved. A further discussion has been arranged to look at progress on this issue in May this year.

**Local Press: Competition**

**Michael Fallon:** To ask the Secretary of State for Culture, Olympics, Media and Sport what recent assessment he has made of the level of competitiveness in the local newspaper supply chains in England. [53680]

**Mr Vaizey:** We have made no recent assessment of the level of competitiveness in local newspaper supply chains in England.

**National Lottery: Retail Trade**

**Rosie Cooper:** To ask the Secretary of State for Culture, Olympics, Media and Sport if he will direct (a) his Department and (b) the National Lottery Commission to undertake an investigation into the rules governing (i) the siting of lottery terminals and (ii) the allocation of such terminals to supermarkets. [53114]

**John Penrose:** The selection of national lottery retailers is, rightly, a commercial matter for Camelot, as it is incentivised to place the terminals where they will generate the most sales and therefore revenue for good causes.

Camelot is required, through its licence to operate the national lottery, to apply clear and reasonable criteria when selecting retailers. The National Lottery Commission is assured that the criteria in place are reasonable and that Camelot has been applying those criteria in making decisions.

**Olympic Games 2012**

**Lyn Brown:** To ask the Secretary of State for Culture, Olympics, Media and Sport when he plans to publish details of compensation available for businesses affected by the London 2012 Olympics and Paralympics. [53323]

**Hugh Robertson:** The Olympic Delivery Authority (ODA), who has the responsibility for implementing the advertising and trading regulations at Games time, has a statutory requirement to publish a Detailed Notice giving advice to those directly involved six months before the advertising and trading regulations come into effect. The notice is expected to be published in late 2011/early 2012 and will cover financial assistance arrangements.

**Olympic Games 2012: Small Businesses**

**Lyn Brown:** To ask the Secretary of State for Culture, Olympics, Media and Sport whether he has considered the merits of funding a programme of advice and support for small businesses in the regulated zones surrounding the Olympic Park. [52668]

**Hugh Robertson:** The Olympic Delivery Authority (ODA), who has the responsibility for implementing the advertising and trading regulations at games time, has a small budget to provide advice and assistance to those affected by the regulations. The ODA has a statutory requirement to publish a detailed notice giving advice to those directly involved six months before the regulations come into effect. The notice is expected to be published in late 2011/early 2012.

**Rugby: World Cup**

**Helen Jones:** To ask the Secretary of State for Culture, Olympics, Media and Sport what recent discussions he has had on funding for the 2013 Rugby League World Cup; and if he will make a statement. [53736]

**Hugh Robertson:** I met with the executive chairman and chief executive of the Rugby Football League on 7 April to discuss the 2013 World cup. I am keeping the funding situation under review pending the decision by the North West Development Agency which is due by the end of May.

**Helen Jones:** To ask the Secretary of State for Culture, Olympics, Media and Sport what steps he is taking to ensure that the North West benefits from the 2013 Rugby League World Cup. [53737]

**Hugh Robertson:** I have written to the chair of the Regional Development Agency, Robert Hough, making clear the Government's interest in 2013.

**Helen Jones:** To ask the Secretary of State for Culture, Olympics, Media and Sport what discussions he has had on Warrington's bid to host matches for the 2013 Rugby League World Cup; and if he will make a statement. [53738]

**Hugh Robertson:** The selection of venues for the 2013 Rugby League World Cup is a matter for the Rugby Football League. I have not discussed any of the bids to host matches.

#### UK Film Council

**Mr Ivan Lewis:** To ask the Secretary of State for Culture, Olympics, Media and Sport if he will assess the merits of launching a review of film policy following the abolition of the UK Film Council. [53271]

**Mr Jeremy Hunt:** We have assessed the merits and believe this will be a useful exercise.

#### White List

**Philip Davies:** To ask the Secretary of State for Culture, Olympics, Media and Sport (1) for how long he expects the White List to remain suspended; [53172]

(2) what plans he to introduce a replacement for the White List; [53173]

(3) whether his Department plans to compensate countries wishing to join the White List in respect of revenue foregone due to the suspension of the White List. [53174]

**John Penrose:** The previous Government decided it was not appropriate to consider any new applications for the White List while the future of remote gambling regulation is under consideration, and we agree. I hope to announce the Government's preferred solution in due course. There are no plans to compensate jurisdictions who might wish to join the White List, and it would be hard to justify why British taxpayers should be asked to make such payments.

### HOME DEPARTMENT

#### Alcoholic Drinks: Prices

**Karen Lumley:** To ask the Secretary of State for the Home Department what legal advice she has received on the effect on local authority licensing arrangements of the introduction of a (a) voluntary and (b) mandatory minimum price per unit of alcohol. [51770]

**James Brokenshire:** The Secretary of State has received legal advice on a range of issues pertaining to alcohol pricing, including the effect of a minimum price per unit of alcohol on local authority licensing arrangements. The content of legal advice is subject to legal professional privilege and it is not appropriate to set it out at this stage other than in terms of the areas to which it relates.

#### Alcoholic Drinks: Young People

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many prosecutions there were for being drunk and disorderly of defendants aged 10 to 17 years in (a) England and Wales and (b) each police force area in England in each year since 2006. [53372]

**James Brokenshire:** The number of persons aged 10 to 17 proceeded against for being drunk and disorderly, by police force area, England and Wales 2006-09 (latest available) is shown in the table.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

*Number of persons aged 10 to 17 proceeded against at magistrates courts for being 'drunk and disorderly'<sup>1</sup>, by police force area, England and Wales 2006-09<sup>2,3,4</sup>*

Police force area	2006	2007	2008	2009
Avon and Somerset	25	34	16	21
Bedfordshire	7	10	7	5
Cambridgeshire	13	11	2	8
Cheshire	14	30	42	28
Cleveland	18	25	38	33
Cumbria	48	56	72	47
Derbyshire	18	20	41	17
Devon and Cornwall	82	107	81	70
Dorset	10	23	9	22
Durham	52	83	82	47
Essex	11	11	15	26
Gloucestershire	5	4	11	2
Greater Manchester	21	31	63	59
Hampshire	33	32	42	41
Hertfordshire	10	4	3	5
Humberside	19	14	11	28
Kent	69	76	56	34
Lancashire	92	120	171	173
Leicestershire	—	3	4	5
Lincolnshire	2	4	3	5
Merseyside	77	107	118	95
Metropolitan Police <sup>5</sup>	34	44	31	35
Norfolk	3	11	19	20
North Yorkshire	27	27	35	29
Northamptonshire	4	4	8	6
Northumbria	441	547	508	486
Notttinghamshire	18	13	16	19
South Yorkshire	64	53	90	67
Staffordshire	12	20	24	29
Suffolk	8	4	4	2
Surrey	13	6	7	3
Sussex	37	45	53	53
Thames Valley	36	21	17	18
Warwickshire	7	11	7	4
West Mercia	51	50	47	42
West Midlands	42	80	64	42
West Yorkshire	128	164	146	139
Wiltshire	14	4	6	7
Dyfed-Powys	22	16	12	9
Gwent	35	46	33	25
North Wales	24	25	29	13
South Wales	39	24	14	14
England and Wales	1,685	2,020	2,057	1,833

<sup>1</sup> Includes:

Being guilty in any public place, while drunk, of disorderly behaviour.

Being found drunk in a highway or other public place whether a building or not, or a licensed premises.

<sup>2</sup> The figures given in the table on court proceedings relate to persons for whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences, the offence selected is the offence for which the statutory maximum penalty is the most severe.

<sup>3</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

<sup>4</sup> Excludes data for Cardiff magistrates court for April, July, and August 2008.

<sup>5</sup> Includes City of London.

Source:

Justice Statistics Analytical Services In She Ministry of Justice

### Animal Experiments

**Mr Bain:** To ask the Secretary of State for the Home Department what her policy is on the establishment of limits on the pain which laboratory animals are permitted to experience for experimental purposes in laboratories. [51711]

**Lynne Featherstone:** The criteria used to assign severity limits to regulated procedures are set out in paragraphs 5.40 to 5.42 of the Guidance on the Operation of the Animals (Scientific Procedures) Act 1986 (HC321). Copies of the Guidance have been placed in the House Library.

### Asylum

**Julian Sturdy:** To ask the Secretary of State for the Home Department how long, on average, the UK Border Agency took to process an asylum application in the latest period for which figures are available. [53624]

**Damian Green:** In the most recent 12 months for which data are available, the average length of time to process an asylum application to full determination was 263 calendar days.

*Asylum applications<sup>1</sup> received in the United Kingdom, excluding dependants, January 2010 to February 2011, nationals of Mauritania, Morocco, Algeria, Tunisia, Libya and Egypt*

	Country of nationality					
	Mauritania	Morocco	Algeria	Tunisia	Libya	Egypt
<i>2010</i>						
January	—	—	30	—	10	5
February	—	5	20	*	10	5
March	*	*	25	5	5	5
April	—	*	25	*	5	5
May	—	5	20	*	5	10
June	—	5	30	—	5	5
July	*	5	20	5	5	10
August	*	5	15	*	10	10
September	—	5	15	*	10	5
October	—	5	25	5	10	5
November	*	5	20	*	10	5
December	—	5	30	*	10	10
Total 2010	5	40	270	20	90	90
<i>2011</i>						
January	*	10	30	5	10	10
February	—	5	20	*	20	10
Total January to February 2011	*	15	50	5	30	20

<sup>1</sup> Provisional figures rounded to the nearest 5 (“—” = 0, “\*” = 1 or 2) and may not sum to the totals shown because of independent rounding.

Further information on asylum applications are published monthly, quarterly and annually in the Control of Immigration bulletins and Monthly Asylum Applications Tables available from the Home Office’s science, research and statistics web pages at:

<http://www.homeoffice.gov.uk/publications/science-research-statistics>

The Control of Immigration bulletins are also available from the Library of the House.

In answering this question we have assumed the date of final determination to be the date an application was either Granted or became Appeal Rights Exhausted (ARE).

For those cases which had no recourse to appeal, chose not to exercise appeal rights or appealed too late, we have taken final determination to be the date of initial decision.

All figures quoted are internal management information only and are subject to change. This information has not been quality assured under National Statistics protocols.

### Asylum: North Africa

**Michael Fallon:** To ask the Secretary of State for the Home Department how many asylum applications were received from residents of (a) Mauritania, (b) Morocco, (c) Algeria, (d) Tunisia, (e) Libya and (f) Egypt in each month of 2010-11. [53668]

**Damian Green:** The following table shows the number of asylum applications received in the UK, excluding dependants, for nationals of (a) Mauritania, (b) Morocco, (c) Algeria, (d) Tunisia, (e) Libya and (f) Egypt in each month of 2010-11. Information on residents of the above countries is not available.

### COE Commissioner for Human Rights

**Priti Patel:** To ask the Secretary of State for the Home Department (1) with reference to the issue of the paper on Criminalisation of migration in Europe: human rights implications issued by the Commissioner for Human Rights of the Council of Europe, CommDH/Issue Paper (2010)1, whether (a) the Government and (b) the EU is considering any changes to immigration-related policies as a consequence of the issue paper and its recommendations; [52198]

(2) whether her Department has responded to the issue paper on Criminalisation of migration in Europe: human rights implications issued by the Commissioner of Human Rights of the Council of Europe, CommDH/ Issue Paper (2010)1; and what assessment she has made of each conclusion and recommendation. [52499]

**Damian Green:** The Issue Paper mentioned was commissioned and published by the Council of Europe Commissioner for Human Rights, Mr Thomas Hammarberg, following a seminar organised by the Commissioner's Office in Paris on 24-25 September 2009. The paper was issued "for the purpose of contributing to debate or further reflection" and does not necessarily reflect the position of the Commissioner.

The Government are not considering any changes to immigration policies as a consequence of the paper and is not aware of any discussion or consideration of policy changes in the EU based on the paper. There is no obligation on Member Governments of the Council of Europe to take any follow up action on such papers and accordingly the Government has not responded to the paper, nor carried out a detailed assessment of its recommendations. The Government will continue to take firm action against illegal immigration whilst ensuring full respect of the human rights of individual migrants and of international obligations regarding the protection of genuine refugees.

### Convictions

**Caroline Lucas:** To ask the Secretary of State for the Home Department whether a person with an unspent conviction who is thereby prohibited from making an application for funds under the domestic violence rule is eligible for support from (a) the Sojourner Project and (b) any other funding from the public purse; and if she will make a statement. [53018]

**Damian Green:** A person with an unspent conviction is not prevented from applying for (a) support from the Sojourner Project, (b) settlement under paragraph 289A of the Immigration Rules or (c) a waiver of the fee for such an application on the basis of destitution.

### Crime

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many (a) arrests and (b) prosecutions for (i) being drunk and disorderly, (ii) being found drunk on a highway, public place or on licensed premises and (iii) being drunk in or when entering a designated sports event there have been in each police force area in England and Wales in each year since 2007. [53404]

**James Brokenshire:** The number of defendants proceeded against for being 'drunk and disorderly' (which includes 'Being guilty in any public place, while drunk, of disorderly behaviour' and 'being found drunk in a highway or other public place whether a building or not, or a licensed premises'), and being drunk when entering a designated sports event by police force area, England and Wales 2007-09 (latest available) is shown in the following tables.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

The information requested on arrests is not collected centrally.

The arrests collection held by the Home Office covers arrests for recorded crime (notifiable offences) only, broken down at a main offence group level, covering categories such as violence against the person and robbery. It is not possible to identify the number of arrests made for alcohol related acts of disorder or violence from the data on arrests reported to the Home Office.

*Number of defendants proceeded against at magistrates' courts for being 'drunk and disorderly' and being drunk at a designated sports event, by police force area England and Wales 2007-09<sup>1,2,3</sup>*

Police force area	2007				2008			
	Drunk and disorderly	of which:			Drunk and disorderly	of which:		
		Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event		Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event
Avon and Somerset	347	103	244	5	260	66	194	1
Bedfordshire	121	14	107	5	65	6	59	6
Cambridgeshire	128	33	95	2	170	57	113	1
Cheshire	225	10	275	2	366	2	364	—
City of London	59	1	58	—	41	—	41	—
Cleveland	140	2	138	12	328	—	328	13
Cumbria	420	17	403	—	448	28	420	—
Derbyshire	257	4	253	5	289	4	285	6
Devon and Cornwall	763	160	603	5	962	196	766	4
Dorset	138	1	137	5	171	6	165	3
Durham	243	3	240	1	250	6	244	—
Essex	207	4	203	11	194	6	188	7

Number of defendants proceeded against at magistrates' courts for being 'drunk and disorderly' and being drunk at a designated sports event, by police force area England and Wales 2007-09<sup>1,2,3</sup>

Police force area	2007				2008			
	Drunk and disorderly	of which:			Drunk and disorderly	of which:		
		Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event		Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event
Gloucestershire	48	3	45	6	78	4	74	—
Greater Manchester	300	7	293	13	663	—	663	6
Hampshire	267	18	269	12	497	32	465	14
Hertfordshire	64	—	64	1	90	4	86	1
Humberside	73	1	72	1	78	1	77	4
Kent	464	45	419	—	449	44	405	—
Lancashire	755	8	747	19	1,120	14	1,106	17
Leicestershire	41	—	41	2	49	—	49	3
Lincolnshire	76	3	73	—	107	4	103	1
Merseyside	1,203	5	1,198	5	1,703	7	1,696	13
Metropolitan Police	1,121	70	1,051	20	1,050	34	1,016	15
Norfolk	136	5	131	12	242	13	229	2
North Yorkshire	309	87	222	—	400	65	335	1
Northamptonshire	23	3	20	—	69	3	66	—
Northumbria	4,310	29	4,289	17	3,543	43	3,500	29
Nottinghamshire	262	3	259	14	255	1	254	18
South Yorkshire	618	6	612	62	850	19	831	33
Staffordshire	201	46	155	6	296	77	219	6
Suffolk	110	21	89	8	34	8	26	14
Surrey	191	100	91	—	217	80	137	—
Sussex	523	92	431	—	536	86	450	—
Thames Valley	261	28	233	1	230	29	201	—
Warwickshire	56	—	56	—	85	—	85	—
West Mercia	455	6	449	3	396	5	391	—
West Midlands	1,264	44	1,220	81	1,328	22	1,306	32
West Yorkshire	1,669	36	1,633	49	1,566	38	1,530	39
Wiltshire	107	33	74	—	102	27	75	1
Dyfed-Powys	219	46	173	—	176	22	154	—
Gwent	371	2	369	—	328	4	324	—
North Wales	241	3	238	—	245	3	242	3
South Wales	223	24	199	3	195	10	185	—
England and Wales	19,037	1,126	17,911	388	20,523	1,076	19,447	293

2009

of which:

Police force area	Drunk and disorderly	Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event
Avon and Somerset	253	49	204	4
Bedfordshire	48	6	42	2
Cambridgeshire	171	54	117	4
Cheshire	466	5	461	—
City of London	53	1	52	—
Cleveland	354	—	354	15
Cumbria	385	25	360	—
Derbyshire	244	3	241	1
Devon and Cornwall	928	166	762	6

Police force area	2009			
	Drunk and disorderly	of which:		
		Being found drunk in a highway or other public place whether a building or not, or a licensed premises	Being guilty in any public place, while drunk, of disorderly behaviour	Drunk in, or when entering, a designated sports event
Dorset	262	10	252	3
Durham	123	4	119	—
Essex	326	9	317	1
Gloucestershire	59	1	58	—
Greater Manchester	788	2	786	7
Hampshire	559	43	516	3
Hertfordshire	91	2	89	2
Humberside	177	5	172	6
Kent	378	23	355	1
Lancashire	1,386	5	1,381	20
Leicestershire	67	—	67	—
Lincolnshire	137	—	137	—
Merseyside	2,090	8	2,082	10
Metropolitan Police	1,313	32	1,281	6
Norfolk	244	1	243	—
North Yorkshire	389	49	340	—
Northamptonshire	64	2	62	5
Northumbria	3,395	38	3,357	28
Nottinghamshire	322	2	320	10
South Yorkshire	976	2	974	17
Staffordshire	359	90	269	—
Suffolk	28	3	25	7
Surrey	154	31	123	—
Sussex	529	93	436	—
Thames Valley	292	35	257	—
Warwickshire	99	1	96	—
West Mercia	427	5	422	1
West Midlands	1,224	6	1,218	46
West Yorkshire	1,437	27	1,410	42
Wiltshire	110	5	105	3
Dyfed-Powys	146	29	117	1
Gwent	266	—	266	—
North Wales	155	7	146	—
South Wales	206	12	194	1
England and Wales	21,480	891	20,589	252

<sup>1</sup> The figures given in the table on court proceedings relate to persons for whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences the offence selected is the offence for which the statutory maximum penalty is the most severe.

<sup>2</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

<sup>3</sup> Excludes data for Cardiff magistrates court for April, July, and August 2008.

Source:

Justice Statistics Analytical Services in the Ministry of Justice

### Crime Prevention: Young People

**John Robertson:** To ask the Secretary of State for the Home Department how much funding her Department allocated to Positive Futures in each year since 2008-09; and how much funding she has allocated to that programme in each year for the comprehensive spending review period.

[52735]

**James Brokenshire:** Total Home Office allocations for the Positive Futures programme is as follows:

	£
2008-09	5,988,469
2009-10	5,999,000
2010-11	5,999,000
2011-12	5,707,000

These figures include funding for the management and monitoring and analysis services. Funding for frontline projects of £5.03 million has remained flat since 2008-09. The total budget allocation for 2012-13 has yet to be determined although the intention to provide £5 million funding for frontline projects has been announced.

### Crimes of Violence

**Mr Ruffley:** To ask the Secretary of State for the Home Department (1) how many and what proportion of incidents of violence against the person resulted in (a) no injuries, (b) a minor bruise or black eye, (c) severe bruising, (d) scratches, (e) cuts, (f) broken bones, (g) a broken nose, (h) broken or lost teeth, (i) concussion and (j) facial or head injuries in each police force area in England and Wales in each year since 1997; [53438]

(2) how many and what proportion of incidents of violence against the person involved (a) a knife, (b) a hitting implement, (c) a glass or bottle, (d) a stabbing implement, (e) a firearm, (f) a stone or stones, (g) a syringe and (h) another implement in each police force area in England and Wales in each year since 2008; [53444]

(3) how many and what proportion of offenders involved in violent incidents were recorded as having been under the influence of (a) drugs and (b) drink in each police force area in each year since 1997. [53484]

**James Brokenshire:** There are two main sources of official statistics on crime in England and Wales; the British Crime Survey (BCS) and police recorded crime. The information requested is not available by police force area from the BCS; and police recorded crime data, which is available at police force area level, does not generally provide the level of detailed information requested.

Estimates for England and Wales of the number and/or proportion of violent incidents from the BCS since 1997 for (a) injury sustained, (b) weapon used and (c) where the victim believed the offender(s) to be

under the influence of alcohol or drugs appear in the annual statistical bulletin 'Crime in England and Wales 2009/10' (Tables 3.02, 3.09 and 3.20), a copy of which is available in the House of Commons Library.

Figures for the number of offences recorded by the police involving firearms (excluding air weapons) by police force area appear in the publication "Homicides, Firearm Offences and Intimate Violence 2009/10" (Table 2.11), a copy of which is available in the House of Commons Library. The Home Office has collected data on selected offences involving the use of a knife or sharp instrument via a special additional data collection since April 2007. The data for actual bodily harm (ABH) and Grievous bodily harm (GBH) offences in England and Wales involving a knife or a sharp instrument for 2008-09 and 2009-10 appear in "Crime in England and Wales 2009/10" (Tables 7.13 and 7.14).

The additional information requested is not available by police force area from offences recorded by the police.

Figures from the police recorded crime series for England and Wales since 1997 for all violent offences (including violence against the person), appear in the annual statistical bulletin 'Crime in England and Wales 2009/10' (Table 2.04).

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many crimes of violence against the person were recorded in Bury St Edmunds constituency in each of the last five years. [53492]

**James Brokenshire:** The Home Office collects data on the number of violence against the person offences recorded by police forces in England and Wales but these data cannot be broken down to parliamentary constituency level. Data for each local authority area in Suffolk are shown in the following table.

Table A: Number of police recorded offences of violence against the person in Suffolk by local authority area, 2005-06 to 2009-10

Local Authority	2005/06	2006/07	2007/08	2008/09	2009/10
Babergh	725	724	633	751	730
Forest Heath	798	1,072	1,133	1,053	933
Ipswich	2,878	2,940	2,771	2,831	3,445
Mid Suffolk	599	608	607	616	640
St. Edmundsbury	1,454	1,509	1,438	1,333	1,444
Suffolk Coastal	1,265	1,054	1,052	972	1,116
Waveney	2,298	2,283	1,779	1,778	1,809
Total	10,017	10,190	9,413	9,434	10,117

### Departmental Sick Leave

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many days sick leave were taken on average by staff in (a) her Department and (b) the Criminal Records Bureau in each of the last five years. [53454]

**Damian Green:** Figures given are as at 31 December for each year and Table 1 shows data for:

(a) the Home Department (including Headquarters, United Kingdom Border Agency, Identity and Passport Service, and Criminal Records Bureau); and

(b) Criminal Records Bureau.

Prior to June 2008 figures were reported by Cabinet Office using a different methodology of calculation

which means that the figures for 2007 are not directly comparable with those for 2008 onwards. An overall departmental figure for 2006 is not available and to produce it retrospectively would incur a disproportionate cost.

Table 1: Average working days lost to sickness absence in the Home Department and Criminal Records Bureau 2007-10

	Average working days lost (days)	
	Home Department	Criminal Records Bureau
2007 <sup>1</sup>	11.30	13.80
2008	9.91	10.17
2009	8.98	10.48

Table 1: Average working days lost to sickness absence in the Home Department and Criminal Records Bureau 2007-10

Average working days lost (days)		
	Home Department	Criminal Records Bureau
2010	7.81	11.77

Standard:

<sup>1</sup> Cabinet Office calculation. A change in the method of calculation between 2007 and 2008 means that data for 2007 are not directly comparable with the rest of the time series shown.

Extract date:

31 December for each year shown.

Source:

2008-10—Data View: the Department's single source of monthly HR data, which was introduced from June 2008. 2007—departmental records systems.

### Departmental Internet

**Mr Ruffley:** To ask the Secretary of State for the Home Department what websites her Department operates. [53383]

**Damian Green:** The Department operates the website [www.homeoffice.gov.uk](http://www.homeoffice.gov.uk)

which incorporates the websites for the following NDPB's and public bodies:

- Advisory Council on the Misuse of Drugs (ACMD)
- Animal Procedures Committee (APC)
- Criminal Records Bureau (CRB)
- Forensic Science Regulator (FSS)
- Identity and Passport Service (IPS)
- Independent Safeguarding Authority (ISA)
- Security Industry Authority (SIA)
- Technical Advisory Board (TAB)
- UK Border Agency (UKBA)
- National Refugee Integration Forum (NRIF)

The Office of the Immigration Services Commissioner's website [www.oisc.gov.uk](http://www.oisc.gov.uk) by the end of June 2011.

The Government Equalities Office and the National Fraud Authority have recently become part of the Home Office. The content from these websites will be migrated into the Home Office website or [Direct.gov.uk](http://Direct.gov.uk):

Telecommunication expenditure from 2004-05 to 2010-11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Core HO	10,717	14,422	12,818	14,173	15,803	2,904	2,476
UKBA	—	—	—	—	—	12,370	13,763
IPS	1,042	1,343	3,391	2,337	2,341	2,656	1,558
CRB	101	77	18	12	9	10	25
Total	11,860	15,688	16,227	16,522	18,153	17,940	17,822

1. On 1 April 2008 IPS took over responsibility for the GRO.

2. The 2010-11 figures are unaudited.

Records prior to 2004 were held on another, now obsolete financial system. Retrieval will result in disproportionate cost to the Home Office.

The UK Border Agency became an agency of the Home Office in 2009, therefore shown separately from the core Home Office figure for 2009-10 financial year.

The 2010-11 figures are unaudited and may be subject to change.

[www.equalities.gov.uk](http://www.equalities.gov.uk)

National Fraud Authority

[www.attorneygeneral.gov.uk/nfa](http://www.attorneygeneral.gov.uk/nfa) and [www.actionfraud.org.uk](http://www.actionfraud.org.uk)

In addition, a number of websites are operated independently by non-departmental public bodies of the Home Office.

### Departmental Manpower

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many staff of her Department did not achieve an acceptable assessment grade in an annual report in the most recent reporting year for which figures are available. [53464]

**Damian Green:** 204 staff in the Department (including its executive agencies) did not achieve an acceptable assessment grade in an annual report in the 2009-10 reporting year (the latest year for which figures are available).

### Departmental Surveys

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many staff surveys her Department has undertaken in the last 12 months; and at what cost to the public purse. [53505]

**Damian Green:** The Home Office participated in one people survey commissioned by the Cabinet Office in the last 12 months. We contributed £58,000 towards the cost of this.

### Departmental Telecommunications

**Mr Ruffley:** To ask the Secretary of State for the Home Department how much (a) her Department and (b) its agencies spent on telecommunications in each year since 1997. [53489]

**Damian Green:** Expenditure for 2004-05 to 2010-11 is set out in the following table.

### Departmental Work Experience

**John Mann:** To ask the Secretary of State for the Home Department how many students from (a) the UK and (b) Bassetlaw constituency have been offered internships in her Department since 8 May 2010. [53210]

**Damian Green:** The Home Office and its agencies has offered internships to 20 people since 8 May 2010, 19 as part of the Fast Stream Summer Placements and one

Windsor Fellowship. These interns will take up their placements between June and August 2011. These internships relate to the Graduate Fast Stream and are exempt from the recruitment freeze.

None of these is from the Bassetlaw constituency.

#### Detention Centres: Children

**Dr Huppert:** To ask the Secretary of State for the Home Department if she will consult children's and refugee charities on appointments to the Family Returns Panel. [52851]

**Damian Green:** Members of the independent Family Returns Panel will be appointed by means of an open recruitment process in the summer. There are no plans to consult with children's and refugee charities on the appointment of individual members but the selection criteria will take account of discussions held with a range of interested parties over recent months. In the meantime the current members of the Panel have joined it on an interim basis to get it up and running quickly.

#### Detention Centres: Families

**Dr Huppert:** To ask the Secretary of State for the Home Department how many children remained in one parent's care while the other parent was detained for immigration purposes (a) in the most recent period and (b) in the last 10 years for which figures are available. [52852]

**Damian Green:** The information requested is not recorded centrally by the UK Border Agency and could be obtained only through examination of individual case records at disproportionate cost. However, in response to the Family Removals: Thematic Inspection report by the Independent Chief Inspector of the UK Border Agency, the UK Border Agency has committed to improving the management information held on families. The UK Border Agency takes its responsibilities for safeguarding children seriously and where possible ensures that families remain together. Typically, separations would take place only in cases where a member of the family is also a former foreign national prisoner and a decision has been made to maintain their detention pending deportation. Under the new arrangements for managing family returns, families without any criminal history would only be separated in exceptional circumstances and after advice had been sought from the independent Family Returns Panel.

#### Discrimination

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many claims for discrimination in respect of (a) sex, (b) race and (c) sexual orientation were brought against the Criminal Records Bureau by its staff in each of the last five years; and how many such claims were settled (i) in court and (ii) out of court in each case. [53490]

**Lynne Featherstone:** The Criminal Records Bureau has not had any claims of discrimination brought against it by staff employed within the Agency within the last five years.

#### Domestic Violence

**Caroline Lucas:** To ask the Secretary of State for the Home Department pursuant to the Statement of Changes in Immigration Rules, HC 908, whether the prohibition on making an application under the domestic violence rule unless one has no unspent convictions applies to a person who has received (a) an absolute discharge and (b) a caution with conditions until such time as the conditions end; and if she will make a statement. [53185]

**Damian Green:** As a result of the changes to the Immigration Rules introduced on 6 April 2011, individuals applying for indefinite leave to enter or remain in the UK must be free of unspent convictions in order to make a successful application. Settlement is a privilege to be awarded only to those who abide by the laws of this country.

An absolute discharge has a rehabilitation period of six months. A conditional caution has a rehabilitation period of three months. If an individual applied for indefinite leave under the domestic violence rule before such a conviction had become spent their application would not be successful. In cases where there is a need to protect a victim of domestic violence, there would be no question of requiring them to leave the UK or remain in an abusive relationship because of a minor conviction and the UK Border Agency will continue to look at cases sympathetically outside the Immigration Rules where appropriate.

#### Driving Offences

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many fixed penalty notices were issued in respect of vehicles operated by her Department and its agencies in the last five years; and what the total cost was. [53506]

**Lynne Featherstone:** For the Home Office and the UK Border Agency (UKBA) the cost and number of fixed penalty notices can not be identified without incurring disproportionate cost, as the Home Office and UKBA accounting system does not separately identify the costs incurred by the payment of fixed penalty notices.

The Identity and Passport Service incurred seven fixed penalty notices in the last five years at a total cost of £400.

The Criminal Records Bureau have not owned or operated any vehicles in the last five years and have therefore not incurred any such costs.

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many people were prosecuted for driving cars while uninsured in each police authority area in the East of England in each year since 2008. [53441]

**Mr Blunt:** I have been asked to reply.

The number of persons proceeded against at magistrates courts in the East of England region for driving without insurance, by police force area, for the year 2006-09 (latest available) can be viewed in the following table.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

*Number of persons proceeded against at the magistrates court for driving without insurance, in the East of England region by police force area, 2006-09<sup>1, 2</sup>*

Statute	Offence description	Proceeded against			
		2006	2007	2008	2009
Road Traffic Act 1988 S.143(2)	Using motor vehicle uninsured against third party risks				
<i>Police force area within East of England</i>					
Bedfordshire		2,702	2,436	2,572	2,683
Cambridgeshire		2,826	1,972	1,435	1,516
Essex		4,511	4,865	4,176	4,372
Hertfordshire		6,023	4,523	3,491	3,056
Norfolk		2,690	2,509	2,440	1,540
Suffolk		2,250	1,768	1,645	1,868
Total		21,002	18,073	15,759	15,035

<sup>1</sup> The figures given in the table on court proceedings relate to persons for whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences, it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences, the offence selected is the offence for which the statutory maximum penalty is the most severe.

<sup>2</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

Source:

Justice Statistics Analytical Services: Ministry of Justice.

### Government Cars

**Mr Ruffley:** To ask the Secretary of State for the Home Department how much her Department spent on car hire other than from the Government Car Service in each year since 1997; and whether her Department required particular specifications in respect of each car hired. [53432]

**Damian Green:** The Home Office and the UK Border Agency accounting system does not separately identify car hire from car hire which includes use of the Government Car Service.

The detail requested could be provided only at disproportionate cost.

### Illegal Immigrants: Employment

**Mr Spellar:** To ask the Secretary of State for the Home Department pursuant to the answer to the right hon. Member for Birkenhead of 7 March 2011, *Official Report*, columns 872-3W, on illegal immigrants: employment, what steps her Department is taking to ensure that the penalties levied are collected. [53189]

**Damian Green:** An employer has 28 days to pay an illegal working civil penalty or to submit an objection or appeal. If a penalty remains unpaid after the objection and/or appeal process the UK Border Agency refer the case for internal debt recovery action. If the penalty remains unpaid after the internal process the Agency works with a specialist third party debt recovery partner to enforce outstanding penalties. Recovery action may include but is not restricted to Court enforcement proceedings.

### Imitation Firearms

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many replica firearms were confiscated in each police force area in each of the last 10 years. [53486]

**James Brokenshire:** Information on confiscated firearms is not available centrally.

### Knives: Crime

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many knives have been recovered in knife amnesty initiatives in each police force area in each of the last 10 years. [53434]

**James Brokenshire:** Data on local police force area knife amnesty initiatives is not held by the Home Office. The last national knife amnesty was held in England and Wales between 24 May and 30 June 2006. A knife amnesty was held in Scotland from 25 May 2006 for one month and Northern Ireland from 25 May 2006 for three weeks.

According to figures supplied by the police, this national amnesty resulted in over 89,000 items being handed in.

### Logos

**Mr Ruffley:** To ask the Secretary of State for the Home Department how much (a) her Department and (b) its agencies have spent on the (i) design and production of new logos and (ii) employment of external (A) public relations and (B) graphic design agencies for each project of logo design or redesign in each year since 2000. [53480]

**Damian Green:** The following table summarises the spend of the Home Office and its agencies (Identity and Passport Service (IPS), Criminal Records Bureau (CRB) and UK Border Agency) on logo design and employment of public relations and graphic design agencies, broken down by project.

It is not possible to separate out design costs from design agency costs, and therefore costs provided above cover parts (a) and (b).

The Home Office has spent nothing on design or production of new logos or on the employment of external public relations agencies for any project of logo design or redesign since 2008-09.

The UK Border Agency and IPS have spent nothing on design or production of new logos or on the employment of external public relations agencies for any project of logo design or redesign since 2007-08.

CRB have spent nothing on design or production of new logos or on the employment of external public relations agencies for any project of logo design or redesign since 2002-03.

	<i>Owner</i>	<i>Project</i>	<i>Description</i>	<i>Cost (£)</i>
2000-01	HO	New Home Office corporate ID	Design, research, project management and style guidelines	155,000
2001-02	CRB	Criminal Records Bureau	Design and production of new logos and external Public Relations	120,000
	HO	Fire Service Branding	Design	2,914
	HO	Positive Futures Branding	Design	4,000
	HO	Drugs Prevention Advisory Service Rebrand	Design	10,000
Total 2001-02				291,914
2002-03	CRB	Criminal Records Bureau	Design and production of new logos and external Public Relations	200,000
2003-04	HO	Active Communities Unit	Logo development and corporate ID	45,200
	HO	Immigration and Nationality Directorate IRIS Recognition Branding	Design and production	35,000
Total 2003-04				80,200
2004-05	HO	Home Office	Modification and update of brand guidelines	5,500
	HO	National Offender Management Service	Identity creation, production of artwork and branding guidelines	46,000
	HO	Her Majesty's Prison Service	Modification of logo and production of brand guidelines	10,500
	HO	National Probation Service	Modification of logo and production of brand guidelines	10,230
	HO	Criminal Injuries Compensation Authority	Logo update and literature production update	4,999
	HO	Tackling Drugs, Changing Lives programme	Design and production of new logo	21,890
	HO	Senior Careers Advisory Service	Design and production of new materials	4,260
	HO	Immigration and Nationality Directorate	Research and registration of IRIS logo	4,395
	HO	CENTREX Police Training Branding	Design and production	15,280
Total 2004-05				123,054
2005-06	HO	Senior Careers Advisory Service	Final production costs relating to 04-05 work	734
	HO	The Information Commissioner	Logo development	600
	HO	Drugs Intervention Programme	Production to refresh programme materials in line with core Tackling Drugs, Changing Lives brand	10,280
	HO	Respect	Design, research, project management and style guidelines	56,733
	HO	CENTREX Police Training Branding	Final production	3,760
	HO	Criminal Justice IT Programme	Design and production of materials to support programme	10,080
Total 2005-06				82,187
2006-07	IPS	Identify and Passport Service	Brand clinics and brand photography	37,825
2007-08	IPS	Identify and Passport Service	Brand workshops and brand photography	17,304
	BIA	Immigration and Nationality Directorate rebrand as Border and Immigration Agency	Identity creation, production of artwork and branding guidelines	79,920
	UKBA	Border and Immigration Agency rebrand as UK Border Agency	Logo and template design and brand guidelines	30,200
	HO	Home Office brand refresh	Design	2,540
Total 2007-08				129,964
2008-09	HO	Knives campaign	Design and publication of stakeholder comms materials	50,000

### Marriage of Convenience

**Jack Dromey:** To ask the Secretary of State for the Home Department how many suspected sham marriages were referred to the UK Borders Agency by marriage registrars and clergy in the last 12 months for which figures are available; and how many such referrals

resulted in prosecutions for offences under immigration legislation. [53138]

**Damian Green:** S24 and s24A of the Immigration and Asylum Act 1999 places a legal duty on civil registrars to report any reasonable suspicions they may have that a marriage or civil partnership is or may be a sham marriage, these are known as s24 reports. The Anglican

Church in England and Wales operates its own system of preliminaries and its clergy are not under the same legal obligation to report suspicions as civil registrars, although they are strongly encouraged to do so voluntarily, the Agency does not hold data on the number of reports that come from members of the Anglican clergy.

The Agency received 934 s24 reports from civil registrars during 2010, however as s24 reports represent a suspicion rather than a definite finding and do not include the Anglican church in England and Wales this figure can be not be seen as an absolute representation of the number of sham marriages in the UK.

Since January 2010 two periods of targeted enforcement actions have been conducted against those involved in sham marriages which resulted in 155 arrests. As entering in a sham marriage, in itself, is not a crime it is not possible to obtain definitive information on how many people have been prosecuted for involvement in sham marriages

#### Members: Correspondence

**Mr Winnick:** To ask the Secretary of State for the Home Department when the UK Border Agency plans to respond to the letter of 4 April 2011 from the hon. Member for Walsall North about a constituent, reference ADUR/100311/031061/1. [53791]

**Damian Green:** The UK Border Agency wrote to the hon. Member on 27 April 2011.

#### Missing Children

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many reports police forces received of children (a) of each age and (b) of each sex missing from home in each of the last three years. [53509]

**James Brokenshire:** Data held by the National Missing Persons Bureau does not contain the level of detail sought. Police forces provide quarterly and annual data returns (numbers of missing person reports received) to the Bureau but only a number of these returns provide breakdowns by age and gender.

This information is therefore not collated centrally.

#### Offensive Weapons

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many people in each police force area were convicted for possessing or distributing prohibited weapons or ammunition in England and Wales in each year since 2007. [53418]

**Mr Blunt:** I have been asked to reply.

The number of persons found guilty at all courts for offences relating to possessing or distributing prohibited weapons or ammunition, by police force area, England and Wales, 2007-09, can be viewed in the table.

Court proceedings data for 2010 are planned for publication on 26 May 2011.

*Number of persons found guilty at all courts for offences relating to possessing or distributing prohibited weapons or ammunition<sup>1</sup>, by police force area, England and Wales, 2007-09<sup>2, 3</sup>*

Police force area	2007	2008 <sup>4</sup>	2009
Avon and Somerset	23	30	17
Bedfordshire	6	12	18
Cambridgeshire	9	6	13
Cheshire	11	12	20

*Number of persons found guilty at all courts for offences relating to possessing or distributing prohibited weapons or ammunition<sup>1</sup>, by police force area, England and Wales, 2007-09<sup>2, 3</sup>*

Police force area	2007	2008 <sup>4</sup>	2009
City of London	1	1	4
Cleveland	9	14	17
Cumbria	13	10	7
Derbyshire	21	13	18
Devon and Cornwall	15	19	25
Dorset	12	12	11
Durham	15	14	8
Essex	29	28	27
Gloucestershire	4	8	8
Greater Manchester	83	90	93
Hampshire	24	22	23
Hertfordshire	24	27	17
Humberside	10	10	12
Kent	20	40	38
Lancashire	22	25	31
Leicestershire	22	16	15
Lincolnshire	4	8	13
Merseyside	53	79	68
Metropolitan police	386	449	400
Norfolk	10	5	7
North Yorkshire	8	5	9
Northamptonshire	4	5	11
Northumbria	31	31	37
Nottinghamshire	39	39	28
South Yorkshire	25	24	23
Staffordshire	26	14	23
Suffolk	7	4	7
Surrey	12	8	6
Sussex	22	24	23
Thames Valley	34	41	25
Warwickshire	7	7	5
West Mercia	10	13	12
West Midlands	91	99	123
West Yorkshire	30	42	41
Wiltshire	1	6	7
Dyfed-Powys	2	1	3
Gwent	7	10	6
North Wales	12	14	8
South Wales	23	21	34
Total England and Wales	1,217	1,358	1,343

<sup>1</sup> Includes the following statutes and corresponding offence descriptions: Firearms Act, 1968 Sec 5(1) (Group I) as amended by Criminal Justice Act 2003 S.288

Possessing or distributing prohibited weapons or ammunition. Firearms Act 1968 Sec 5(1)(b) (Group I) as amended by Criminal Justice Act 2003

Sec.288 Possessing or distributing prohibited weapons designed for discharge of noxious liquid etc.

Firearms Act 1968 Sec 5(1A)(a) (Group I) as amended by Criminal Justice Act 2003 Sec.288

Possessing or distributing firearm disguised as other object

Firearms Act 1968 Sec 5(1A) (b),(c),(d)(e),(f) or (g) as amended by Criminal Justice Act 2003 Sec.288

Possessing or distributing other prohibited weapons

<sup>2</sup> The figures given in the table on court proceedings relate to persons For whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences, the offence selected is the offence for which the statutory maximum penalty is the most severe.

<sup>3</sup> Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

<sup>4</sup> Excludes data for Cardiff magistrates court for April, July and August 2008.

Source:

Justice Statistics Analytical Services—Ministry of Justice.

**Police: Manpower**

**Bridget Phillipson:** To ask the Secretary of State for the Home Department what the percentage change in the number of special constables serving in each police force area in England and Wales has been since March 2010. [51893]

**Nick Herbert** [holding answer 26 April 2011]: Data on special constable strength by police force area as at 30 September and 31 March 2010 with percentage changes over the six months period are given in the table.

Some forces figures may be affected by seasonality as it is not a percentage change over a 12-month period. Figures for March 2011 will be available on 21 July 2011.

*Special constable strength by English Government office regions and Wales (headcount)<sup>1</sup>*

<i>English Government Office Regions and Wales</i>	<i>Special constables</i>			
	<i>Strength as at:</i>		<i>Change in 6 months</i>	
	<i>March 2010</i>	<i>September 2010</i>	<i>March 2010</i>	<i>September 2010</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Percentage</i>
<i>North East</i>	547	561	14	2.6
Cleveland	238	242	4	1.7
Durham	131	132	1	0.8
Northumbria	178	187	9	5.1
<i>North West</i>	1,731	1,878	147	8.5
Cheshire	300	360	60	20.0
Cumbria	115	139	24	20.9
Greater Manchester	400	451	51	12.8
Lancashire	470	462	-8	-1.7
Merseyside	446	466	20	4.5
<i>Yorkshire and the Humber</i>	1,173	1,193	20	1.7
Humberside	341	340	-1	-0.3
North Yorkshire	184	187	3	1.6
South Yorkshire	227	218	-9	-4.0
West Yorkshire	421	448	27	6.4
<i>East Midlands</i>	1,183	1,188	5	0.4
Derbyshire	302	297	-5	-1.7
Leicestershire	240	219	-21	-8.8
Lincolnshire	163	163	0	0.0
Northamptonshire	180	228	48	26.7
Nottinghamshire	298	281	-17	-5.7
<i>West Midlands</i>	1,370	1,468	98	7.2
Staffordshire	334	395	61	18.3
Warwickshire	212	205	-7	-3.3
West Mercia	233	256	23	9.9
West Midlands	591	612	21	3.6
<i>Eastern</i>	1,997	2,092	95	4.8
Bedfordshire	210	225	15	7.1
Cambridgeshire	167	189	22	13.2
Essex	682	679	-3	-0.4

*Special constable strength by English Government office regions and Wales (headcount)<sup>1</sup>*

<i>English Government Office Regions and Wales</i>	<i>Special constables</i>			
	<i>Strength as at:</i>		<i>Change in 6 months</i>	
	<i>March 2010</i>	<i>September 2010</i>	<i>March 2010</i>	<i>September 2010</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Percentage</i>
Hertfordshire	344	393	49	14.2
Norfolk	266	273	7	2.6
Suffolk	328	333	5	1.5
<i>London</i>	3,256	4,023	767	23.6
London, City of	79	79	0	0.0
Metropolitan Police	3,177	3,944	767	24.1
<i>South East</i>	1,734	1,831	97	5.6
Hampshire	449	450	1	0.2
Kent	310	284	-26	-8.4
Surrey	327	347	20	6.1
Sussex	240	277	37	15.4
Thames Valley	408	473	65	15.9
<i>South West</i>	1,758	1,793	35	2.0
Avon & Somerset	449	461	12	2.7
Devon & Cornwall	592	632	40	6.8
Dorset	300	310	10	3.3
Gloucestershire	167	162	-5	-3.0
Wiltshire	250	228	-22	-8.8
<i>Wales</i>	756	745	-11	-1.5
Dyfed-Powys	171	170	-1	-0.6
Gwent	144	144	0	0.0
North Wales	193	217	24	12.4
South Wales	248	214	-34	-13.7
Total of all 43 forces	15,505	16,772	1,267	8.2
British Transport Police	176	191	15	8.5
Total Special constable Strength	15,681	16,963	1,282	8.2
Total Special constable Strength (excluding BTP)	15,505	16,772	1,267	8.2

<sup>1</sup> Police constable figures are given as headcount measure.

**Chi Onwurah:** To ask the Secretary of State for the Home Department how many police constables Northumbria police employed in each of the last three years for which figures are available. [52024]

**Nick Herbert:** Available data relate to police constable strength for Northumbria, as at 31 March 2008, 2009 and 2010 and are given in the table.

*Northumbria police constable strength<sup>1</sup> as at 31 March 2008, 2009 and 2010*

	<i>Number of police constables</i>
2008	3,092
2009	3,216
2010	3,314

<sup>1</sup> These are full-time equivalent figures that have been rounded to the nearest whole number.

### Police: Redundancy Pay

**Stephen Barclay:** To ask the Secretary of State for the Home Department (1) how many police authorities reported at least one special severance payment in the last 12 months for which figures are available; [52540]

(2) how many special severance payments were reported by Cambridgeshire Constabulary in the last 12 months for which figures are available. [52541]

**Nick Herbert** [*holding answer 26 April 2011*]: The information requested is not held centrally. There is no requirement for police authorities to seek approval from or report to Government before making special severance payments.

### Repatriation: Offenders

**Keith Vaz:** To ask the Secretary of State for the Home Department whether any people detained under immigration rules offered to pay for their return flights to their country of origin in the last year for which figures are available. [52682]

**Damian Green:** The UK Border Agency does not hold information on people detained under immigration powers that offer to pay for their return flights to their countries of origin.

### Sexual Offences

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many individuals (a) convicted of a sex offence, (b) imprisoned for more than 12 months for violence and (c) assessed as being high risk there are on the Violent and Sex Offenders Register; and how many times the database has been accessed in each year since 1997. [53437]

**Mr Blunt:** I have been asked to reply.

As at 31 March 2011 there were (a) 50,309 individuals convicted of a registered sexual offence, (b) 6,704 imprisoned for 12 months and over for violence and non-registerable sexual offences and (c) 17,734 assessed as being High or Very High Risk that are recorded on ViSOR in England and Wales.

ViSOR was introduced nationally only in 2005. It is routinely used by a large number of staff on a daily basis for the purposes of case management, risk assessment, information and intelligence sharing, and risk management planning. Data regarding the recorded levels of access are not collected.

### Third Sector: Home Office

**Chris Ruane:** To ask the Secretary of State for the Home Department pursuant to the answer of 24 March 2011, *Official Report*, column 1218W, on third sector, what information her Department holds on the distribution of grants paid to charities that her Department monitors. [52701]

**Damian Green:** The information held by the Department includes the name of the body receiving the grant, the purpose of the grant, the amount of the grant and the period of time for which the grant is paid. Additionally

the Department monitors the achievement of outcomes for which the grant was provided. This is standard information monitored against all grants paid by the Department irrespective of type of recipient.

The above information could not be provided for those charities receiving grant from the Department without incurring disproportionate cost, as the Department's accounting system recognises charities within a greater grouping of over 300 not-for-profit organisations.

As well as charities (organisations defined by and registered with the Charity Commission) this group of organisations includes benevolent or philanthropic institutions and not-for-profit social enterprises.

### Vetting: Fees and Charges

**Robert Ffello:** To ask the Secretary of State for the Home Department for what reason the fee charged by the Criminal Records Bureau for a Criminal Records Bureau check has been increased; and what the percentage increase in fees has been. [53193]

**Lynne Featherstone** [*holding answer 28 April 2011*]: The increase in the cost of an Enhanced Criminal Records Bureau check is directly linked to the Government's decision to scale back the Vetting and Barring scheme (VBS) to more common sense levels, which has resulted in the cancellation of the requirement to register with the VBS. This fee increase will directly fund the administration costs of the retained elements of the Scheme, such as the operation of the barring function operated by the Independent Safeguarding Authority.

The fee was increased by £8, representing an increase of approximately 22% but is significantly lower than the intended VBS registration fee of £64.

### Vetting: Young People

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many persons aged under 18 years have had Criminal Records Bureau checks in each year since 2008-09. [53496]

**Lynne Featherstone:** The number of certificates issued by the Criminal Records Bureau to an applicant aged under-18 years of age at the date of application in each financial year since 2008-09 can be found in the following table. Please note that the figures shown represent the number of certificates issued and not the number of applicants as an individual may have been issued with more than one certificate.

<i>Financial year</i>	<i>Total certificate volumes</i>	<i>Certificate volumes issued to those aged under-18</i>
2008-09	3,853,686	130,708
2009-10	4,299,906	140,034
2010-11	4,311,820	149,860

### Written Questions

**Mr Ruffley:** To ask the Secretary of State for the Home Department how many parliamentary questions for written answer her Department took longer than 10 days to answer in each of the last three years. [53511]

**Damian Green:** On 11 March 2011, the Procedure Committee published a memorandum submitted by the Leader of the House of Commons, my right hon. Friend the Member for North West Hampshire (Sir George Young), giving the statistics for all written parliamentary questions in the 2009-10 session. This memorandum stated that the Home Office took longer than 10 days to answer 345 out of 1,600 (21.6%) ordinary written questions during that session. 55 out of 542 questions (10.1%) for answer on a named day took longer than 10 days to answer.

In the current session to end-March 2011, the Home Office (including the Government Equalities Office) has taken longer than 10 days to answer 351 out of 2,415 (14.5%) ordinary written questions and 146 out of 875 (16.7%) named day questions.

Detailed information of this type is not available for questions asked in earlier sessions.

## SCOTLAND

### Departmental Buildings

**Luciana Berger:** To ask the Secretary of State for Scotland what the (a) name and (b) address is of each building owned by his Department; and what the estimated monetary value is of each such building. [53801]

**David Mundell:** The Scotland Office does not own any buildings.

### Departmental Work Experience

**Chi Onwurah:** To ask the Secretary of State for Scotland what advice his Department provides to those wishing to (a) work as an intern, (b) undertake a work experience placement and (c) work as a volunteer in his Department. [52803]

**David Mundell:** The Scotland Office does not issue any general advice to those wishing to work as an intern, undertake a work experience placement, or work as a volunteer in this Department. As a very small Department of only 57 people, the scope for such placements is limited. Any request for a placement is dealt with on a case-by-case basis.

### Employment Schemes

**John Robertson:** To ask the Secretary of State for Scotland what recent discussions he has had with the Secretary of State for Work and Pensions on the awarding of Scottish contracts to private companies as part of the Work Programme. [52733]

**David Mundell:** The Secretary of State for Scotland has discussed the outcome of the Work Programme contracting process with Work and Pensions ministerial colleagues on several occasions in recent weeks.

**Mrs McGuire:** To ask the Secretary of State for Scotland what discussions he had with the Secretary of State for Work and Pensions before the awarding of Work Programme contracts covering Scotland. [53302]

**David Mundell:** Over the past year, the Secretary of State for Scotland and I have had numerous discussions related to the Work Programme with ministerial colleagues in the Department for Work and Pensions.

**Ann McKeichin:** To ask the Secretary of State for Scotland when he last met representatives of the Scottish voluntary sector to discuss work programme contracts; and what the outcome was of those discussions. [53931]

**Michael Moore:** I discussed the Work programme with representatives of the Scottish voluntary sector at a meeting with key stakeholders on Thursday 7 April. I invited the Minister of State for Employment, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), to address that meeting and he encouraged Work programme providers, who were also in attendance, to engage effectively with the voluntary sector in Scotland in the delivery of the programme.

## WALES

### Departmental Work Experience

**Chi Onwurah:** To ask the Secretary of State for Wales what advice her Department provides to those wishing to (a) work as an intern, (b) undertake a work experience placement and (c) work as a volunteer in her Department. [52820]

**Mr David Jones:** The Wales Office does not issue any general advice to those wishing to work as an intern, undertake a work experience placement, or, work as a volunteer in this department. As a very small Department of only 62 people, the scope for such placements is limited. Any such request is therefore dealt with on a case by case basis.

## PRIME MINISTER

### Global Alliance for Vaccines and Immunisations Summit

**Kerry McCarthy:** To ask the Prime Minister whether he plans to attend the Global Alliance for Vaccines and Immunisations summit in June 2011. [52702]

**The Prime Minister:** I am pleased that the Government are hosting the Global Alliances for Vaccines and Immunisations summit this June. This is an important moment for the international community to come together to help GAVI meet their ambitious plans to vaccinate 250 million children by 2015. For security reasons, my engagements are announced as and when appropriate.

### Nuclear Power: National Policy Statements

**Mr Sanders:** To ask the Prime Minister with reference to page 17 of the Coalition Agreement, whether the abstentions on any vote on a national planning statement on nuclear power by Liberal Democrat hon. Members include such hon. Members who are serving as Ministers of the Crown. [53720]

**The Prime Minister:** I refer the hon. Member to page 17 of the coalition agreement.

### Prince William: Marriage

**Mr MacShane:** To ask the Prime Minister whether his Office was consulted on the issue of invitations to the wedding of HRH Prince William and Catherine Middleton. [53755]

**The Prime Minister:** I refer the right hon. Member to the press briefing given by official spokesperson on 26 April 2011. A transcript of this is available on the No. 10 website

<http://www.number10.gov.uk/news/press-briefings/2011/04/morning-press-briefing-from-26-april-2011-63311>

## COMMUNITIES AND LOCAL GOVERNMENT

### Affordable Housing

**Mr Burley:** To ask the Secretary of State for Communities and Local Government what assessment he has made of his Department's performance against objectives for efficiency savings in respect of affordable housing in 2009-10. [51765]

**Andrew Stunell:** I refer my hon. Friend to the answer given by the Chief Secretary to the Treasury, the right hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), to my hon. Friend the Member for Southport (John Pugh) on 15 November 2010, *Official Report*, column 615-16W, which referred to a more specific and innovative approach to efficiency and reform across the public sector. As a result of this Departments were no longer required to report against the previous Government's efficiency targets.

That notwithstanding, at the comprehensive spending review 2007, the Department was set a target to achieve £887 million value for money savings by 2010-11, made up of £734 million savings in affordable housing, £110 million in Fire and Rescue, and £43 million in administration. Provisional figures indicate that only £128 million of affordable housing savings were actually delivered.

### Audit Commission

**Andrew Bridgen:** To ask the Secretary of State for Communities and Local Government at which restaurants in London meals have been paid for using public funds by the Audit Commission in the last 18 months. [51977]

**Robert Neill:** This is an operational matter for the Audit Commission and I have asked the chief executive of the Audit Commission to write to my hon. Friend direct.

For the interests of clarity, the meal with the Chief Secretary to the Treasury was under the last Administration.

*Letter from Eugene Sullivan, dated 3 May 2010:*

Your Parliamentary Question outlined above has been passed to me to reply.

Audit Commission staff regularly stay overnight in London while attending meetings at the Commission's Millbank office, or

meeting with clients, including other inspectorates, government departments and representative bodies, in the London area. The cost of evening meals are incorporated into the hotel accommodation invoices and we are unable to extract this information without incurring disproportionate costs. We are able to identify a list of payments made to London restaurants where groups of staff have eaten outside of the hotel or where hospitality has been provided to other inspectorates and government departments and the Government Procurement Card has been used.

<i>Restaurant</i>	<i>Occasion</i>	<i>Total (£)</i>
Quirinale	Hospitality—HM Chief Inspector Ofsted	87.69
Casa Madeira	Staff evening meal	16.95
Garfunkels	Staff evening meal	20.00
Pizza Express	Staff evening meal	22.00
Bella Italia	Staff evening meal	23.55
Pizza Express	Staff evening meal	29.00
Millbank Spice	Staff group evening meal	62.70
Pizza Express	Staff group evening meal	44.99
Pizza Express	Staff group evening meal	42.01
Millbank Spice	Staff group evening meal	30.91
Pizza Express	Staff group evening meal	49.20
Bentleys Seafood Restaurant	Board Dinner	770.21
Sofitel St James	Hospitality—Chief Secretary to the Treasury	96.75

### Brighton

**Mike Weatherley:** To ask the Secretary of State for Communities and Local Government (1) how many ring-fenced grants provided by his Department were available for Brighton and Hove city council to claim in (a) 2007-08, (b) 2008-09, (c) 2009-10 and (d) 2010-11; how much was available in such grants; how many such grants were made; and how much was awarded in such grants; [51844]

(2) how many ring-fenced grants provided by his Department are available for Brighton and Hove city council to claim in 2011-12; how much is available in such grants; how many such grants have been made; and how much is to be awarded in such grants. [51848]

**Robert Neill:** A summary of the ring-fenced specific revenue and capital grants provided to Brighton and Hove city council by the Department for Communities and Local Government between 2007-08 and 2010-11 is provided in the following table. The amounts allocated were paid in full:

	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
<i>£ million</i>				
<i>Revenue:</i>				
Supporting People	12.659	12.464	—	—
New Deal for Communities	4.122	1.147	0.073	—
<i>Capital:</i>				
Disabled Facilities Grant	0.521	0.660	0.660	0.660
<i>Revenue and Capital:</i>				
Free Swimming	—	—	0.229	—

From 2011-12 the Government have ended the ring-fencing of grants, except for simplified school grants and a new public health grant from 2013-14. My Department has no ring-fenced grants in 2011-12.

For the avoidance of doubt, this table only illustrates ring-fenced grants. It does not include specific grants which have continued in a non-ringfenced form, nor grants which have been rolled into formula grant.

### Community Development: Finance

**Chris Ruane:** To ask the Secretary of State for Communities and Local Government what the budget was of his Department and its predecessors for supporting communities in each of the last 10 years; and what estimate he has made of this budget in each of the next five years. [53768]

**Andrew Stunell:** There are a number of different budgets within the Department that either entirely or in part contribute towards supporting communities in one form or another. These include the payments to local government through formula grant, targeted grant programmes paid to the voluntary and community sector, such as community empowerment, and funding provided for regeneration such as the new deal for communities programme. It would not be possible for the Department to identify the proportion of these funds paid out per year, or estimate how much will be paid out in the future directly to support communities without disproportionate cost.

### Construction: Standards

**Mr Mark Field:** To ask the Secretary of State for Communities and Local Government how many meetings his Department has had with representatives of TrustMark in each of the last five years; and if he will make a statement. [52821]

**Andrew Stunell:** The Department has had infrequent meetings directly with TrustMark representatives over the last five years, and has been present at a large number of meetings where TrustMark representatives have also been present. However information on these is not readily available and could be obtained only at disproportionate cost.

### Fire Services: Pensions

**Ms Angela Eagle:** To ask the Secretary of State for Communities and Local Government (1) what arrangements are in place to ensure that the proposed changes to the Firefighters Pension Scheme are sustainable and progressive; [52242]

(2) what assessment he has made of the effects of the proposed changes to the Firefighters Pension Scheme on part-time members of staff who are members of the scheme; [52245]

(3) whether he has carried out an impact assessment on the proposed change to the Firefighters Pension Scheme; and what his estimate is of the change in the opt-out rate resulting from implementation of the changes. [52254]

**Robert Neill:** At the spending review the Government announced changes to the level of employee contribution rates which would lead to total savings of £2.8 billion a year by 2014-15, to be phased in from April 2012. Discussions about how this will be implemented are ongoing with unions in the context of wider ranging pension discussions. The Government will put forward proposals in due course, and will then begin formal consultation on the necessary changes to scheme regulations.

The Government are committed to protecting low earners and ensuring changes are both sustainable and progressive.

The Treasury published an estimate of likely opt-out rates at the spending review:

[http://cdn.hm-treasury.gov.uk/sr2010\\_policycostings.pdf](http://cdn.hm-treasury.gov.uk/sr2010_policycostings.pdf)

This estimate has been scrutinised by the independent Office for Budget Responsibility, and will be reviewed when the Government put forward final designs.

### Housing Benefit

**Ms Buck:** To ask the Secretary of State for Communities and Local Government what estimate he has made of the number of (a) local authorities and (b) registered social landlords who will amend their allocation procedures in 2011-12 in order to enable tenants to downsize to avoid housing benefits reductions for under-occupation of their home. [53740]

**Grant Shapps:** Local authorities and social landlords should already be helping social tenants who wish to move to smaller properties, and many do so. Provisions in the Localism Bill will make it easier for local authorities to give priority to existing tenants wishing to move.

We have also established an action team based in the Chartered Institute of Housing to support local authorities and housing associations to promote moves by under-occupiers, and this will include ensuring their allocation policies are aligned with this objective.

### Housing: Construction

**Jack Dromey:** To ask the Secretary of State for Communities and Local Government what mechanisms are in place to ensure communication and coordination between communities on house-building strategies. [50467]

**Greg Clark:** Local councils are currently required to consult each other when they are preparing local plans and they are required to demonstrate that their local plans are deliverable. This is an important part of the local plan testing and examination process. Authorities and key partners are required to engage in a timely and effective two way discussion on deliverability as part of this process. Where authorities cannot demonstrate that their plans are deliverable they will not be found sound and cannot be adopted.

### Housing: Older People

**Alison Sebeck:** To ask the Secretary of State for Communities and Local Government what his policy is on the report of the Housing our Ageing Population Panel for Innovation. [52749]

**Andrew Stunell:** The Housing our Ageing Population Panel report was commissioned by the Department for Communities and Local Government and the Department of Health to look at the future of housing for older people. The report was published in December 2009 and sets out a series of case studies from Britain and Europe demonstrating best practice and innovation in housing designed for older people. It also makes a number of recommendations for all partners involved in the provision of housing for older people, including central and local government.

It is our hope that others involved in the design and supply of housing for older people will take inspiration from the case studies in the report.

Government continue to work with industry to explore ways in which standards, including the Building Regulations, can be simplified to reduce overlap and contradiction. We will consider the planning issues raised in the report as we progress with the National Planning Policy Framework.

### Local Government Services

**Mr Burley:** To ask the Secretary of State for Communities and Local Government what plans he has for the future of statutory duties on local authorities concerning disabled children, young people, their families and carers; and if he will take steps to ensure that any changes to such statutory duties are subject to a (a) formal consultation and (b) full impact assessment. [51766]

**Robert Neill:** I refer my hon. Friend to the answer given to my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) by the Secretary of State for Communities and Local Government, my right hon. Friend the Member for Brentwood and Ongar (Mr Pickles) on 4 April, *Official Report*, column 739. The Government are looking to remove unnecessary, old and outdated statutory burdens imposed on local councils from Whitehall. It is not aimed at removing those which protect vital frontline services or the vulnerable. Until now, there has been no comprehensive list of the legal duties placed on councils. To remedy this, the Government agreed with the Local Government Association (the national body representing councils) that we should compile such a list so that everyone is clear what legal obligations local councils have and check whether the duties are still relevant.

There is no implication that any particular duty on the list is being considered for removal, and there is certainly no intention to remove the duties on councils with respect to support for disabled children and children with special educational needs.

The review is as much about ensuring vital duties are retained as it is about removing unnecessary burdens. Any changes to statutory duties which come about as a result of the review will be properly considered and consulted on where necessary.

### Local Government: Pensions

**Natascha Engel:** To ask the Secretary of State for Communities and Local Government what account was taken of planned increases in employees' contributions to the Local Government Pension Scheme in the local authority grant settlement for (a) 2012-13, (b) 2013-14 and (c) 2014-15; and if he will make a statement. [52715]

**Robert Neill:** Decisions about the overall level of Government grant to local government are taken in spending reviews.

The Local Government settlement in the 2010 spending review was determined in the context of the overall level of affordable public spending, consistent with the Government's aim of tackling the fiscal deficit. It took into account a wide range of factors which will affect local authority budgets over the period.

The Government announced at the spending review that they accepted the view of the Independent Public Service Pensions-Commission that there is a clear rationale for public servants to make a greater contribution if their pensions are to remain fair to taxpayers and employees, and affordable for the country.

The cost of the Local Government Pension Scheme to taxpayers has risen from £1.5 billion in 1997-98 to £5.8 billion in 2009-10. In this context, it is right and fair to take steps to protect local taxpayers from the cost of further increases.

### Markets

**Michael Fallon:** To ask the Secretary of State for Communities and Local Government what steps his Department is taking to assist the development of open air markets. [53678]

**Andrew Stunell:** There are over 1,000 retail markets in the UK, which bring significant economic, social and environmental benefits. Markets can be an important part of the strong retail mix that town centres need to attract shoppers and provide consumer choice. Markets provide job opportunities and a place for people to meet. They can provide identities for local communities, strengthening tourism and promoting healthy eating and local specialities. Decisions on the management of markets are for local authorities to make.

Open air markets (but not car boot sales) are covered in the remit of the Working Group on Retail Markets that my Department has responsibility for. The working group includes representatives from Government Departments that have an interest in markets, the markets industry—including local authority, privately run, social enterprise and farmers' markets—and the Local Government Association markets champion. The industry has recently produced a range of publications on good practice, management models and the role of markets within the local community. Priorities for the working group are to work with the industry and the association to enable markets to continue at a challenging time when local authorities are under pressure, and to encourage new entrepreneurs to become market traders.

### Non-Domestic Rates: Milton Keynes

**Mark Lancaster:** To ask the Secretary of State for Communities and Local Government how many businesses in Milton Keynes were (a) eligible for and (b) received small business rate relief in the last year for which figures are available. [51928]

**Robert Neill:** Milton Keynes council reported on their National non-domestic rates (NNDR1) budget form that 1,048 hereditaments were in receipt of a discount from the small business rate relief scheme as at

31 December 2009, A further 2:84 hereditaments were only paying the small business rate multiplier without being granted a discount. Information on numbers of businesses eligible for the relief is not held centrally.

The Government are taking steps through the Localism Bill to help automate the take-up of small business rate relief.

#### Non-Domestic Rates: St Albans

**Mrs Main:** To ask the Secretary of State for Communities and Local Government how many businesses in St Albans constituency were (a) eligible for and (b) received small business rate relief in the last year for which figures are available. [52120]

**Robert Neill:** Information is not collected at constituency level. However St Albans city and district council reported on their national non-domestic rates (NNDR1) budget form that 593 hereditaments were in receipt of a discount from the small business rate relief scheme as at 31 December 2009. A further 156 hereditaments were paying only the small business rate multiplier without being granted a discount. Information on numbers of businesses eligible for the relief is not held centrally.

The Government are taking steps through the Localism Bill to help automate the take-up of small business rate relief.

#### Northern Rock: Newcastle

**Mr Nicholas Brown:** To ask the Secretary of State for Communities and Local Government whether he has received any representations on (a) the purchase by Newcastle City Council of the Northern Rock Tower and (b) the effect of that purchase on the market for office space in Newcastle upon Tyne. [51498]

**Greg Clark:** The Department for Communities and Local Government has received no representations on this purchase.

#### Private Rented Housing: Regulation

**Mr Sanders:** To ask the Secretary of State for Communities and Local Government whether the exemption from new regulations for small businesses announced in the 2011 Budget will apply to private sector landlords. [51787]

**Andrew Stunell:** Where a private landlord falls within the definition of a micro business—that is, a business employing less than 10 people—our current expectation is that the exemption from new regulations will apply. However, as I outlined in my answer of 28 March 2011, *Official Report*, column 8W, the Government do not have plans to introduce greater regulation into the sector as a whole.

#### Regional Planning and Development

**Jack Dromey:** To ask the Secretary of State for Communities and Local Government (1) what guidance his Department provides to local authorities on local development frameworks following the abolition of regional spatial strategies; [50365]

(2) what (a) transitional arrangements and (b) guidance will be available to local authorities following the abolition of regional spatial strategies; [50371]

(3) what steps he has taken to provide (a) transitional arrangements and (b) guidance on the development of local development frameworks following the abolition of regional spatial strategies. [50724]

**Greg Clark:** The coalition agreement clearly set out the Government's intention to abolish regional strategies and return democratic decision making powers on housing and planning to local councils.

The chief planner has written to all local authorities making clear that pending abolition of regional strategies all planning decisions must be made in accordance with the 'development plan', including regional strategies, unless material considerations indicate otherwise. The Government's intention to abolish regional strategies is a material consideration.

Local planning authorities should press ahead without delay in preparing up-to-date development plans and should use that opportunity to be proactive in driving and supporting the growth the country needs.

**Jack Dromey:** To ask the Secretary of State for Communities and Local Government what guidance his Department is providing to local authorities on consideration of renewable energy proposals following the abolition of regional spatial strategies. [50367]

**Greg Clark:** Policy for planning and renewable energy is set out in Planning Policy Statement (PPS) 22.

**Jack Dromey:** To ask the Secretary of State for Communities and Local Government (1) if he will take steps to ensure that all areas formerly covered by regional spatial strategies are included in local development frameworks; [50664]

(2) what assessment his Department has made of the extent of areas formerly covered by regional spatial strategies which are not covered by proposals for local development frameworks. [50665]

**Greg Clark:** Local planning authorities should continue to develop local development framework core strategies and other development plan documents, reflecting local people's aspirations and decisions on important issues such as climate change, housing and economic development, having regard to national policy.

National policy is set out in the existing Planning Policy Statements, Planning Policy Guidance, Minerals Policy Statements and Minerals Policy Guidance and other documents including circulars.

It is for local planning authorities to decide if they want to amend their plans, or produce additional plans, to address any issues in regional strategies not already covered in their plans.

#### Vacant Land: Property Development

**Caroline Flint:** To ask the Secretary of State for Communities and Local Government with reference to paragraph 2.21 of The Plan for Growth, March 2011, what assessment he has made of the effect of the removal of targets for levels of development on previously developed land on future levels of development on greenfield sites. [52137]

**Robert Neill:** The Government will, through the National Planning Framework (NPPF), localise choice about the use of previously developed land by removing the national target for the amount of housing development that should take place on previously developed land, and at the same time providing for local communities to be able to identify and protect green space of importance.

We will consult on the draft National Planning Policy Framework in the summer. A draft impact assessment will be published for consultation alongside the National Planning Policy Framework.

## CABINET OFFICE

### Civil Servants: Pensions

**Gregg McClymont:** To ask the Minister for the Cabinet Office what meetings he has had with employee representatives from My Civil Service Pension prior to his announcement of 12 April 2011. [53642]

**Mr Maude:** I have met with PCS Trade Union representatives to talk about My Civil Service Pension on 31 March 2011. My officials (including Phil Bartlett, chief executive of MyCSP), have held regular meetings with the Trade Unions, on:

23 September 2010  
14 December 2010  
17 January 2011  
9 March 2011  
24 March 2011  
7 April 2011  
19 April 2011

**Gregg McClymont:** To ask the Minister for the Cabinet Office when he plans to provide further information on proposed changes to the ownership structure of My Civil Service Pension. [53643]

**Mr Maude:** On 12 April I announced that we are working to support the management and employees of

My Civil Service Pension to create a mutual joint venture. Since then considerable work has been taken forward and following an extensive programme of engagement with employees over the next few months, I will provide further information on the ownership structure of My Civil Service Pension.

## Departmental Manpower

**Stephen Barclay:** To ask the Minister for the Cabinet Office with reference to the answer to the right hon. Member for Horsham of 20 July 2009, *Official Report*, column 1040W, on departmental personnel, how many staff in his Department and its non-departmental public bodies have no post; and how many such staff have been classified as such for at least (a) three months, (b) six months and (c) 12 months. [51808]

**Mr Maude:** As at 31 March 2011, Cabinet Office and its non-departmental public bodies had 10 staff who were without permanent roles:

Five have been classified as such for between three and six months; and

Five have been classified as such for between six and 12 months.

All staff without permanent roles are assigned to critical projects or interim work while a suitable permanent role is identified.

## DEFENCE

### Afghanistan: Peacekeeping Operations

**Tim Farron:** To ask the Secretary of State for Defence what his most recent estimate is of the cost to the public purse of military action in Afghanistan since 2001. [53192]

**Dr Fox [holding answer 28 April 2011]:** The annual audited figures for the costs of operations in Afghanistan since financial year 2001-02 are shown in the following table:

<i>Operations in Afghanistan</i>										<i>£ million</i>
	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>Total spend to date</i>
Resource	187	236	36	58	148	560	1,071	1,655	2,330	6,281
Capital costs	34	75	10	9	51	178	433	968	1,491	3,249
Total	221	311	46	67	199	738	1,504	2,623	3,821	9,530

The estimated cost of operations in Afghanistan for financial year 2010-11 are shown in the following table:

<i>Operations in Afghanistan</i>	
	<i>2010-11 Estimate (£ million)</i>
Resource	3,101
Capital costs	1,390
Annually managed expenditure	6
Total estimated costs	4,497

## Armed Forces: Health Services

**Lindsay Roy:** To ask the Secretary of State for Defence what steps he is taking to provide assistance

for armed forces personnel affected by (a) post traumatic stress and (b) physical trauma. [53319]

**Mr Robathan:** The Ministry of Defence (MOD) provides a comprehensive programme of medical support for service personnel, and the strategic defence and security review included a commitment to maintain and further develop the medical support provided by the Defence Medical Services and the NHS.

We train armed forces personnel and their commanders about the need to recognise mental health disorders, including post-traumatic stress disorder, and how to seek help if necessary. In Afghanistan, we deploy uniformed

mental health nurses to provide assessment and treatment, and have successfully introduced an informal peer-led programme known as TRiM (Trauma Risk Management). In the UK, we provide community-based mental health care, both at local unit level and through our 15 military Departments of Community Mental Health across the UK (plus centres overseas), which provide out-patient treatment. In-patient care, when necessary, is provided in specialised psychiatric units under contract with the NHS. We are working with the Department of Health to enhance existing healthcare services by implementing recommendations made by my hon. Friend the Member for South West Wiltshire (Dr Murrison) in his "Fighting Fit" report into the health of our armed forces.

For operational trauma casualties in Afghanistan, those whose injuries are too serious to be treated at the Camp Bastion Field Hospital are aeromedically evacuated back to the UK, where they will usually be admitted to the Queen Elizabeth hospital in Edgbaston, Birmingham. This brand-new NHS hospital is at the leading edge in the medical care of serious polytrauma, as commonly sustained by our operational casualties. We can be sure that by admitting them to that hospital they will have immediate access to some of the best clinical specialists and medical equipment available in the UK today.

	1981	1985	1990	1995	2000	2005	2010
Royal Navy	1:6	1:6	1:5	1:5	1:5	1:4	1:4
Army	1:9	1:8	1:8	1:7	1:7	1:6	1:6
Royal Air Force	1:5	1:5	1:5	1:5	1:4	1:4	1:3

Note:

Figures are for UK regular forces, trained and untrained, and exclude Gurkhas, full-time reserve service personnel and mobilised reservists.

### Armed Forces: Pensions

**Lindsay Roy:** To ask the Secretary of State for Defence what assessment he has made of the monetary value of payments which would be lost to (a) armed forces veterans, (b) war widows and (c) injured soldiers over (i) 10 years and (ii) 20 years as a result of the reduction in (A) armed forces pensions, (B) benefits for war widows and (C) benefits for injured soldiers. [52968]

**Mr Robathan:** I refer the hon. Member to the answer I gave to the hon. Member for Blaenau Gwent (Nick Smith) on 26 April 2011, *Official Report*, column 327W.

**Lindsay Roy:** To ask the Secretary of State for Defence if he will reverse his decision to change the index used for armed forces pensions from retail prices index to consumer prices index. [52969]

**Mr Robathan:** I refer the hon. Member to the answer I gave to the right hon. Member for Delyn (Mr Hanson) on 31 January 2011, *Official Report*, column 570.

**Lindsay Roy:** To ask the Secretary of State for Defence what recent representations he has received on his decision to reduce pensions and benefits payments for war widows and injured soldiers; and if he will make a statement. [52970]

Post-hospital rehabilitation and ongoing treatment is also available through a range of specialist MOD facilities, including 15 Regional Rehabilitation Units around the UK and overseas, which offer a range of rehabilitation and physiotherapy to those requiring it. For those needing the most specialist treatment, such as amputees, the dedicated Defence Medical Rehabilitation Centre at Headley Court in Surrey provides a first-rate facility on an in-patient basis to service personnel from all parts of the UK.

### Armed Forces: Officers

**Karl McCartney:** To ask the Secretary of State for Defence what the ratio of officers to enlisted service personnel was in (a) the Army, (b) the Royal Navy and (c) the Royal Air Force in (i) 1981, (ii) 1985, (iii) 1990, (iv) 1995, (v) 2000, (vi) 2005 and (vii) 2010. [53219]

**Mr Robathan:** The ratio of officers to other ranks for the Royal Navy, Army and Royal Air Force for the requested years is as follows:

**Mr Robathan:** No decision has been taken to reduce pensions and benefits payments for war widows and injured personnel.

We have received a small number of representations relating to these groups and the using of the consumer prices index method to calculate increases to pensions and benefits rather than the retail prices index. This includes discussions with the Central Advisory Committee on Pensions and Compensation, a statutorily-established advisory committee made up of internal and external members.

**Lindsay Roy:** To ask the Secretary of State for Defence how many people resident in (a) Glenrothes constituency and (b) Fife are in receipt of (i) a war pension and (ii) payments from the Armed Forces Compensation Scheme. [52971]

**Mr Robathan:** The War Pension Scheme (WPS) provides no fault compensation to former service personnel and their dependants for illness, injury or death as a result of service from the start of the first world war in 1914 up until 5 April 2005.

As at 30 September 2010 (the latest date for which figures are available), 205 individuals in the parliamentary constituency of Glenrothes, and 1,495 individuals in Fife were receiving an ongoing pension under the WPS.

The Armed Forces and Reserve Forces Compensation Scheme (AFCS) was introduced on 6 April 2005 to provide compensation to service personnel and their dependants for illness, injury or death as a result of service from this date.

As at 31 December 2010 (the latest date for which figures are available), less than five individuals in the parliamentary constituency of Glenrothes, and 45 individuals in Fife were awarded lump sum compensation payments under the AFCS. No individuals in the parliamentary constituency of Glenrothes and less than five individuals in Fife were receiving either guaranteed income payments (GIP) or survivor's guaranteed income payments (SGIP) under the AFCS.

Notes:

1. Guaranteed income payment (GIP)—regular payment to service person to provide a continuous income stream.
2. Survivor's guaranteed income payment (SGIP)—regular payment to surviving dependant(s) to provide continuous financial support.
3. In accordance with DASA's rounding policy, all figures of five or more have been rounded to the nearest five and figures fewer than five have been suppressed.

### Armed Forces: Young People

**Cathy Jamieson:** To ask the Secretary of State for Defence if he will publish the legal advice received by his Department on the enlistment of minors in the UK armed forces. [52876]

**Mr Robathan:** Given that the recruitment of those under the age of 18 has been policy for decades, it is not possible to ascertain without incurring disproportionate costs what legal advice was received by the Ministry of Defence (MOD) or its predecessors. However, in recent years no external legal advice has been received by the MOD on this matter.

**Cathy Jamieson:** To ask the Secretary of State for Defence how many armed forces personnel under the age of 18 have required medical treatment for training-related injuries in each of the last five years. [52878]

**Mr Robathan:** Statistics on specifically training-related injuries are not held centrally. However, information held on the Defence Medical Information Capability Programme (DMICP) indicates that there were 1,220 UK regular forces personnel under the age of 18 who had an injury recorded in their DMICP primary health care record during the period 1 March 2010 to 28 February 2011.

Complete DMICP primary care data are not available prior to 2010, and to obtain equivalent figures for previous years would require analysis of individual medical records, which would entail disproportionate cost.

### Departmental Buildings

**Luciana Berger:** To ask the Secretary of State for Defence what the (a) name and (b) address is of each building owned by his Department; and what the estimated monetary value is of each such building. [53814]

**Mr Robathan:** The information requested could be provided only at disproportionate cost given the extensive Ministry of Defence (MOD) estate.

The MOD accounts for its assets based on their existing use and depreciated replacement cost. Valuations are carried out every five years on this basis.

It is not possible to give the estimated monetary value of each building as the department does not maintain that information. Given the size of the estate, such valuations would be expensive to commission, and require frequent updating to allow for changing market conditions and other factors.

Asset valuations of major Defence assets based on their existing use are included in the National Asset Register and can be found at the following website:

<http://www.official-documents.gov.uk/document/cm70/7022/7022.asp>

### Ex-servicemen: Employment

**Gregg McClymont:** To ask the Secretary of State for Defence what steps he is taking to help former military service personnel find civilian employment. [53734]

**Mr Robathan:** Prior to discharge, individual employment needs are identified from a mandatory interview with a trained service resettlement adviser who is able to signpost a number of organisations and services ranging from the 'Flexible New Deal' programme available at Jobcentre Plus to workshops and training delivered through the Career Transition Partnership. For those who have left, lifetime job finding support is available through the Officers' Association or the Regular Forces Employment Association. There are also various regimental associations, for example RAJA (Royal Electrical and Mechanical Engineer (REME) Association Job Agency) that provide further help for former soldiers of certain regiments.

In addition, the Ministry of Defence (MOD) has been working closely with the Department for Work and Pensions and armed forces champions have been appointed that aim to ensure Jobcentre Plus staff are providing the correct advice and support, not only to families of our armed forces but also to former service personnel. We shall also be conducting an early service leaver trial later this year (for those who leave with less than four year's service) which aims to improve the resettlement provision for this cohort.

### Ex-servicemen: Travel

**Ben Gummer:** To ask the Secretary of State for Defence what arrangements are in place to enable servicemen and women who are discharged whilst overseas to travel home. [53584]

**Mr Robathan:** Service personnel whose service is terminated at their own request are not entitled to travel home at public expense unless they have completed more than four years service. In all other instances of termination or discharge, service persons (and their accompanying immediate family members) may travel home at public expense subject to the following rules:

When service personnel are discharged from overseas and choose to settle in the UK, they will be entitled to travel at public expense from their last place of duty to a selected place of residence in the UK (or the Republic of Ireland, if they were recruited from, or would normally live there).

When service personnel are discharged from overseas and choose to settle overseas, they will be entitled to travel at public expense from their last place of duty to the overseas location of their choice. However, if they choose to settle in a country that is more distant than the UK, the travel costs that they may claim are limited to the equivalent cost of travel to the UK.

Additionally, service personnel who were attested overseas, and who were then conveyed to the UK at public expense may be returned to the country in which they were attested also at public expense on termination of their service.

### Libya: Armed Conflict

**Gordon Banks:** To ask the Secretary of State for Defence how many (a) air to surface missiles, (b) air to air missiles, (c) ship to surface missiles and (d) ship to air missiles have been fired by UK forces deployed in Libya during the recent conflict. [53339]

**Dr Fox [holding answer 28 April 2011]:** We carefully select the type of weapon in every engagement to ensure the most appropriate munition is used to deliver the required effect, while minimising the risk to civilian casualties. From the start of recent operations in Libya up till 24 April 2011, UK forces have fired around 170 air to surface munitions and a number of ship to surface missiles.

Over the same period, UK forces have not employed any air to air or ship to air missiles.

I am withholding the number of ship to surface missiles as its disclosure would, or would be likely to, prejudice the capability, effectiveness or security of the armed forces.

### Prince William: Marriage

**John Robertson:** To ask the Secretary of State for Defence how much (a) funding and (b) resources his Department has allocated to activities related to the royal wedding. [52738]

**Mr Robathan:** The Ministry of Defence allocated in the region of £75,000 in funding for the fly past as well as the transportation of military bands and route liners. The majority of service personnel were provided by London district from those employed on ceremonial duties and other London based units to minimise travel and subsistence expenditure.

The military elements comprised:

The 1st Battalion Irish Guards—The Queen's Guard.

A Guard of Honour of three officers and 101 other ranks from the Welsh Guards with a band of the Welsh Guards.

46 officers and 840 other ranks from the Royal Navy, Army and Royal Air Force who lined the route.

One band from the Royal Navy, four bands from the Army and one band from the Royal Air Force.

The Sovereign's Escort and Captain's Escort involving the Household Cavalry Mounted Regiment and some 160 horses.

24 personnel at the Great West Door.

The Battle of Britain Memorial Flight (Lancaster, Spitfire and Hurricane) accompanied by a flypast of four aircraft (two Typhoons and two Tornados).

Information on the full armed forces component of this historic occasion can be found on the MOD website at:

<http://www.mod.uk/DefenceInternet/DefenceNews/HistoryAndHonour/ArmedForcesRoleInRoyalWeddingAnnounced.htm>

## TREASURY

### Banks: Loans

**Mr Denham:** To ask the Chancellor of the Exchequer (1) what estimate he has made of how much and what proportion of the (a) total lending to businesses and (b) lending for 2011 above 2010 levels set out in the Project Merlin agreement to be provided by each financial institution subject to that agreement is to be attributable to (i) leasing and borrowing on the asset base, (ii) invoice financing, (iii) loans, (iv) intra-group finance and (v) actual drawn down overdraft balances; [53886]

(2) what the target level is for the proportion of (a) total lending to businesses and (b) lending for 2011 above the 2010 level set out in the Project Merlin agreement to be provided by each financial institution subject to that agreement for (i) leasing and borrowing on the asset base, (ii) invoice financing, (iii) loans, (iv) intra-group finance and (v) actual drawn down overdraft balances; [53887]

(3) how much and what proportion of the (a) total lending to small and medium-sized enterprises and (b) lending to such enterprises for 2011 above the 2010 levels set out in the Project Merlin agreement is to be provided by each financial institution subject to that agreement; and how much and what proportion (i) in total and (ii) by each such institution he estimates will be attributable to (A) leasing and borrowing on the asset base, (B) invoicing financing, (C) loans, (D) intra-group lending and (D) actual drawn down overdraft balances; [53888]

(4) what the 2010 target level for the proportion of the (a) total lending to small and medium-sized enterprises and (b) lending to such enterprises for 2011 above the 2010 level set out in the Project Merlin agreement is to be provided by each financial institution subject to that agreement for (i) leasing and borrowing on the asset base, (ii) invoice financing, (iii) loans, (iv) intra-group finance and (v) actual drawn down overdraft balances; [53890]

(5) how much and what proportion of the (a) total lending and (b) lending for 2011 above the 2010 level set out in the Project Merlin agreement is to be provided (i) in total and (ii) by each financial institution subject to the agreement as (A) gross loans, (B) net increase to existing loans and (C) new loans to (1) all businesses and (2) small and medium-sized enterprises. [53891]

**Mr Hoban:** As announced on 9 February 2011, *Official Report*, columns 310-13, by the Chancellor, the UK's five major banks have stated a capacity and willingness to lend £190 billion of new credit to business in 2011. This includes £76 billion of new lending to SMEs, which is a 15% increase on the amount lent in 2010. If demand exceeds this, the banks will lend more.

The Bank of England will report, on a quarterly basis, the banks' total new lending to all businesses (and within that, to SMEs) under the definitions used for Project Merlin. There is no further breakdown of the Project Merlin lending agreement either by institution or by type of lending.

### Business: Universities

**Mr Thomas:** To ask the Chancellor of the Exchequer (1) how many meetings representatives of his Department held with senior university staff in each month in 2011 at which the relationship between universities and business was discussed; [53090]

(2) how many meetings his Department had with representatives of the business community in each month in 2011 at which the relationship between universities and business was discussed; [53091]

(3) how many meetings his Department held with senior regional development agency staff in each month in 2011 at which the relationship between universities and business was discussed. [52684]

**Danny Alexander** [*holding answer 28 April 2011*]: Treasury Ministers and officials regularly meet with representatives from a wide range of public and private sector organisations, including the business community, regional development agencies and university sector. Such engagement occurs throughout policy development and implementation. As was the case with previous Administrations, it is not the Government's practice to provide details of all such meetings and discussions.

### Construction Industry Scheme

**Mr Umunna:** To ask the Chancellor of the Exchequer (1) what assessment his Department has made of the likely effects of the abolition of the Construction Industry Scheme team on (a) the incidence of employees being wrongly designated as self-employed and (b) levels of revenue accruing to the Exchequer; what the outcome of that assessment was; and if he will place in the Library a copy of the assessment; [52901]

(2) what risk analysis his Department conducted in respect of the proposed abolition of the Construction Industry Scheme team; what the outcome of that analysis was; and if he will place in the Library a copy of the analysis. [52902]

**Mr Gauke:** The Construction Industry Team was not abolished, but continues under a different structure within local compliance.

The analysis was built from a number of intelligence briefings and strategic intelligence assessments which were protectively marked and only to be viewed with the permission of the author. It would not be appropriate to place the analysis in the Library.

### Departmental Work Experience

**John Mann:** To ask the Chancellor of the Exchequer how many students from (a) the UK and (b) Bassetlaw constituency have been offered internships in his Department since 8 May 2010. [53208]

**Chi Onwurah:** To ask the Chancellor of the Exchequer what advice his Department provides to those wishing to (a) work as an intern, (b) undertake a work experience placement and (c) work as a volunteer in his Department. [52819]

**Justine Greening:** HM Treasury does not have its own scheme for work experience or internships, but participates in schemes run centrally by the Cabinet Office. Any individuals enquiring about internships are directed to the schemes in operation at the time, including Summer Diversity Internships and Government Economics Services Internships, and to the civil service website where details are available of internships offered by other Government Departments.

In respect of the number of UK students offered internships at HM Treasury since 8 May 2010, I refer the hon. Members to the answer I gave to the hon. Member for Liverpool, Wavertree (Luciana Berger) on 22 October 2010, *Official Report*, column 896W. Data on the country of origin and parliamentary constituency of such students is not held centrally and could be provided only at disproportionate cost.

### Equality Act 2010

**Mr Bain:** To ask the Chancellor of the Exchequer pursuant to the Financial Statement of 23 March 2011, *Official Report*, column 955, if he will publish the evidence on which the decision not to implement the dual discrimination rules under the Equality Act 2010 were based. [49728]

**Lynne Featherstone:** I have been asked to reply.

The decision not to take forward the dual discrimination provisions of the Equality Act 2010 was taken following assessment by the Government Equalities Office of the costs and benefits associated with the commencement of those provisions. A decision on publication of that evidence will be made in due course.

### Excise Duties: Fuels

**Nick Smith:** To ask the Chancellor of the Exchequer (1) what further plans he has for the level of fuel duty in each year to 2015; [52690]

(2) pursuant to the Budget Statement of 23 March 2011, what steps the Government have taken in relation to the passing on to consumers of the reduction of one penny in fuel duty; [52691]

(3) what assessment he has made of the potential effects of the reduction in fuel duty on the logistics industry in the UK. [52692]

**Justine Greening:** Budget 2011 abolished the fuel duty escalator and replaced it with a fair fuel stabiliser. Duty will increase by inflation only, when oil prices are high. If the oil price falls below a set trigger price on a sustained basis duty will increase by RPI plus 1p per litre. The Government will consult informally before setting the level and mechanism for the trigger.

Average fuel price data suggest that generally there has been a pass through of the 1p per litre reduction in duty on deliveries from refineries, although ongoing increases in the price of oil have also impacted pump prices. The duty reduction potentially helps to ease the cost pressure of peaking oil prices on the logistics industry.

**Miss McIntosh:** To ask the Chancellor of the Exchequer pursuant to the answer of 9 March 2011, *Official Report*, column 1166W, on excise duties: fuel, for what reasons

he is not applying to the European Commission to implement the 5 pence per litre rural fuel duty rebate to cover North Yorkshire; and if he will make a statement.

[53180]

**Justine Greening:** A derogation request was submitted to the European Commission on Budget day for a rural fuel duty pilot scheme. This is intended to deliver a 5 pence per litre duty discount on petrol and diesel across the Inner and Outer Hebrides, the Northern Isles, the islands in the Clyde and the Isles of Scilly.

Pump prices in these areas are particularly high compared to mainland areas because of the high cost of transporting and distributing fuel to remote rural island communities.

**Gordon Henderson:** To ask the Chancellor of the Exchequer how he expects the fuel duty stabiliser introduced in the 2011 Budget will help stabilise petrol and diesel pump prices.

[53921]

**Neil Parish:** To ask the Chancellor of the Exchequer if he will establish a cross-departmental review of the tax incentives offered for biodiesel.

[54069]

**Justine Greening:** The fair fuel stabiliser ensures that when oil prices are high, as now, fuel duty will increase by inflation only under the fair fuel stabiliser.

Biodiesel is supported through the Department for Transport administered Renewable Transport Fuel Obligation (RTFO). Unlike the excise duty system the RTFO is able to distinguish the environmental sustainability of biodiesel supplies and therefore help to safeguard against deforestation and unsustainable impacts on food crop production.

### Income Tax

**Ed Balls:** To ask the Chancellor of the Exchequer with reference to page 26 of his Department's Budget 2011 policy costings document, if he will publish the projections of future incomes based on the Survey of Personal Incomes.

[53092]

**Justine Greening** [*holding answer 28 April 2011*]: The income tax base for policy costings is estimated using data on taxable incomes taken from the Survey of Personal Incomes (SPI).

These estimates are based on the 2007-08 SPI using projections consistent with the OBR's March 2011 economic and fiscal outlook, details of which are available at:

[http://budgetresponsibility.independent.gov.uk/wordpress/docs/economic\\_and\\_fiscal\\_outlook\\_23032011.pdf](http://budgetresponsibility.independent.gov.uk/wordpress/docs/economic_and_fiscal_outlook_23032011.pdf)

The estimated average total income of taxpayers in 2012-13 to 2015-16 taking account of all policy announcements up to 2015-16 is shown in the following table.

	<i>Taxpayers average total income (£)</i>
2012-13	31,500
2013-14	32,600
2014-15	34,000
2015-16	35,400

### PAYE: Parish Councils

**Mr Brine:** To ask the Chancellor of the Exchequer what assessment his Department has made of the effect on parish council budgets of the recent guidance issued by HM Revenue and Customs requiring such councils to operate the pay as you earn system on income received by parish clerks for the purposes of (a) tax and (b) national insurance contributions.

[53168]

**Mr Gauke:** HMRC do not have an assessment of the effects on Parish councils budgets of operating pay as you earn (PAYE) scheme on payments made to parish clerks.

HMRC do recognise that employers, particularly small employers operating PAYE for the first time can find it daunting and offers significant help to all employers.

To help parish councils who need to operate PAYE for the first time HMRC set up a team of specialist advisers on the new employer helpline 08457 143 143 who have been specially briefed to deal with their queries.

HMRC also produces a free basic PAYE tool for small employers. It contains a calculator that work out the tax due and includes the forms that the parish council would need to run their payroll throughout the year and make annual returns. It will also allow the council to file any starter and leaver forms and their annual return online and this will help mitigate their costs.

HMRC also offers free workshops at many locations covering all payroll topics.

### RBS and Lloyds TSB

**John Mann:** To ask the Chancellor of the Exchequer what estimate UK Financial Investments has made of the level of debt removed from the balance sheet by (a) RBS and (b) Lloyds TSB due to customer insolvency in each of the last three months.

[52917]

**Mr Hoban:** UK Financial Investments (UKFI) manages the Government's shareholding in Lloyds Banking Group (LBG) and the Royal Bank of Scotland (RBS) on an arm's length and commercial basis.

UKFI does not make estimates on the level of debt removed by investee banks but will set out a summary of LBG and RBS's performance and key financials as reported in their annual report.

**John Mann:** To ask the Chancellor of the Exchequer (1) on how many occasions (a) RBS and (b) Lloyds TSB have appointed insolvency practitioners in respect of small businesses since 8 May 2010; and what assessment he has made of the trends in the incidence of such procedures in the last 12 months;

[52919]

(2) on how many occasions insolvency practitioners appointed by (a) RBS and (b) Lloyds TSB have sold companies as going concerns in the last 12 months.

[52944]

**Mr Hoban:** The appointment of insolvency practitioners is a matter for the management of the Royal Bank of Scotland and Lloyds Banking Group.

### Revenue and Customs: Correspondence

**Mr Brine:** To ask the Chancellor of the Exchequer what the average time taken by HM Revenue and Customs and its predecessor to (a) open mail received and (b) take the action required on the correspondence so received was in (i) each of the last five years and (ii) the last month of each of the last five tax years. [53170]

**Mr Gauke:** The information requested is available only at disproportionate cost as HMRC does not currently hold this data.

### Revenue and Customs: Performance Standards

**Katy Clark:** To ask the Chancellor of the Exchequer if he will estimate the length of time taken for HM Revenue and Customs to process (a) probate cases in England and Wales and (b) confirmation cases in Scotland; and if he will assess the potential effects on bereaved families of the time taken to process such cases. [53307]

**Mr Gauke:** HMRC is not involved in every application for a grant of probate or confirmation, the majority are dealt with via probate registries in England and Wales or the Sheriff Court in Scotland.

In the cases where HMRC is involved, where all the information relating to the application for a grant or confirmation is complete and correct, 98% are dealt with within five working days based on figures available for 2010-11.

In cases where payment of tax due has not been made or there is documentation missing HMRC prioritise the follow up contact with the personal representatives of the estate to correct the position as quickly as possible.

This work is treated as priority at all stages due to the sensitive nature of the work and the understanding that delays in issuing the grant of probate or confirmation can be distressing for the family of the deceased.

### Stamp Duty Land Tax: Wales

**Ian Lucas:** To ask the Chancellor of the Exchequer how much and what proportion of stamp duty land tax he estimates was collected from transactions made in Wales in each of the last five years. [53326]

**Mr Gauke:** The estimated stamp duty land tax (SDLT) receipts for Wales is available at:

[http://www.hmrc.gov.uk/stats/stamp\\_duty/menu.htm](http://www.hmrc.gov.uk/stats/stamp_duty/menu.htm)

*Annual estimates from 2005-06 to 2009-10*

	<i>Estimated SDLT receipts (£ million)</i>	<i>Proportion of SDLT (UK) (%)</i>
2005-06	175	2.4
2006-07	225	2.4
2007-08	210	2.1
2008-09	115	2.4
2009-10	100	2.0

### Taxation

**Jo Swinson:** To ask the Chancellor of the Exchequer (1) how many people in the UK his Department estimates have incorrect tax codes; [53177]

(2) what the cost to his Department was of issuing incorrect tax codes in the last 12 months for which figures are available. [53178]

**Mr Gauke:** The exact number of incorrect coding notices issued by HMRC is not known. In any year, a small percentage of tax codes will be incorrect, as the codes may not always reflect changes in an individual's circumstances. That is why HMRC send out coding notices well in advance of the start of the new tax year so that customers can review them and report any changes.

Information relating to costs for the last 12 months in respect of incorrect coding notices is not available.

### Taxation: Renewable Energy

**Huw Irranca-Davies:** To ask the Chancellor of the Exchequer what assessment he has made of the effect on (a) community-owned renewable energy schemes and (b) investment in renewables of the withdrawal of enterprise investment scheme tax relief. [52931]

**Justine Greening:** Enterprise Investment Scheme tax relief has not been withdrawn for investments in companies engaged in community-owned renewable energy schemes or investment in renewables.

Legislation will be introduced in Finance Bill 2012 providing that companies whose trade consists wholly or substantially in the receipt of feed-in tariffs will only be eligible for the Enterprise Investment Scheme or Venture Capital Trusts where commercial electricity generation commences before 6 April 2012. The change will not apply to any shares issued before 23 March 2011.

This change is designed to improve the focus of the schemes on smaller, higher risk companies. Draft legislation will be published for consultation before it is implemented.

### Taxation: Self-employment

**Mr Umunna:** To ask the Chancellor of the Exchequer (1) what the total (a) number and (b) monetary value was of financial penalties imposed on firms found to have incorrectly designated the status of employees in each year from 2005 to 2010; [52905]

(2) how many HM Revenue and Customs compliance reviews resulted in a change of employee status in each year from 2005 to 2010. [52906]

**Mr Gauke:** The information requested is not available.

### Taxation: Solar Power

**Huw Irranca-Davies:** To ask the Chancellor of the Exchequer what representations he has received from the solar power industry requesting meetings to discuss the solar power sector (a) before and (b) after the announcement of the comprehensive spending review (CSR) settlement; and what such meetings Ministers in his Department had with representatives of the industry (i) before and (ii) after the CSR announcement. [52929]

**Justine Greening:** Spending review 2011 included wide consultation and representations were received from a range of individuals and organisations. Departmental

decisions relating to the implementation of spending review settlements have similarly sought to include discussions with interested parties.

**Huw Irranca-Davies:** To ask the Chancellor of the Exchequer how many staff of his Department have expertise on solar power. [52930]

**Justine Greening:** The Department for Energy and Climate Change is the lead Department on solar energy issues. The Treasury works closely with that Department and with others inside and outside Government who have expertise in this area.

### Unemployment: Young People

**Alison McGovern:** To ask the Chancellor of the Exchequer what projection for business planning purposes HM Revenue and Customs has made of the number of 16 to 24-year-olds in employment in (a) 2011-12, (b) 2012-13, (c) 2013-14, (d) 2014-15, (e) 2015-16 and (f) 2016-17. [51071]

**Mr Gauke:** For strategic purposes HMRC does not use employment forecasts by age group as they do not always prove reliable and are not critical to its planning. HMRC bases its planning on population growth, and predicted churn in the working population. It does identify the assumed population reaching working age to forecast broad numbers of NI numbers issued. Employment levels by age band are not used, as even if employment is fluctuating HMRC will continue to experience "churn" in the PAYE, tax credit and self-assessment populations, and there is no clear correlation with employment levels that we can rely on.

## ENERGY AND CLIMATE CHANGE

### Anaerobic Digestion

**Joan Ruddock:** To ask the Secretary of State for Energy and Climate Change whether he has made an assessment of the anaerobic digestion (AD) biogas combined heat and power plant run by Alfagy Ltd at Hatherop; and what plans his Department has to support further AD development. [53309]

**Gregory Barker:** I understand from the South West Regional Development Agency, who have overseen the Hatherop AD plant, that this is an excellent project. I wish the project continued success.

In order to promote AD development more widely, DECC is supporting projects through the feed-in tariffs (FITs) scheme, the renewables obligation and the forthcoming renewable heat incentive. In response to low uptake of FITs for AD plants, we are currently seeking views on proposals to increase the tariffs for farm-scale AD as part of the fast-track consultation on FITs. DEFRA and DECC are also working closely with industry to draw up a joint programme of work to tackle other barriers to the deployment of AD. The aim is to publish this in an AD strategy in June.

### Carbon Reduction Commitment Energy Efficiency Scheme

**Michael Connarty:** To ask the Secretary of State for Energy and Climate Change whether energy purchased from a port landlord which is subject to a climate change agreement held by a tenant is also subject to the carbon reduction commitment energy efficiency scheme; and what steps he is taking to ensure that his Department provides consistent information to port operators on this issue. [53618]

**Gregory Barker:** It is the policy intent of CRC Energy Efficiency Scheme that there should be no double counting of energy use under CRC and climate change agreements (CCAs). CRC allowances are therefore not required to be purchased in respect of energy used by a CCA facility, irrespective of whether the CCA is held by the landlord or tenant.

However, a landlord will need to include the energy use from a tenant's CCA facilities as part of their once per phase footprint reporting obligations.

Support and information on CRC's implementation is provided to all participants by the administrators of the scheme (the Environment Agency in England and Wales, the Scottish Environment Protection Agency and the Northern Ireland Environment Agency). Guidance documents and details of the dedicated CRC help desk are provided on the Environment Agency's webpage at:

[www.environment-agency.gov.uk/crc](http://www.environment-agency.gov.uk/crc)

### Carbon Sequestration

**Huw Irranca-Davies:** To ask the Secretary of State for Energy and Climate Change whether steps to promote investment in carbon capture and storage in the UK were agreed at the clean emissions ministerial meeting in Abu Dhabi; and if he will make a statement. [52973]

**Gregory Barker:** No actions to promote carbon capture and storage in the UK specifically were agreed at the clean energy ministerial meeting. Energy Ministers endorsed a suite of recommendations for action over the coming year to promote the global deployment of CCS, recognising the need for international cooperation to advance policies and financial mechanisms and develop regulatory frameworks for safe, long-term geologic storage of carbon dioxide. The carbon capture use and Storage Action Group, led jointly by UK and Australia, will report progress toward these recommendations at the third ministerial, to be hosted in London in 2012.

Further details are available from the clean energy ministerial website:

[www.cleanenergyministerial.org](http://www.cleanenergyministerial.org)

### Coal Fired Power Stations: Closures

**Graham Stringer:** To ask the Secretary of State for Energy and Climate Change by what date he expects the coal-fired power stations at (a) Kingsnorth, (b) Didcot A, (c) Ferrybridge and (d) Tilbury to close. [53753]

**Charles Hendry:** The coal-fired power stations at Kingsnorth, Didcot A, Tilbury and two units of Ferrybridge C have opted to take a limited lifetime derogation under the large combustion plant directive. This allows them to run up to 20,000 hours between 1 January 2008 and 31 December 2015. This capacity is therefore due to close by the end of 2015. Subject to permitting conditions, it is for the operators to decide how to make use of their 20,000 hours.

#### Departmental Procurement

**Tessa Munt:** To ask the Secretary of State for Energy and Climate Change if he will bring forward proposals for a standard ISO 9000 qualification for small and medium-sized enterprises seeking contracts from his Department or its contractors for work on nuclear projects. [53664]

**Charles Hendry:** The Government's role is to create the right conditions for investment by the private sector in new nuclear power stations and it will be energy companies, not the Government, who will build and operate them.

The legal responsibility to make and implement adequate quality assurance arrangements in respect of all matters which may affect safety falls on site licensee companies. This responsibility includes setting out the quality assurance arrangements for their supply chain including the accreditations that might be required by specific companies with specific roles.

We continue to work with the nuclear industry to increase the UK supply chain's understanding of quality assurance requirements and to further develop its capability and competitiveness through initiatives such as the Nuclear Industry Association's *sc@nuclear* programme, the Nuclear Advanced Manufacturing Research Centre, the Manufacturing Advisory Service and through national and local engagement events held by EDF and other major suppliers.

**Tessa Munt:** To ask the Secretary of State for Energy and Climate Change what recent representations he has received on the cost of ISO and Nuclear Standards certification required to meet pre-qualification requirements for contracts with his Department or its contractors. [53665]

**Charles Hendry:** I have not received any representations on the cost of ISO and Nuclear Standards certification as the Department is not responsible for procuring or letting contracts to build new nuclear power stations.

The Government's role is to create the right conditions for investment by the private sector in new nuclear power stations and it will be energy companies, not the Government, who will build and operate them.

#### Departmental Work Experience

**Chi Onwurah:** To ask the Secretary of State for Energy and Climate Change what advice his Department provides to those wishing to (a) work as an intern, (b) undertake a work experience placement and (c) work as a volunteer in his Department. [52814]

**Gregory Barker:** There is no direct advice on these topics on the DECC's external website. Managers have authority to offer work as an intern: DECC does not have an intern scheme, so normal short-term contracts would be used and normal recruitment processes and authority levels apply.

Managers also have authority to offer individuals the opportunity to undertake a work experience placement, subject to authority limits. Internal guidance is available for managers who offer these placements.

DECC does not have a policy of allowing people to work as volunteers in the Department.

#### Electricity Generation: Costs

**Kerry McCarthy:** To ask the Secretary of State for Energy and Climate Change what estimate his Department has made of the levelised cost of each electricity generating technology; and what modelling assumptions were made in reaching this figure. [52834]

**Charles Hendry:** The tables are taken from Mott Macdonald (2010) and give levelised cost estimates (average generation cost per megawatt-hour) for new build plants in the main large-scale electricity generation technologies in the UK, including both fossil fuel and low carbon plant, at current engineering, procurement and construction (EPC) contract prices.

It should be noted that for the purposes of presentation, the tables only give either 'FOAK' (first-of-a-kind) prices or 'NOAK' (nth-of-a-kind) prices for each technology. NOAK for established technologies and FOAK for those technologies which are yet to be built in the UK or benefit from learning. These are appropriate comparators for current costs.

The full report including methodology and assumptions can be accessed via this link:

<http://www.decc.gov.uk/assets/decc/Statistics/Projections/71-uk-electricity-generation-costs-update-.pdf>

Table 1: 10% discount rate, 2009 project start at today's EPC prices, with mixed FOAK/NOAK

Levelised cost	Gas CC GT	Gas CCGT with CCS (FOAK)	ASC Coal	ASC Coal with CCS (FOAK)	Coal IGCC (FOAK)	Coal IGCC with CCS (FOAK)	Onshore wind	Offshore wind (FOAK)	Offshore wind R3 (FOAK)	Nuclear PWR (FOAK)
Capital Costs	12.4	29.8	33.4	74.1	61.7	82.0	79.2	124.1	144.6	77.3
Fixed operating costs	3.7	7.7	8.6	18.6	9.7	17.7	14.6	36.7	45.8	12.2
Variable operating costs	2.3	3.6	2.2	4.7	3.4	4.6	—	—	—	2.1
Fuel Costs	46.9	65.0	19.9	28.7	20.3	28.3	—	—	—	5.3
Carbon Costs	15.1	2.1	40.3	6.5	39.6	5.5	—	—	—	""

Table 1: 10% discount rate, 2009 project start at today's EPC prices, with mixed FOAK/NOAK

Levelised cost	Gas CC GT	Gas CCGT with CCS (FOAK)	ASC Coal	ASC Coal with CCS (FOAK)	Coal IGCC (FOAK)	Coal IGCC with CCS (FOAK)	Onshore wind	Offshore wind (FOAK)	Offshore wind R3 (FOAK)	Nuclear PWR (FOAK)
Decomm and waste fund	—	—	—	—	—	—	—	—	—	2.1
CO <sub>2</sub> transport and storage	—	4.3	—	9.6	—	9.5	—	—	—	—
Steam Revenue	—	—	—	—	—	—	—	—	—	—
Total levelised cost	80.3	112.5	104.5	142.1	134.6	147.6	93.9	160.9	190.5	99.0

Source:

Matt Macdonald (2010), UK Electricity Generation Costs Update, available at: <http://www.decc.gov.uk/assets/decc/Statistics/Projections/71-uk-electricity-generation-costs-update-.pdf>

It should be noted that the estimates of levelised costs for different types of electricity generation are highly sensitive to the assumptions used for capital costs, fuel and EU ETS allowance prices, operating costs, load factor, and other drivers. Meaning that there is significant uncertainty around these estimates.

In the year 2017, assuming that all technologies have been built at least once in the UK, the following NOAK costs may apply to all technologies, however, it should be noted that these costs are not considered achievable today.

Table 2: 10% discount rate, 2017 start at projected EPC prices, all NOAK

Levelised cost	Gas CCGT	Gas CCGT with CCS	ASC Coal	ASC Coal with CCS	Coal IGCC	Coal IGCC with CCS	Onshore wind	Offshore wind	Offshore wind R3	Nuclear PWR
Capital Costs	11.2	20.7	28.7	47.8	33.7	46.5	71.7	89.4	97.0	49.6
Fixed operating costs	3.7	6.0	8.6	13.8	8.0	12.3	—	23.0	30.9	9.1
Variable operating costs	2.3	3.6	2.2	3.7	2.7	3.6	—	—	—	1.8
Fuel Costs	49.8	64.7	19.9	27.6	19.6	27.2	—	—	—	5.2
Carbon Costs	29.6	4.1	73.8	11.4	72.0	10.0	—	—	—	—
Decomm and waste fund	—	—	—	—	—	—	—	—	—	2.1
CO <sub>2</sub> transport and storage	—	3.5	—	7.6	—	7.5	—	—	—	—
Steam Revenue	—	—	—	—	—	—	—	—	—	—
Total levelised cost	96.5	102.6	133.2	111.9	136.0	107.1	86.3	112.4	127.9	67.8

Source:

Matt Macdonald (2010), UK Electricity Generation Costs Update, available at: <http://www.decc.gov.uk/assets/decc/Statistics/Projections/71-uk-electricity-generation-costs-update-.pdf>

### Electricity: Prices

**Tessa Munt:** To ask the Secretary of State for Energy and Climate Change what (a) discussions and (b) correspondence (i) he and (ii) his officials have had on those parts of RIIO-T1 which relate to visual amenity in electricity connection and transmission schemes. [52711]

**Charles Hendry:** Ofgem is responsible for the next transmission price control (RIIO-T1). The Department's input on visual amenity has been through official level engagement with Ofgem and other stakeholders, involving discussions, correspondence and participation at stakeholder events such as the Price Control Review Forum and RIIO Working Groups.

### Energy: Developing Countries

**Zac Goldsmith:** To ask the Secretary of State for Energy and Climate Change when he last discussed the UK's objectives for the World Bank energy strategy

review with the Secretary of State for International Development. [52888]

**Gregory Barker:** The Secretary of State meets with the Secretary of State for International Development on a regular basis. Although they have not met specifically to discuss the World Bank energy strategy review, officials from both Departments meet regularly and discuss the review. The Secretary of State for Energy and Climate Change is in contact with officials on the key issues relating to this process.

DFID officials have also been in regular contact with the World Bank throughout the process to feed in UK views. They have emphasised the need for the World Bank to take full account of all the relevant issues concerning use of renewable energy versus fossil fuels in developing countries, and to have greater consideration for the vulnerability of natural resources and energy assets in developing countries. The UK has also emphasised the importance of strengthening the World Bank's role in supporting developing country planning capacity for low carbon, climate resilient growth.

### Energy: Housing

**Luciana Berger:** To ask the Secretary of State for Energy and Climate Change whether he has made an assessment of the potential effects on a property's value of a Green Deal finance package. [53835]

**Gregory Barker:** The impact assessment for the Energy Bill considered the impact of energy efficiency measures on house prices, and is available at:

[http://www.decc.gov.uk/en/content/cms/legislation/energy\\_bill/energy\\_bill.aspx](http://www.decc.gov.uk/en/content/cms/legislation/energy_bill/energy_bill.aspx)

It noted that, in principle, in a well functioning market the property price should change to reflect at least the expected bill savings. There is some evidence from Australia and the USA that identified increases in some property values as a result of energy efficiency improvements. The Royal Institution of Chartered Surveyors notes that:

“there are some promising early signs that a value differential is emerging for energy efficient buildings in the commercial sector in the US, which allows some optimism that it is possible for property markets to change to reflect energy efficiency.”

Currently, no empirical data set is available to assess the potential effects of a Green Deal finance package on a property's value in the UK.

### Hinkley Point Power Stations

**Tessa Munt:** To ask the Secretary of State for Energy and Climate Change if he will take steps to increase the proportion of small and medium-sized enterprises in the South West able to bid for contracts at Hinkley Point power station. [53666]

**Charles Hendry:** The Government are committed to developing the capability and competitiveness of the UK supply chain and are already taking steps to achieve this through initiatives such as the Nuclear Industry Association's [sc@nuclear](mailto:sc@nuclear) programme which is focused on engaging with SMEs.

This and other initiatives such as the Nuclear Advanced Manufacturing Research Centre and the Manufacturing Advisory Service are open to companies in the south-west as well as nationwide and are intended to put UK suppliers in the best possible position to compete for the opportunities that would be created by a new nuclear build programme.

As part of all of this EDF has been working with the local community in the south-west and have set up a website with the Somerset Chambers of Commerce and Industry Ltd where local companies can get more information on the opportunities at the proposed site at Hinkley Point and can register as contractors (for work which is directly related to construction at Hinkley Point or associated development) or indirect service suppliers (for services to EDF Energy and main contractors that are not directly related to on site activity such as taxi firms, accommodation providers, office supplies, local retailers etc).

EDF has also invested £3 million in the Energy Skills Centre at Bridgwater college to help secure skilled jobs for local people on their project and plans to invest a further £1.5 million to establish a construction skills training centre at Bridgwater college, in partnership with the college. Other projects include an investment

of £1.6 million in West Somerset Community college to support training in specific skills that will help people into employment on Hinkley Point and create an apprenticeship hub.

We will continue to encourage EDF and other prospective licensees to engage with the UK and local supply chains to ensure that UK companies have the opportunity to compete for the benefits presented by nuclear new build in the UK and overseas.

### Nuclear Power Stations: Safety

**Paul Flynn:** To ask the Secretary of State for Energy and Climate Change what mechanism he has put in place to provide for independent monitoring of the effect of low-level radiation from nuclear energy generation (a) on land and (b) in the marine environment. [53023]

**Charles Hendry:** The Environment Agencies (the Environment Agency, the Scottish Environment Protection Agency and the Northern Ireland Environment Agency), together with the Food Standards Agency, undertake independent monitoring programmes for radioactivity in the terrestrial and aquatic environments around nuclear installations in the UK. DEFRA, via the Environment Agencies, also funds seven extremely sensitive monitors for radioactivity in air, located across the UK, as our contribution to the Euratom monitoring programme.

The results of these programmes are published annually in the “Radioactivity in Food and the Environment” report series. The latest report can be found at:

<http://publications.environment-agency.gov.uk/pdf/GEHO1010BTCY-e-e.pdf>

RIMNET is the UK's nuclear radiation monitoring and nuclear emergency response system, established in 1988, and operated on behalf of DECC by the Meteorological Office. It includes 95 monitors stationed across the UK to detect increases in background levels of radiation. Any evidence of a nuclear incident abroad, of radiological significance for the UK, would result in a national alert being raised.

Additionally, the Health Protection Agency (HPA) carries out gamma spectrometry tests on samples collected from around the UK, including sites in Glasgow and Oxfordshire.

**Paul Flynn:** To ask the Secretary of State for Energy and Climate Change what recent discussions he has had with his European counterparts on (a) nuclear energy and (b) other aspects of energy policy. [53025]

**Charles Hendry:** The Prime Minister discussed the response to the events in Fukushima with other Heads of Government/Heads of State at the European Council on 24/25 March. Following that, DECC officials have been working closely with other governments, regulators and the Commission in developing the criteria for stress tests for nuclear installations.

I met Commissioner Oettinger on 10 February to discuss a range of issues including the Energy 2020 strategy. I also attended the Energy Council on 28 February where energy efficiency, renewable energy and the Internal Energy Market were discussed. I have discussed a wide range of EU energy issues, including nuclear, with my European counterparts at the Informal Energy Council on 2/3 May.

**Tom Blenkinsop:** To ask the Secretary of State for Energy and Climate Change (1) whether he plans to extend nuclear power station emergency evacuation zones; [53055]

(2) what plans he has for the future size of emergency evacuation zones for nuclear power stations in the UK. [53198]

**Charles Hendry** [*holding answer 28 April 2011*]: There are no plans at present to make changes to the emergency evacuation zones surrounding nuclear power stations. A review of DEPZs may be considered following publication of the Mike Weightman report.

### Radioactive Waste

**Caroline Lucas:** To ask the Secretary of State for Energy and Climate Change what quantities of operational (a) low, (b) intermediate and (c) high level nuclear waste have been created to date as a result of the UK's civil nuclear power programme; and what assessment he has made of the volumes of decommissioning waste that will be created from (i) the existing nuclear programme and (ii) any future new build programme. [53689]

**Charles Hendry:** The United Kingdom Radioactive Waste Inventory is currently updated every three years with the most recent update published on 22 March 2011. The inventory describes the stocks of radioactive waste and radioactive materials held in the UK at 1 April 2010 as well as those that are predicted to arise from the operation and decommissioning of current facilities in the future.

The inventory includes wastes produced from a number of programmes including the generation of electricity in nuclear power stations, the associated production and processing of nuclear fuel, the use of radioactive materials in industry, medicine and research, and from some military nuclear programmes. The following table sets out the waste volumes resulting from these programmes, stored in the UK at 1 April 2010, as well as estimated arisings from current facilities in the future. The table does not include waste which has already been disposed of. Further information is available in the inventory reports available at:

[www.nda.gov.uk/ukinventory/](http://www.nda.gov.uk/ukinventory/)

	Stored waste at 1 April 2010 (m <sup>3</sup> )	Future arisings (m <sup>3</sup> )	Total (m <sup>3</sup> )
Low Level Waste (LLW)	66,000	4,360,000	4,430,000
Intermediate Level Waste (ILW)	94,300	192,000	287,000
High Level Waste (HLW)	1,620	-601	1,020
Total	162,000	4,550,000	4,720,000

#### Notes

1. Future arisings of HLW have negative volumes. This is because Sellafield has reported future arisings of HLW to show that the volume of accumulated waste (liquid plus vitrified product) will fall as liquid waste existing at 1.4.2010 and forecast in the future is conditioned to a vitrified product.

2. HLW is the product of reprocessing the spent fuel from current reactors.

In terms of the amount of radioactive waste that would arise as a result of a future new build programme this would depend on such issues as the number and the type of reactors. Based on an assumption of a new build fleet comprised of four AP 1000 reactors and four

EPR reactors operating for 60 years and generating 10GW, disposability assessments undertaken by NDA suggest that the estimated amount of intermediate level waste could be of the order of 25,000 cubic meters and an estimated amount of spent fuel of about 20,000 cubic meters. Based on the same assumptions, the low level waste management company, LLW Repository Ltd, has estimated that approximately 80,000 cubic meters of LLW might be produced.

### Renewable Energy

**Jackie Doyle-Price:** To ask the Secretary of State for Energy and Climate Change what proportion of energy generation came from (a) wind, (b) solar, (c) biomass, (d) tidal, (e) hydropower and (f) biofuels in the last year for which figures are available. [53924]

**Charles Hendry:** The following table gives the proportion of UK electricity generated and UK energy demand from the specified sources.

Fuel	Electricity <sup>1</sup> (%)	Primary energy supply <sup>2</sup> (%)
Wind	2.6	0.5
Solar <sup>4</sup>	—	—
Biomass <sup>5</sup>	3.1	62.1
Tidal <sup>4</sup>	—	—
Hydropower	0.9	0.2
Biofuels	—	70.5
Total renewable	6.6	3.1

<sup>1</sup> 2010 provisional.

<sup>2</sup> 2009.

<sup>3</sup> 2010 data for total energy will be available at the end of July in DUKES 2011.

<sup>4</sup> Solar and tidal generation contributes less than 0.01%.

<sup>5</sup> Includes co-firing, non-biodegradable waste is excluded.

<sup>6</sup> Includes biomass used for heat.

<sup>7</sup> biofuels used in transport.

### Renewable Energy: Feed-in Tariffs

**Kerry McCarthy:** To ask the Secretary of State for Energy and Climate Change what model his Department used to calculate the cost to the Exchequer of the Feed-in Tariff scheme for the purposes of the comprehensive spending review. [52832]

**Gregory Barker:** The projected costs of Feed-in Tariffs (FITs) that informed the spending review were those modelled for the FITs Impact Assessment that was published by the previous administration in February 2010. The model was developed on behalf of the Department by consultants. The Impact Assessment, together with a qualitative and quantitative report produced by the consultants, sets out the modelling methodology used. These reports are available from the Department's website.

**Kerry McCarthy:** To ask the Secretary of State for Energy and Climate Change what his estimate is of the likely change in the number of jobs as a result of the proposed changes to the Feed-in Tariff scheme. [52833]

**Gregory Barker:** The Department does not hold this information at present, but we will be looking at issues of this kind as part of the comprehensive review of the Feed-in Tariffs (FITs) scheme.

**Huw Irranca-Davies:** To ask the Secretary of State for Energy and Climate Change what assessment he has made of the effect on (a) investor confidence and (b) risk perception of proposed changes to the feed-in tariff scheme; and what steps his Department is taking to minimise any negative consequences for renewables investment beyond the solar sector. [52933]

**Gregory Barker:** A key objective for the feed-in tariffs review is to provide industry with transparency, longevity and certainty to enable sustainable growth. The fast-track consultation reflects this. Firstly through proposals to address the risk of larger solar PV installations distorting funding for other smaller and domestic scale installations as well as other technologies. And secondly through proposals to address the disappointing uptake of farm-scale anaerobic digestion plants to date.

The coalition remains committed to increasing the levels of renewable energy deployment in line with meeting the target for renewable energy set by the 2009 EU renewable energy directive. We are working to remove financial and non-financial barriers to deployment of all renewables and will be publishing a renewables roadmap by summer recess. This will clearly identify how the 2020 renewables target will be achieved, and will give clarity to markets of what will be required, helping to provide greater certainty to investors and the developers of new technology.

**Huw Irranca-Davies:** To ask the Secretary of State for Energy and Climate Change (1) if his Department will put in place transitional arrangements to minimise financial disadvantage to investors and project developers as a result of proposed changes to the feed-in tariff scheme; [52934]

(2) what assessment he has made of the level of financial loss in the solar power sector as a result of proposed new feed-in tariff rates coming into effect on 1 August 2011. [52972]

**Gregory Barker:** We are currently consulting on proposals to reduce feed-in tariffs for solar photovoltaic (PV) installations of more than 50kW. The consultation seeks views on the proposed timing of the change in tariffs. We will consider all views expressed as part of the consultation in finalising the policy and will confirm the outcome in due course.

**Huw Irranca-Davies:** To ask the Secretary of State for Energy and Climate Change whether his Department plans to offer compensation to individuals, community schemes and companies who may be financially disadvantaged as a result of proposed changes to the feed-in tariff scheme. [52935]

**Gregory Barker:** We are currently consulting on proposals to reduce feed-in tariffs for solar photovoltaic (PV) installations of more than 50kW. We will consider all views expressed as part of the consultation in finalising the policy and will confirm the outcome in due course.

#### Solar Power: Feed-in Tariffs

**Dr Poulter:** To ask the Secretary of State for Energy and Climate Change what assessment he has made of the benefits to community interest companies and local charities from continuing the feed-in tariff for solar energy at its present rate. [53827]

**Gregory Barker:** One of the aims of the fast-track review of feed-in tariffs is to rebalance the scheme back to its original purpose of encouraging deployment of additional small-scale low-carbon electricity generation by those who have not traditionally participated in the electricity market, including community groups and charities.

Faster than anticipated reductions in the cost of solar photovoltaics (PV) mean that it does not need as much subsidy to be competitive. Under the proposed new tariffs for solar PV installations between 50kW and 250kW, community based projects should continue to benefit from the scheme but at a lower rate. We are currently consulting on these proposed new tariffs and will consider all views expressed, including any from community groups and charities, in finalising the policy. We will also be consulting on wider aspects of the scheme through the comprehensive review.

#### Solar Power: Finance

**Simon Hart:** To ask the Secretary of State for Energy and Climate Change what representations he has received on the provision of renewable energy grants for those parts of the UK with suitable conditions for solar photovoltaic farms. [52786]

**Gregory Barker:** No such representations have been received. However, a number of representations have separately been received in response to proposals to reduce feed-in tariffs (FITs) for solar photovoltaic installations above 50 kW. These proposals are set out in the FITs fast-track review consultation which closes on Friday 6 May.

#### Warm Front Scheme

**Luciana Berger:** To ask the Secretary of State for Energy and Climate Change what estimate his Department has made of the potential number of jobs lost as a result of the reduction in funding for the Warm Front scheme in (a) 2010-11 and (b) 2011-12. [53834]

**Gregory Barker:** Estimated job losses are a matter for the Warm Front contractor and their subcontractors. We expect contractors to continue to utilise the job opportunities that a number of other schemes provide; these include the carbon emissions reduction target extension, the Community Energy Saving Programme, feed-in tariffs and the renewable heat incentive.

## EDUCATION

### Children's Centres

**Stephen Lloyd:** To ask the Secretary of State for Education what plans he has for the national children's play strategy. [53014]

**Sarah Teather:** The Government recognise how important it is that children have safe, free local places to play, and the benefits these places bring to the wider community more generally. However, it is not for central Government to determine what play facilities are available in local areas, or to tell the experts in the play sector how to

deliver play provision. Children, parents, play professionals and local communities best know what is most needed in their local areas.

The play capital programme finished at the end of March 2011, as originally intended under the previous administration's Play Strategy. The Government are giving councils more freedom over how they spend their money, giving communities more control over developments in their neighbourhoods, and making it easier for volunteers and charities to get involved. This should provide the opportunities for committed people and local groups to continue to influence play provision in their areas, leaving responsibility for play provision where it belongs: with local areas and their communities.

## HEALTH

### Abortion

**Mark Lancaster:** To ask the Secretary of State for Health what his policy is on proposals to widen the class of place in which abortions are permitted to take place. [52887]

**Anne Milton:** There are no plans to use the provision under section 1 (3a) of the Abortion Act 1967 to widen the class of place in which abortions are permitted to take place.

**Mr Amess:** To ask the Secretary of State for Health (1) how many abortions on the grounds of rectifiable disabilities were performed after 24 weeks' gestation in each of the last five years for which figures are available; [53009]

(2) how many abortions there were at (a) 26 weeks and (b) each week after the 26th in each category of grounds for termination in each of the last five years for which figures are available. [53010]

**Anne Milton:** Information on the number of abortions that are 24 weeks and over by principle medical condition, if performed under section 1(1)(d) of the Abortion Act, has been placed in the Library. Abortions performed under this section are those where

'there is a substantial risk that if the child were born it would suffer from such physical or mental abnormalities as to be seriously handicapped'.

Medical conditions recorded under section 1(1)(d) are coded using the International Statistical Classification of Diseases and Related Health Problems (10th edition) published by the World Health Organisation. This classification does not split diseases and related health problems into those that are rectifiable and those that are not.

Information on the number of abortions at 26 weeks and each week after the 26th can be found in the following table for the periods 2003 to 2005 and 2006 to 2008. The figures for individual years are too small to be released. For the periods 2003 to 2005 and 2006 to 2008, the total abortions performed under grounds other than E, for abortions at 26 weeks and over, was less than 10 (between 0 and 9).

*Number of abortions by gestations at 26 weeks and over, 2003-08*

Gestation weeks	Three year total	
	2003-05	2006-08
26	52	45
27	21	31
28	25	24
29	20	26
30	11	22
31	15	12
32	17	30
33	12	14
34	15	12
35 and over	19	25
Total	207	241

### Alcoholic Drinks: Rehabilitation

**Tracey Crouch:** To ask the Secretary of State for Health how many people being treated for alcohol addiction in each primary care trust are enrolled in (a) self help groups, (b) 12-step facilitation therapy, (c) cognitive behavioural therapy and (d) family therapy. [52444]

**Anne Milton:** This information is not collected centrally.

### Anti-depressants

**Lyn Brown:** To ask the Secretary of State for Health how many people in (a) England, (b) Newham and (c) West Ham constituency were prescribed anti-depressant medication in (i) 2008, (ii) 2009, (iii) 2010 and (iv) 2011 to date. [52666]

**Mr Simon Burns:** Information on the number of people prescribed a medicine is not collected. The table shows prescription items prescribed in primary care in England and in Newham Primary Care Trust (PCT). This information is not available at constituency level.

*Anti-depressant<sup>1</sup> prescription items prescribed in primary care in England and Newham PCT areas*

	Thousand	
	Prescription items England	Prescription items Newham PCT
2008	35,612.5	96.4
2009	38,779.6	109.0
2010	42,437.7	120.2
2011 (January- February)	7,119.0	20.8

<sup>1</sup> Anti-depressant medication has been defined as those products included in British National Formulary Chapter 4.3—anti depressant drugs.

Source:

Prescribing Analysis and Cost tool

### Bowel Cancer: Health Education

**Dan Jarvis:** To ask the Secretary of State for Health what steps he is taking to provide information to the public on the signs and symptoms of bowel cancer. [53237]

**Paul Burstow:** We launched pilots for the first ever national public awareness campaign for bowel cancer in January 2011. The 'Be Clear on Cancer' campaign was

piloted in the east of England and in the south-west of England. It ran for seven weeks to raise awareness of the key signs and symptoms of bowel cancer and to encourage people with these symptoms to go to their general practitioners. The campaign ended on 18 March 2011 and, subject to evaluation and lessons learned, it will be rolled out nationwide.

Information on the signs and symptoms of bowel cancer is included with every invitation to take part in the NHS bowel cancer screening programme. Three million men and women aged 60 to 69 are invited to participate in screening every two years, and the programme is currently being extended to men and women aged up to 75.

The Department has worked with health professionals, patient groups and the voluntary sector to produce key messages for bowel cancer. These are available on the NHS Choices website at:

[www.nhs.uk/conditions/cancer-of-the-colon-rectum-or-bowel/pages/keymessages.aspx](http://www.nhs.uk/conditions/cancer-of-the-colon-rectum-or-bowel/pages/keymessages.aspx)

The Department encourages charities and other stakeholders to use them widely in awareness raising activities.

### Cancer

**Mrs Hodgson:** To ask the Secretary of State for Health whether his Department has plans to support the development of holistic needs assessments and care planning for cancer patients to take account of individual needs related to (a) age, (b) gender, (c) ethnicity, (d) educational attainment, (e) disability, (f) sexual orientation and (g) socio-economic group; and if he will make a statement. [53354]

**Paul Burstow:** All people with long-term conditions, including those with cancer should have their needs assessed and be offered personalised care planning. This should be tailored to their specific needs and circumstance, taking account of age, gender, ethnic and cultural background, educational attainment, disability, sexual orientation socio-economic status and mental health. The Government are committed to a patient-led national health service, strengthening patient's choice and management of their own care. Proactive, preventive and personalised care planning with a focus on shared decision making fully supports these aims and will continue to be supported.

### Care Homes: Standards

**Mr Jim Cunningham:** To ask the Secretary of State for Health what steps his Department plans to take to (a) maintain and (b) improve standards of local authority-run care homes. [53637]

**Paul Burstow:** Under the Health and Social Care Act 2008 providers of care homes must be registered with the Care Quality Commission (CQC), and meet a set of essential requirements of safety and quality.

Failure to comply with the requirements is an offence, and CQC has a wide range of enforcement powers that it can use if the provider is not compliant.

The Care Quality Commission will shortly be consulting on the details of a new "Excellence" award for adult social care providers. This will enable the best care

providers to gain recognition and will encourage others to go beyond the essential standards to deliver truly excellent care.

### CJD

**Paul Giggins:** To ask the Secretary of State for Health in how many cases the presence of variant Creutzfeldt-Jakob disease has been evident in biopsies carried out following the death of a patient with haemophilia in the last 20 years. [53233]

**Anne Milton:** Abnormal prion protein associated with variant Creutzfeldt-Jakob disease has been found in a single spleen sample taken from one haemophilia patient at post mortem. Details can be found in "Peden A, McCardle L, Head MW et al. Variant CJD infection in the spleen of a neurologically asymptomatic UK adult patient with haemophilia. *Haemophilia* 2010; 16: 296-304". The journal *Haemophilia* is available on line at:

[www.wiley.com/bw/journal.asp?ref=1351-8216](http://www.wiley.com/bw/journal.asp?ref=1351-8216)

### Dementia: Health Education

**Simon Kirby:** To ask the Secretary of State for Health if he will establish a public health campaign to provide information for the public on the links between lifestyle and risk of dementia. [53255]

**Paul Burstow:** The Government have recently undertaken a public awareness campaign on dementia, aimed at raising awareness of the signs and symptoms of dementia and urging people to seek an early diagnosis if they are concerned. The campaign was piloted in the north-west and Yorkshire and the Humber national health service regions, and it may be rolled out across the country once fully evaluated. There are no current plans to undertake a campaign focussed specifically on the links between lifestyle and dementia. However, guidance produced by the Department, including the National Dementia Strategy 2009, emphasises the links between lifestyle and dementia, and that what is good for your heart is good for your head.

### Departmental Buildings

**Luciana Berger:** To ask the Secretary of State for Health what the (a) name and (b) address is of each building owned by his Department; and what the estimated monetary value is of each such building. [53809]

**Mr Simon Burns:** The Department owns two freehold properties, Richmond house and Wellington house. Address and valuation details are as follows. Valuation figures are for land and property combined.

Richmond house, 79 Whitehall, London, SW1A 2NS is valued at £77 million.

Wellington house, 133-155 Waterloo road, London SE1 8UG is valued at £42.5 million.

### Diamorphine

**Philip Davies:** To ask the Secretary of State for Health what criteria an addict has to meet to be prescribed diamorphine by the NHS. [53593]

**Anne Milton:** Only those doctors licensed by the Home Office for this purpose can prescribe diamorphine to treat opioid addiction.

Eligibility criteria for the use of diamorphine are set out in expert consensus guidance: 'Injectable heroin (and injectable methadone)—Potential roles in drug treatment'.

A copy has been placed in the Library and is also available at the National Treatment Agency for substance misuse website at:

[www.nta.nhs.uk/uploads/nta\\_injectable\\_heroin\\_and\\_methadone\\_2003\\_summary.pdf](http://www.nta.nhs.uk/uploads/nta_injectable_heroin_and_methadone_2003_summary.pdf)

### Fluoride

**Mike Weatherley:** To ask the Secretary of State for Health what guidance his Department issues to strategic health authorities on the factors to take into account in determining whether to use fluoride in the local water supply. [53621]

**Anne Milton:** The Chief Dental Officer's letter 'Fluoridation of Drinking Water', issued in February 2008 under Gateway reference 9361, refers. A copy has already been placed in the Library and is available at:

[www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH\\_082666](http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH_082666)

The Health and Social Care Bill proposes that responsibility for consultations on proposals for fluoridation schemes should transfer to local authorities, in which case we will issue revised guidance on the conduct of consultations and taking account of public opinion.

### Health and Social Care Bill

**David T. C. Davies:** To ask the Secretary of State for Health how many representations he has received on the provisions of the Health and Social Care Bill from hon. Members representing constituencies in Scotland and Wales. [52417]

**Mr Simon Burns:** The following table sets out numbers of representations on the Health and Social Care Bill to the Department from hon. Members representing Scottish and Welsh constituencies.

<i>Hon. Members by constituency:</i>	<i>Letters</i>	<i>Parliamentary questions</i>
Scotland	3	16
Wales	5	12

### Limb Reduction Deformity: Babies

**Chris Ruane:** To ask the Secretary of State for Health how many babies were born with limb reduction deformity in each of the last 10 years for which figures are available. [52325]

**Anne Milton:** The following table provides the number of live and stillbirths notified to the National Congenital Anomaly System for England and Wales (NCAS) with a mention of limb reduction defects for each year between 1999 and 2008 (the last year available). The number of notifications received by NCAS is likely to be less than the actual number of infants born with an anomaly.

*Number of notifications to the NCAS with a mention of limb reduction deformity<sup>1</sup>, 1999-2008, England and Wales*

	<i>Percentage of births covered by a local register<sup>2</sup></i>	<i>Registrations</i>		
		<i>Register</i>	<i>Non-register</i>	<i>Total</i>
		<i>Limb reduction deformity (divided into register and non-register areas)<sup>3</sup></i>		
1999	14	57	153	210
2000	27	77	130	207
2001	26	81	111	192
2002	33	82	100	182
2003	41	126	78	204
2004	44	162	61	223
2005	44	140	44	184
2006 <sup>4</sup>	46	126	54	180
2007 <sup>4, 5</sup>	46	108	44	152
2008 <sup>4, 5</sup>	37	63	34	97

<sup>1</sup> The table includes notifications coded to Q71 to Q73 using the International Classification of Diseases, Tenth Edition (ICD-10). Figures are based on data on NCAS on 20 October 2009.

<sup>2</sup> Births to women resident in England and Wales.

<sup>3</sup> Recording of congenital anomalies was more complete in areas with a local register because the register can obtain additional information. Consequently, the figures provided are presented separately for areas where a local register operated and for areas without a register in a particular year.

<sup>4</sup> Figures for 2006 onwards exclude data for some areas that used to be part of East Midlands and South Yorkshire congenital anomaly register.

<sup>5</sup> The North Thames (West) register ceased sending records to NCAS in September 2007 so the figures for 2007 and 2008 are an underestimate.

*Source:*

Office for National Statistics.

### Mental Health Services

**Mr Buckland:** To ask the Secretary of State for Health what plans he has for the commissioning of (a) high security, (b) medium security, (c) low security and (d) community forensic mental health services by GP consortia and the NHS Commissioning Board. [52859]

**Paul Burstow:** The Health and Social Care Bill, which was presented to Parliament on 19 January 2011, completed its Committee Stage on 31 March. Clause 12 of the Health and Social Care Bill (subject to parliamentary approval) amends the National Health Services Act 2006 to remove from the Secretary of State the duty to provide high secure mental health services and place a duty instead on the National Health Service Commissioning Board to arrange for the provision of these services. The Secretary of State informed the House of Commons on 4 April that the Department is taking the opportunity of a natural break in the passage of the Bill to pause, listen, and engage with all those who want the NHS to succeed, and subsequently to bring forward amendments to improve the Bill further.

Following on from this, the Prime Minister, Deputy Prime Minister and Secretary of State launched an engagement exercise on 6 April. To oversee the NHS listening exercise, the Department has brought together the NHS Future Forum, a group of patient representatives, clinicians and others from the health field, including frontline staff, to drive the process of engagement with staff, patients and communities. Further information about the NHS Future Forum and the listening exercise is available on the website at:

[www.dh.gov.uk/healthandcare](http://www.dh.gov.uk/healthandcare)

People who wish to get involved can read more about the listening exercise and leave comments publicly on the website. By June, Ministers will decide how to take forward the Bill in a way that reflects what has been

heard. Following this, decisions about the commissioning of secure and community forensic mental health services in the new NHS will be made.

**Ms Abbott:** To ask the Secretary of State for Health what steps he is taking to improve access to psychological therapies. [52987]

**Paul Burstow:** The Improving Access to Psychological Therapy programme (IAPT) continues to offer increasing numbers of people in England access to National Institute for Health and Clinical Excellence-approved therapy for mental health conditions. We will invest £400 million in the next four years to ensure the full roll-out of IAPT. We expect this will mean that between April 2011 and the end of the spending review period:

3.2 million people will access IAPT, receiving guided self help or therapy;

2.6 million of them will complete a course of therapy treatment; and

up to 1.3 million (50% of those treated) will move to measurable recovery.

This investment is in addition to the funding primary care trusts have already received for talking therapies.

#### Mental Health Services: Waiting Lists

**Ben Gummer:** To ask the Secretary of State for Health what recent estimate has been made of average waiting times for cognitive behavioural therapy in NHS facilities in (a) Suffolk and (b) the rest of the country. [53263]

**Paul Burstow:** In Suffolk, based on Improving Access to Psychological Therapy programme (IAPT) referrals for March 2011, the average waiting time from referral to treatment for guided self-help is six days. The average wait for high intensity cognitive behavioural therapy is seven days.

At present, we do not measure the average waiting time nationally, however, we will be in a position to measure the average waiting time once the IAPT Data Standard comes into use in April 2012.

#### Midwives: Manpower

**Philip Davies:** To ask the Secretary of State for Health pursuant to the answer of 4 April 2011, *Official Report*, column 680W, on midwives, whether the figures provided in the answer include management staff. [53176]

**Anne Milton:** The answer of 4 April 2011, *Official Report*, column 680W, was based on the number of full-time equivalent registered midwives working in the national health service and did not include managers.

#### Muscular Dystrophy

**Bob Russell:** To ask the Secretary of State for Health what progress has been by the NHS East of England Specialised Commissioning Group in recruiting and appointing three neuromuscular care advisors for the region; and if he will make a statement. [53639]

**Paul Burstow:** We have been advised by the East of England Strategic Health Authority that the East of England Specialised Commissioning Group is working with the Muscular Dystrophy Campaign to confirm arrangements for the recruitment of three East of England Neuro-muscular Care Pathway Co-ordinators. The East of England Specialised Commissioning Group expects to advertise the posts during May.

#### Neurological Conditions: Health Services

**John Healey:** To ask the Secretary of State for Health what steps he has taken to implement the quality requirements set out in the National Services Framework for Long Term Neurological Conditions. [52946]

**Paul Burstow:** The White Paper “Equity and excellence: Liberating the NHS” places outcomes at the heart of health policy and this fits well with the aspirations of the national service framework for long-term conditions (the NSF). The NSF focused on achieving a better experience and better outcomes for those with a long-term condition but did not prescribe the processes by which this should be achieved. Delivery was left by the last Government to the national health service to resolve locally.

Subject to the passage of the Health and Social Care Bill through Parliament, general practitioner (GP) led commissioning consortia will be responsible for commissioning the great majority of NHS services. GPs, in partnership with other local health care professionals such as therapists and community nurses, are best placed to understand the health needs of local populations and how to work with their local populations—including patient-led organisations such as the Neurological Alliance’s Commissioning Support organisation, and other service users—to design services that meet those needs.

The NHS Commissioning Board will be responsible for assessment of the performance of GP consortia. The board will draw on the national outcome goals in the NHS outcomes framework to develop a new commissioning outcomes framework. Measures from the commissioning outcomes framework will be used by the board to hold GP consortia to account for the quality of services they commission and the health outcomes they achieve for patients.

**John Healey:** To ask the Secretary of State for Health (1) how many people were recorded as having an acquired brain injury in each of the last six years; [52948]

(2) how many people suffered a traumatic brain injury in each of the last six years; and how many of those received post acute care; [52949]

(3) who will be responsible for commissioning specialist brain injury rehabilitation services under his proposals for the reorganisation of the NHS. [52950]

**Paul Burstow:** Brain injury rehabilitation services are classed as a specialised service, and are currently commissioned by 10 regional groups. The Health and Social Care Bill sets out our intention that specialised services will be commissioned in the future by the NHS Commissioning Board.

Information on the number of people recorded as having a traumatic brain injury in each of the last six years is not collected centrally.

All those who suffered a traumatic brain injury will have received some form of post-acute care.

#### Neuromuscular Services: South East

**Mike Weatherley:** To ask the Secretary of State for Health what progress has been made by the NHS South East Coast Specialised Commissioning Group on recruiting and appointing a neuromuscular care advisor for the region; and if he will make a statement.

[52992]

**Paul Burstow:** We have been advised by the South East Coast Strategic Health Authority that the South East Coast Specialised Commissioning Group is working with the Muscular Dystrophy Campaign to confirm arrangements for the recruitment of a South East Coast Neuro-muscular Care Pathway Co-ordinator. The post will be advertised with a view to a suitable candidate commencing the role by the end of summer 2011.

#### NHS Blood and Transplant

**Stephen Mosley:** To ask the Secretary of State for Health what in-house functions his Department is assessing as part of the review of NHS Blood and Transplant; whether members of the public are able to monitor progress in the review; and if he will take steps to ensure that private companies are able to tender to deliver any services that the review concludes should be outsourced.

[53308]

**Anne Milton:** The review is examining NHS Blood and Transplant's (NHSBT's) non-donor facing activities such as information technology, estates, testing, processing and logistics, to help NHSBT further improve the efficiency of its operations. The review is currently work in progress and there are no plans to report publicly on the interim stages of process. A final report will come to Ministers for their consideration in the summer.

If, in the future, NHSBT chooses to hold a competitive tendering exercise for work that assists it in carrying out its functions, that will be a matter for NHSBT. Any public procurement has to follow the good practice of having an open and competitive process.

NHSBT will remain in the public sector and remain accountable to the Secretary of State for Health for all of its functions.

#### NHS: Drugs

**Yasmin Qureshi:** To ask the Secretary of State for Health (1) when he expects the (a) National Institute for Health and Clinical Excellence and (b) Advisory Group for National Specialist Services to develop a separate appraisal mechanism for orphan and ultra-orphan drugs;

[53258]

(2) what powers he has to direct the National Institute for Health and Clinical Excellence to (a) adapt existing and (b) adopt new appraisal mechanisms.

[53259]

**Mr Simon Burns:** We have no plans to ask the National Institute for Health and Clinical Excellence (NICE) or the Advisory Group for National Specialised Services (AGNSS) to develop separate appraisal mechanisms to appraise orphan and ultra-orphan drugs.

The vast majority of new drugs and significant licence extensions are considered through the topic selection process for NICE's technology appraisal programme. If NICE considers that by undertaking an appraisal it would not be able to add value, then for high cost, low volume drugs for very rare conditions, NICE can send the technology to AGNSS for assessment for possible inclusion in the arrangements for national specialised commissioning.

Under section 8 of the National Health Service Act 2006, the Secretary of State for Health can direct NICE as he deems necessary. However, Ministers are clear that NICE is an independent body and must be free to develop its own technology appraisal processes and methods.

#### NHS: Reorganisation

**Mike Weatherley:** To ask the Secretary of State for Health whether he has considered piloting his proposed NHS reforms in one or more geographical areas. [52381]

**Mr Simon Burns:** The Government's proposals for modernising the national health service consist of several different, mutually-reinforcing policies, which it would not be possible to test together as a formal pilot scheme. However, in response to consultation on the NHS White Paper, we have set up a pathfinder programme for emerging general practitioner consortia, and invited early implementers to explore the development of health and well-being boards in local authorities. There are now pathfinder groups covering nearly 90% of the country, and 90% of local authorities have come forward to be early implementers. In addition, the changes are being phased carefully over four years, allowing time to plan, test and learn.

In the meantime, we have announced a pause in the passage of the Health and Social Care Bill, to engage further on our proposals with staff, patients and the public.

#### Nurses: Manpower

**Ms Abbott:** To ask the Secretary of State for Health what recent estimate he has made of the change in the number of qualified nursing jobs in the NHS to 2015.

[52991]

**Anne Milton:** It is not possible to estimate the change in the number of qualified nursing jobs in the national health service to 2015. This will not be known until the new organisations that will underpin the new system have been designed in more detail.

At present, it is the responsibility of local NHS organisations to plan and deliver a work force appropriate to the needs of their local population, based on clinical need and sound evidence.

We are investing £11.5 billion extra in the NHS over the next four years, a sign of our commitment to protecting frontline services, but we also need to be more efficient and those efficiency savings will also be ploughed back into the frontline.

### Pesticides: Poisoning

**Chris Ruane:** To ask the Secretary of State for Health (1) what the incidence of pesticide poisoning was per 100,000 population in each region in each of the last 10 years for which figures are available; [52323]

(2) how many UK citizens were diagnosed with pesticide poisoning in each of the last 10 years. [52332]

**Anne Milton:** This information is not available. Data on the incidence or diagnosis of pesticide poisoning is not available for the United Kingdom or by region.

### Prosthetics

**Tessa Munt:** To ask the Secretary of State for Health how much the NHS spent on all prosthetic treatment in 2009-10. [52710]

**Paul Burstow:** This information is not held centrally.

Funding for prosthetic care and services is provided within the national health service budget and allocated through local determination by individual primary care trusts.

### Surgery: Children

**Miss McIntosh:** To ask the Secretary of State for Health (1) whether he has taken account of the potential travel times to children's heart surgery units in determining the number and location of such units; [52719]

(2) when he expects to publish the favoured reconfiguration option for children's heart surgery units; and what processes will be gone through before he makes his decision. [52720]

**Mr Simon Burns:** The "Safe and Sustainable" review of children's heart services in England is being conducted by the NHS Specialised Commissioning Team. We have however, been following its progress.

The Joint Committee of Primary Care Trusts (JCPCT) has been established as the formal body to undertake the consultation on the "Safe and Sustainable" review and to take the decision on the best reconfiguration option after analysis of the review responses.

A number of key criteria were taken into account when determining the options on number and location of children's heart surgery units, which are currently out to consultation. These included travel times. The pre-consultation business case sets out details of the travel time analysis for all of the options. More information is at:

[www.specialisedservices.nhs.uk/library/30/Safe\\_and\\_Sustainable\\_Review\\_of\\_Childrens\\_Congenital\\_Cardiac\\_Services\\_in\\_England\\_Pre\\_Consultation\\_Business\\_Case\\_1.pdf](http://www.specialisedservices.nhs.uk/library/30/Safe_and_Sustainable_Review_of_Childrens_Congenital_Cardiac_Services_in_England_Pre_Consultation_Business_Case_1.pdf)

No decision has yet been made on the number and locations of children's heart surgery units. The proposed options for children's heart surgery units are currently being consulted on. The consultation concludes on 1 July 2011 and includes a number of public consultation events across England and Wales as well as focused events with relevant professional associations.

The JCPCT will consider an independent analysis of the consultation responses, reports from overview and scrutiny committees, and a health impact assessment. The JCPCT is expected to make a decision in the autumn of 2011 and this will be published shortly afterwards.

**Dan Jarvis:** To ask the Secretary of State for Health what steps he is taking to ensure that the Joint Committee of Primary Care Trusts takes into account co-location capabilities in its consultation on the future of children's heart units. [53235]

**Mr Simon Burns:** The 'Safe and Sustainable' review of children's heart services in England is being conducted by the NHS Specialised Commissioning Team. We have however been following its progress.

Co-location capabilities will be taken into account by the Joint Committee of Primary Care Trusts in the consultation on the future of children's heart units.

Sir Ian Kennedy and his panel assessed the units against a number of service standards which included consideration of co-location. His findings and recommendations, including those on the extent to which the units meet the co-location requirements, have been considered by the Joint Committee of Primary Care Trusts in its deliberations. Sir Ian's full report is in the public domain and is available on the NHS Specialised Services website at:

[www.specialisedservices.nhs.uk/safeandsustainable](http://www.specialisedservices.nhs.uk/safeandsustainable)

### Tattooing

**Mrs Moon:** To ask the Secretary of State for Health if he will (1) examine the (a) use of new tattoo removal products, including E-raze and (b) potential health effects of the use of such products; and if he will make a statement; [52768]

(2) consider the merits of measures to control the use of tattoo removal products; and if he will make a statement. [52770]

**Anne Milton:** The Health and Safety Executive has published information and advice for local authorities on tattoo removal by chemical methods, in Local Authority Circular 14/l(Micro-pigmentation, semi-permanent tattooing and semi-permanent make-up), a copy of which has been placed in the Library.

Health and safety at work legislation applies to the use of such products, and we have no current plans to introduce additional measures to control their use.

**Mrs Moon:** To ask the Secretary of State for Health if he will consider the merits of offering free immunization against hepatitis B to workers in the tattooing and piercing industries; and if he will make a statement. [52769]

**Anne Milton:** Hepatitis B immunization is recommended by the Health and Safety Executive for individuals carrying out cosmetic piercing or tattooing because of the occupational risk of infection. The principle of immunizations required for occupational reasons not being provided free by the national health service for non-NHS workers, is well established, and we see no reason to make an exception in this case.

**Mrs Moon:** To ask the Secretary of State for Health if he will consider the merits of regulation of the sale of tattooing and body piercing equipment on auction websites; and if he will make a statement. [52771]

**Anne Milton:** We have no current plans to introduce specific legislation to regulate the sale of tattooing or cosmetic piercing equipment.

Tattooing and cosmetic piercing businesses are regulated by local authorities, which have powers to require them to be registered and observe local byelaws relating to cleanliness and hygienic practice. It is a criminal offence for such businesses to trade if they are not registered with the local authority or to breach local byelaws. Local authorities also have general enforcement powers relating to such businesses under health and safety at work legislation.

Legislation relating to general product safety is relevant to sales of tattooing or cosmetic piercing equipment to the public.

### Tobacco: Industry

**Philip Davies:** To ask the Secretary of State for Health what plans his Department has to ensure that organisations who engage with his Department on tobacco control which are linked to or receive funding from (a) the pharmaceutical industry and (b) the public purse disclose any links with or funding received from the tobacco industry. [53005]

**Anne Milton:** In March 2011, the Government published 'Healthy Lives, Healthy People: A tobacco control plan for England'. Chapter 10 of the plan sets out that:

"In the future, organisations engaging with the Department of Health on tobacco control, for example by responding to consultation exercises, will be asked to disclose any links with, or funding received from, the tobacco industry."

A copy of the plan has already been placed in the Library.

### UN Summit on Non-Communicable Diseases

**Keith Vaz:** To ask the Secretary of State for Health if he will request that the Prime Minister attend the High Level UN Summit on Non-Communicable Diseases on 19 to 20 September 2011. [52309]

**Anne Milton:** As with all United Nations General Assembly meetings, we will be deciding closer to the time how best to represent United Kingdom interests at the United Nations High Level meeting on non-communicable diseases. The decision on attendance will certainly take into account the importance the UK Government place on tackling the burden of non-communicable disease domestically and globally, as well as the need for efficient use of taxpayers' money in funding overseas trips.

## INTERNATIONAL DEVELOPMENT

### British Overseas Territories: Finance

**Ms Harman:** To ask the Secretary of State for International Development how the criteria of poverty reduction, results and value for money were used to determine the budget line for the Overseas Territories in his Department's bilateral aid review. [51877]

**Mr Andrew Mitchell:** The UK is obliged under the UN Charter to promote the well-being of the inhabitants of the Overseas Territories (OTs). The 2002 International Development Act exempts the Territories from the poverty criteria that apply to the rest of the aid budget. Successive White Papers on international development, including those produced since 1997, have committed the British Government to meeting the "reasonable needs" of the OTs as a first call on the aid budget.

Rigorous results and value for money assessments form part of aid settlements that are agreed with OT governments requiring assistance from the British Government. Capital investments and technical co-operation programmes agreed with OT governments are subject to competition to ensure the best value for taxpayers. Commitments are monitored regularly. The Department of International Development (DFID) now uses Her Majesty's Treasury's business case model for all new investments. This further ensures that aid spent in the OTs is focused on clear results and value for money outcomes. Unlike DFID's country aid relationships, our support to the territories is not discretionary. The ultimate goal is to accelerate aid-dependent territories towards self-sufficiency.

### Conflict Prevention: Finance

**Ms Harman:** To ask the Secretary of State for International Development how much his Department provided in funding to the Conflict Pool in (a) 2008-09 and (b) 2009-10. [53754]

**Mr Andrew Mitchell:** The Conflict Pool's resources are part of a separate HM Treasury settlement on conflict resources which is managed jointly by the Department for International Development (DFID), the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MOD). Conflict funding for 2008/09 and 2009/10 was provided as part of the 2007 comprehensive spending review (CSR) settlement. In 2008/09 the Conflict Prevention Pool and the Stabilisation Aid Fund disbursed around £185 million. In 2009/10, the two funds were merged to create the Conflict Pool, which disbursed around £180 million.

All three Departments can provide additional funds to the pool for specific purposes when required. In 2008/09, DFID provided £1.2 million to supplement specific Conflict Prevention Pool programmes in South Asia and Africa. In 2009/10, FCO, MOD and DFID together provided an additional £20 million for stabilisation activities in Helmand, of which DFID's share was £11.5 million. All DFID contributions are subject to the rules governing official development assistance (ODA) spending laid down by OECD DAC.

### Developing Countries: Children in Care

**Annette Brooke:** To ask the Secretary of State for International Development (1) how much his Department has spent (a) directly and (b) through multilateral agencies on reducing the use of large-scale institutional care for children in developing countries in the last five years; [51726]

(2) what steps his Department has taken to reduce the use of large-scale institutional care for children in developing countries in the last five years; and what

plans he has to fund projects to prevent vulnerable children from being separated from their parents and entering large-scale institutional care. [51727]

**Mr O'Brien:** The Department for International Development (DFID) has not supported programmes with the specific aim of preventing children entering institutional care. However DFID is working with partner country governments, UN agencies and civil society to improve the lives of children in developing countries, protect vulnerable children from violence and abusive behaviour and enable poor families to care for their children. DFID is doing this through comprehensive health and education programmes, cash transfers and programmes to strengthen the capacity of governments and community-based organisations to care for vulnerable children. For example, DFID is supporting UNICEF programmes aimed at increasing family, community and government support for orphans and vulnerable children affected by HIV and AIDS in southern Africa.

DFID is strongly committed to working towards children achieving their full potential as expressed in the UN Convention on the rights of the child, which is a powerful tool for engaging on child rights and the millennium development goals.

#### Developing Countries: Food

**Mr Bain:** To ask the Secretary of State for International Development what contribution his Department (a) has made to the Global Agriculture and Food Security Programme since 2009 and (b) plans to make to the Global Agriculture and Food Security Programme in each of the next four financial years. [51911]

**Mr O'Brien:** The Department for International Development (DFID) has not contributed to the Global Agriculture and Food Security Programme. Ministers are still considering whether providing funds for this programme would represent value for money and make a significant, additional contribution to our support for food and nutritional security in developing countries.

#### Development Education: Wales

**Mr David:** To ask the Secretary of State for International Development what discussions his Department has had with the Welsh Assembly Government on the delivery of development education and global learning in schools in Wales. [51861]

**Mr Andrew Mitchell:** Officials from the Department for International Development (DFID) have regular discussions with officials from the Welsh Assembly Government on the delivery of development education and global learning in schools in Wales.

DFID's support for programmes to raise awareness of international development, including for development education across the UK, is currently being reviewed. The outcomes of the review will be shared with the Welsh Assembly Government.

**Mr David:** To ask the Secretary of State for International Development what criteria he uses to determine the level of funding his Department provides for organisations that provide development education in England and Wales. [51866]

**Mr Andrew Mitchell:** The Department for International Development's (DFID's) development awareness activities, including development education programmes across the UK, are currently being reviewed.

**Mr David:** To ask the Secretary of State for International Development what consultation his Department undertook before reaching its decision to end the core funding of Cyfanfyd in Wales. [51871]

**Mr Andrew Mitchell:** The Department for International Development (DFID) provided a grant to Cyfanfyd, the development education centre for Wales, from April 2006 to September 2010. Following a consultation in 2009-10, Cyfanfyd were informed in February 2010 that DFID could not guarantee further direct funding after that grant period ended. This was confirmed in August 2010. DFID's support for programmes to raise awareness of international development, including for development education across the UK, is currently being reviewed.

#### Ethiopia: Schools

**Ms Harman:** To ask the Secretary of State for International Development with reference to his Department's bilateral aid review, what estimate he has made of the cost of putting 2 million children into school in Ethiopia by 2015. [53751]

**Mr Andrew Mitchell:** It costs £20 per year to send one child to primary school in Ethiopia, so the total cost to put 2 million children into primary school will be £40 million per year.

This represents extraordinary value for money. The low income country average equivalent figure is £60 per child per year, three times the cost in Ethiopia.

As well as financing enrolment and completion of primary education in Ethiopia, the Department for International Development (DFID) is also supporting efforts to improve the quality of primary and secondary education, and to reduce inequities in access, both between girls and boys and geographical regions. To help keep children in school and improve their results, DFID will pilot innovative 'results-based aid', paying for results by giving a financial incentive for each additional girl and boy that sits and passes their grade 10 examinations.

#### International Assistance

**Ms Harman:** To ask the Secretary of State for International Development what the outcomes were of the World Bank spring meetings held on 15 to 17 April; and if he will make a statement. [53648]

**Mr Andrew Mitchell:** Discussions at the World Bank spring meetings focused on the Bank's work in fragile and conflict affected states and current events in the Middle East and North Africa. I am pleased that, at those meetings, the World Bank agreed to strengthen its support to the region, working with governments and relevant multilateral, regional and bilateral organisations. Governors endorsed the World Development Report on Conflict, Security and Development, and encouraged the Bank to incorporate lessons from the report into its policies and operations in order to improve performance in fragile states.

The World Bank approach to energy was also discussed. In my statement to the World Bank Development Committee I emphasised the importance of the Bank's role to support the global climate change agenda, including by promoting renewable energy sources. I indicated that we would continue to work closely with the Bank on this agenda, which includes their forthcoming energy strategy.

World Bank Governors also addressed ongoing concerns about food price volatility, the Bank's role as interim trustee of the Green Climate Fund, and the World Bank Group's strategic direction.

**Ms Harman:** To ask the Secretary of State for International Development how much funding his Department plans to allocate to the Central Emergency Relief Fund in each year to 2013. [53649]

**Mr Andrew Mitchell:** The Department for International Development (DFID) provided £40 million to the Central Emergency Relief Fund (CERF) in December 2010, to cover the calendar year 2011. Further allocations for the calendar years 2012 and 2013 have not yet been finalised. This is being considered as part of DFID's response to the Humanitarian and Emergency Response Review (HERR). I will make a statement to the House on my Department's strategy during May 2011.

**Ms Harman:** To ask the Secretary of State for International Development whether he raised the issue of the World Bank's funding of fossil fuel projects at the World Bank spring meetings in April 2011. [53735]

**Mr Andrew Mitchell:** In my statement to the World Bank Development Committee I emphasised the Bank's role to support the global climate change agenda, including by promoting renewable energy sources. I indicated that we would continue to work closely with the Bank on this agenda, which includes their forthcoming energy strategy. My statement is available on the World Bank website at:

[http://archive.iwlearn.net/web.worldbank.org/WBSITE/EXTERNAL/DEVCOMEXT/0,,menuPK\\_60001657\\_pagePK\\_64001141\\_piPK\\_64001176\\_theSitePK\\_277473,00.html.tmp](http://archive.iwlearn.net/web.worldbank.org/WBSITE/EXTERNAL/DEVCOMEXT/0,,menuPK_60001657_pagePK_64001141_piPK_64001176_theSitePK_277473,00.html.tmp)

The Department for International Development (DFID) has actively engaged with the World Bank as they have developed their energy strategy. DFID has strongly supported the World Bank ambition to increase lending for clean energy and the Bank's shift away from lending for coal fired power stations.

### Voluntary Work: Young People

**Ms Harman:** To ask the Secretary of State for International Development what percentage of applications received for the International Citizen Service were from people on low incomes. [51878]

**Mr Andrew Mitchell:** International Citizen Service is a new scheme. The pilot phase opened for applications on 9 March 2011. The agencies implementing the pilot are in the process of analysing the early application data, including information collected on the household income of applicants. This will be made publically available in due course.

**Ms Harman:** To ask the Secretary of State for International Development how many applications his Department has received for the International Citizens Service to date. [51879]

**Mr Andrew Mitchell:** As of 31 March 2011, International Citizens Service had received 814 applications.

## DEPUTY PRIME MINISTER

### Absent Voting: Fraud

**Michael Fallon:** To ask the Deputy Prime Minister what steps he is taking to minimise fraud in postal voting for the 2011 elections and referendum; and if he will make a statement. [53681]

**Mr Harper:** Postal voters at the polls being held on 5 May 2011 will have been required to provide their signature and date of birth as personal identifiers when they applied for a postal vote. The personal identifiers must be replicated by postal voters when they cast their postal vote, and they will be cross-checked with the original samples to ensure votes are valid. Legislation requires returning officers and counting officers to undertake a minimum of 20% verification of personal identifiers of postal votes which are returned. For the specific purposes of the referendum on the voting system, the chief counting officer has directed that counting officers will check the personal identifiers on 100% of postal votes.

The Electoral Commission, in conjunction with the Association of Chief Police Officers and the Association of Chief Police Officers in Scotland, has issued guidance to minimise the potential for malpractice in the electoral process.

The Electoral Commission has led work with police forces, political parties and returning officers to raise awareness of integrity issues and strengthen systems to ensure that fraud is detected and prosecuted and to draw attention to existing good practice. There is evidence of effective working between returning officers and local police at recent elections with the police engaged on election issues and committed to the detection of electoral fraud. This approach is continuing for the polls taking place on 5 May.

The Government will continue to keep procedures under review to ensure that the electoral process is secure.

## BUSINESS, INNOVATION AND SKILLS

### Further Education: Learning Disability

**Mr Tom Clarke:** To ask the Secretary of State for Business, Innovation and Skills what discussions his Department has had with the (a) Young People's Learning Agency and (b) Skills Funding Agency on monitoring and assessing the quality of further education provision for people (i) with learning disabilities and (ii) with profound and multiple learning disabilities; and if he will make a statement. [51359]

**Mr Hayes:** The Young People's Learning Agency and Skills Funding Agency secure the provision of financial resources for education and training for learners above compulsory school age in further education colleges, training organisations, school sixth forms, and academies. Both agencies set conditions of funding, which include minimum levels of performance, assessments of financial health and control and satisfactory Ofsted inspection outcomes.

The arrangements for monitoring and assessing the quality of further education (FE) provision for learners with learning difficulties and/or disabilities are the same as for other learners. Arrangements to meet the needs of learners, whatever they might be, mean that the specific requirements of learners with learning difficulties and/or disabilities are considered and met.

In February 2011 the Department for Business, Innovation and Skills published a report entitled 'National Learner Satisfaction Survey: FE Learners with Learning Difficulties and/or Disabilities'.

This report showed that learners with learning difficulties and/or disabilities in FE express high levels of satisfaction with their learning experience, with 90% satisfied—this is comparable with other learners (91%). However, learners with learning difficulties and/or disabilities are more likely to be extremely satisfied (21 compared with 18%). Three-quarters of learners with learning difficulties and/or disabilities (75%) would speak highly of their provider. They are significantly more likely than other learners to say they would do so without being asked (32 compared with 29%).

#### Hair Extensions

**Tom Blenkinsop:** To ask the Secretary of State for Business, Innovation and Skills whether measures are in place to ensure that hair used for hair extensions in the UK does not come from disabled people in foreign countries who have not given consent. [53056]

**Mr Prisk** [*holding answer 28 April 2011*]: The UK has no controls on the import of human hair and currently has no plans to introduce any.

#### Local Enterprise Partnerships

**Mr Nicholas Brown:** To ask the Secretary of State for Business, Innovation and Skills pursuant to the answer of 29 March 2011, *Official Report*, column 306W, on local enterprise partnerships (LEPs), what the role of LEPs is in skills and training issues. [51610]

**Mr Hayes:** Local enterprise partnerships (LEPs) are part of the power shift away from central Government and towards local communities in promoting business and driving local growth. As we said in the White Paper for local growth, the Government do not intend to define LEPs in legislation. We envisage that LEPs could take on a diverse range of roles including private sector job creation and establishing skills and training priorities. Partnerships will differ across the country in both form and functions in order to best meet local circumstances and opportunities. We have not prescribed the leadership roles for LEPs on skills or any other activity to support growth in the local economy.

A key reform of the skills system is the Government's commitment to freeing colleges and training organisations from central bureaucracy so they can determine the training offer which responds directly to what learners and employers want. Colleges and training organisations will be encouraged to form self-organised networks to engage more easily with LEPs on skills priorities and how they can best be delivered. In turn, we will encourage LEPs to develop effective working relationships with the further and higher education sector to agree, for instance, how to generate the demand for agreed priorities locally.

#### Misrepresentation

**John Woodcock:** To ask the Secretary of State for Business, Innovation and Skills what regulations or rules govern the use of the words 'parliament' or 'parliamentary' in the name or title of non-parliamentary charities, companies and organisations. [53752]

**Mr Davey:** The words 'parliament' and 'parliamentary' are specified in the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2009. The prior approval of the Secretary of State is required before the registration of a company or limited liability partnership in a name that includes either word and before any person, whether or not incorporated, carries on business in the UK under such a name. Before seeking approval, the applicant is required to request both the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords to indicate whether (and if so why) it has any objections to the proposed name. The application for approval must be accompanied by a statement that the required request for views has been made and a copy of any response.

#### Shareholders

**Ms Angela Eagle:** To ask the Secretary of State for Business, Innovation and Skills (1) what steps he is taking to promote the pursuit of enlightened shareholder value by institutional investors; [52247]

(2) whether he has any plans to make use of the powers under section 1277 of the Companies Act 2006 to introduce mandatory voting disclosure for institutional investors; [52353]

(3) if he will bring forward legislative proposals for provisions for institutional investors comparable to the duties of company directors under section 172 of the Companies Act 2006; [52354]

(4) what his policy is on the fiduciary responsibilities of (a) asset managers, (b) investment consultants and (c) insurance companies in pension provision. [52520]

**Mr Davey:** Following the call for evidence, 'A Long-Term Focus for Corporate Britain,' the Government are considering a wide range of measures and will publish the next steps in the summer.

**Ms Angela Eagle:** To ask the Secretary of State for Business, Innovation and Skills what recent discussions he has had with ministerial colleagues on the case for a cross-departmental review of the fiduciary obligations of institutional investors. [52519]

**Mr Davey:** Although BIS Ministers have not held any discussions with ministerial colleagues on institutional investors' fiduciary obligations, the Government believe it is important that these obligations are fully understood. Officials from this Department have met officials from other Government Departments to discuss these issues and are considering a range of options.

### Students: Finance

**Mr Lammy:** To ask the Secretary of State for Business, Innovation and Skills what budget was allocated to communicating student finance arrangements to prospective students in each year from 1999-2000 to 2010-11.

[51737]

**Mr Willetts:** An annual breakdown of expenditure on communicating student finance arrangements, including to prospective students, from 1999-2000 to 2010-11 is provided in the following table. As records are only required to be kept for seven years, not all data is available.

The Student Loans Company was also allocated part of the Department's publicity budget to provide some technical information to students and from 2009/10 responsibility for providing information to students was delegated to the Student Loans Company. A breakdown of the allocation made by the Student Loans Company is also provided in the table.

The Department considers it essential to ensure that prospective students and their families know about the full package of support available, to support access to higher education. This Department is working with the Central Office of Information to develop an effective and proportionate information campaign.

We have appointed an advertising agency to support this campaign and expect their costs to be in the region of £150,000, including their charges for production of press and online advertisements. The budget for chosen media is yet to be determined.

Financial year	£	
	Department for Business, Innovation and Skills student finance publicity budget	Student Loans Company communications budget
1999-2000	1—	1—
2000-01	90,000	1—
2001-02	1,660,000	1—
2002-03	2,025,000	1—
2003-04	4,000,000	1—
2004-05	2,000,000	280,598
2005-06	4,500,000	1,483,900
2006-07	4,100,000	1,097,092
2007-08	4,500,000	3,288,351
2008-09	4,000,000	2,851,560
2009-10	60,000	5,263,030
2010-11	150,000	1,650,243

<sup>1</sup> Data not available.

### Unionlearn

**Priti Patel:** To ask the Secretary of State for Business, Innovation and Skills pursuant to the answer of 4 March 2011, *Official Report*, columns 720-22W, on trade unions: training, if he will publish a detailed

breakdown on how all funding from the public purse has been spent by the Union Learning Fund and Union Learn in each year since 2007-08. [53080]

**Mr Hayes** [*holding answer 28 April 2011*]: The Department for Business, Innovation and Skills (BIS) provides funding directly to the Trades Union Congress (TUC) under an annual grant agreement to support the Union Learning Fund (ULF) and unionlearn, the TUC's learning and skills organisation. The main purpose of this budget is to enable trade unions and Union Learning Representatives (ULRs) to work with employers, employees and learning providers to encourage greater take up of learning and raise skill levels in the workplace.

A detailed breakdown of the direct grant funding that was allocated by BIS and its predecessor Departments for each of the last three financial years is set out in the following table. Final details for the 2010-11 financial year will not be available until June 2011. The TUC also publishes an annual report for unionlearn which sets out in more detail how the funding has been used each year. The reports for 2008, 2009 and 2010 are available on the TUC's unionlearn website:

<http://www.unionlearn.org.uk/publications/index.cfm>

	£		
	2007-08	2008-09	2009-10
Total staffing costs (including on costs)	3,777,263	4,495,536	4,850,137
Administration, accommodation and overheads	1,251,187	1,434,463	1,536,548
Union Learning Fund (grants to unions for ULF projects)	13,371,550	15,470,001	15,113,315
Total unionlearn grant funding	18,400,000	21,400,000	21,500,000

The TUC has also received funding to support unionlearn activity at a regional level from the Skills Funding Agency (formerly the Learning and Skills Council) and a number of regional development agencies all of which received grant funding from BIS' predecessor Departments. Detailed information relating to such expenditure will be held at a regional level for audit purposes but is not recorded centrally. An exercise to research and collate such information for each SFA region and RDA would exceed the disproportionate cost threshold.

**Priti Patel:** To ask the Secretary of State for Business, Innovation and Skills pursuant to the answer of 4 March 2011, *Official Report*, columns 720-22W, on trade unions: training, under what budget headings Union Learn spent funding provided by (a) the Union Learning Fund, (b) the Skills Funding Council, (c) the Learning and Skills Council, (d) the European Social Fund and (e) regional development agencies. [49534]

**Mr Hayes:** The Department for Business, Innovation and Skills (BIS) provides funding directly to the Trades Union Congress (TUC) under an annual grant agreement to support the Union Learning Fund (ULF) and unionlearn, the TUC's learning and skills organisation. The main purpose of this budget is to enable trade unions and union learning representatives (ULRs) to

work with employers, employees and learning providers to encourage greater take-up of learning and raise skill levels in the workplace.

The budget headings under which this grant is provided by the Department, and under which spending is monitored on a monthly basis, are as follows:

- Staffing and On Costs,
- Other Staff Related Costs,
- General Running Costs,
- Accommodation and Overheads,
- Trade Union Education Support and
- ULF (Grants to Unions).

All projects supported under ULF are considered in a competitive bidding process by the Union Learning Fund Assessment Panel, comprising representatives from the Department, the TUC and the Skills Funding Agency (SFA). Each project has a separate contract with the TUC with defined learning targets and budget headings that are linked to project strands and the outcomes of that particular project. Funding is only provided in arrears and on production of evidence of spend against plans by way of invoices and proof of purchase/payment and trade unions code the money in such a way that it is separately identifiable for audit purposes. Information on the budget headings for every project that is supported under ULF is not held centrally by the Department and collating this information could be provided only at disproportionate cost.

The TUC has also received funding to support unionlearn activity at a regional level from the Skills Funding Agency (SFA) (formerly the Learning and Skills Council), the European social fund (ESF) and a number of regional development agencies (RDA). Detailed information on the specific budget headings relating to such expenditure will be held at a regional level for audit purposes but is not recorded centrally. An exercise to research and collate such information for each SFA region and RDA would exceed the disproportionate cost threshold.

## WORK AND PENSIONS

### Departmental Advertising

**Mr Ruffley:** To ask the Secretary of State for Work and Pensions what the name is of each public information advertising campaign run by his Department in 2010-11; and how much it has spent on (a) press and (b) television advertising for each campaign. [53474]

**Chris Grayling:** In 2010-11 there were no public information advertising campaigns run by DWP.

### Departmental Communication

**Charlotte Leslie:** To ask the Secretary of State for Work and Pensions what steps his Department is taking in its communications to provide for people who are unable to read printed text but can read via e-mail with the assistance of computer software. [52892]

**Chris Grayling:** The Department does not regularly supply customer communications via e-mail.

We are committed to improving the accessibility of our websites. Most of these are built to meet the W3C

Web Content Accessibility Guidelines (version 1.0) at Level AA, in line with Cabinet Office guidance, and are therefore compatible with assistive technologies.

The Department provides customer information about benefits, pensions and finding a job on the Directgov website. The Directgov website complies with Level AA of the W3C Web Content Accessibility Guidelines.

The Department's consultation and policy documents that are of particular interest to people with disabilities are also available in alternative formats (for example British Sign Language (BSL) video and Rich Text Format files preferred by some screen reader users). Some of these documents can be accessed directly through the Department's website.

Most of the Department's website meets Level AA of the W3C Web Content Accessibility Guidelines. We state the areas of the website that do not currently meet Level AA in the Accessibility Policy:

[www.dwp.gov.uk/accessibility/accessibility-policy](http://www.dwp.gov.uk/accessibility/accessibility-policy) and we are working to improve these.

### Departmental Manpower

**Mr Nicholas Brown:** To ask the Secretary of State for Work and Pensions what public sector job reduction targets have been set for his Department and its non-departmental public bodies for each of the next 24 months; and what steps he plans to take to meet such targets. [51518]

**Chris Grayling:** The 2010 spending review was a financial settlement which set the departmental budgets for 2011-12 to 2014-15. No targets were set on job reductions as part of that settlement.

However, the financial settlement will necessitate a reduced level of staffing for the Department in the future. The Department will achieve this reduction through strict control of recruitment; the redeployment of surplus staff where feasible; managing the cessation of fixed term appointment contracts and through natural turnover of staff. Where required, and there is no feasible alternative, the use of early release schemes will be considered.

### Departmental Official Cars

**Maria Eagle:** To ask the Secretary of State for Work and Pensions on what date (a) he and (b) each other Minister in his Department last used a Ministerial car while travelling in an official capacity; and how many times (i) he and (ii) each other Minister in his Department has travelled to their constituency in a ministerial car since May 2010. [50198]

**Chris Grayling:** For security reasons, the Department prefers not to give details of individual ministerial journeys.

Nevertheless, in a typical week members of the ministerial team do make regular use of the ministerial car service to travel in an official capacity.

As of 5 April, the Secretary of State, the Minister for Employment and the Minister for Pensions last used the ministerial car service on 4 April.

As of 5 April, the Minister for Welfare Reform last used the service on 1 April and the Minister for Disabled People on 5 April.

Section 10 of the Ministerial Code provides guidance on travel for Ministers and makes clear that Ministers must ensure that they always make efficient and cost-effective travel arrangements

### Disability

**Mr Ruffley:** To ask the Secretary of State for Work and Pensions what proportion of staff in (a) his Department and (b) each of its agencies was registered disabled in each of the last five years. [53472]

**Chris Grayling:** The information is contained in the following table.

The table sets out information about the numbers of staff who have declared themselves to be disabled. Whilst the department encourages staff to make a declaration, declaration is voluntary.

We are aware that not all disabled staff do declare that they consider themselves to be disabled, and the true figure may be higher than the figures shown. For example, the 2010 DWP Staff survey (which is completed anonymously), showed that 11.2% of respondents considered themselves to have a long standing health condition or disability. According to the latest figures provided (December 2010), 6.5% of the workforce has declared themselves to be disabled.

Date	Department/agency	Percentage disabled
December 2010	DWP total	6.5
	Job Centre Plus	7.0
	Pension, Disability and Carers Service	5.3
March 2010	DWP total	6.3
	Job Centre Plus	6.8
	Pension, Disability and Carers Service	5.1
2009	DWP total	6.1
	Job Centre Plus	6.7
	The Pension Service	4.0
	Disability and Carers Service	6.2
2008	DWP total	5.7
	Job Centre Plus	6.7
	The Pension Service	3.7
	Disability and Carers Service	6.1
2007	Child Support Agency	3.4
	DWP total	5.5
	Job Centre Plus	6.4
	The Pension Service	3.4
2006	Disability and Carers Service	5.9
	Child Support Agency	3.4
	DWP total	5.2
	Job Centre Plus	6.4
	The Pension Service	3.7
	Disability and Carers Service	5.5
	Child Support Agency	2.7

*Notes:*

The figures exclude all staff who have not declared their disability status.

### Employers' Liability Insurance

**Naomi Long:** To ask the Secretary of State for Work and Pensions pursuant to the answer of 22 March 2011, *Official Report*, column 965W, on employers' liability insurance, on what date he plans to publish his proposals. [52777]

**Chris Grayling:** I appreciate that the Government's response to the consultation is taking longer to publish than we had hoped for. However the issues raised are complex and to ensure we get this right we have been in active discussions with all stakeholders since the public consultation closed in May 2010. We are still carefully considering how to progress the matter to achieve an appropriate outcome and we will bring forward our proposals in due course.

### Employment and Support Allowance

**Stephen Timms:** To ask the Secretary of State for Work and Pensions (1) what estimate has been made of the number of recipients of contributory employment and support allowance in the work-related activity group for (a) with and (b) without one year time-limiting in force in each financial year from 2011-12 to 2015-16; [53298]

(2) what estimate has been made of the proportion of contributory employment and support allowance recipients in the work-related activity group who will be affected by a one-year time limit. [53299]

**Chris Grayling:** As part of the Welfare Reform Bill, we have set out our intention to introduce a time limit of one year for those claiming contributory employment and support allowance (ESA) and who are placed in the Work Related Activity Group (WRAG).

The following table shows the estimated future recipients of contributory ESA in the Work Related Activity Group and Assessment Phase with and without time-limiting in force. Assessment Phase cases have been included as the legislation intends for them to be eligible for time-limiting if their duration on contributory ESA is 12 months or more. Figures have been rounded to the nearest 50,000 claimants and are based on Budget 2011 forecasts.

Contributory ESA caseload in the WRAG/Assessment Phase	With time limiting in force	Without time limiting in force
2011-12	400,000	400,000
2012-13	350,000	600,000
2013-14	400,000	800,000
2014-15	350,000	900,000
2015-16	200,000	900,000

The legislation intends for all recipients of contributory ESA in the WRAG to be eligible for time-limiting after 12 months. It is estimated that in steady state, without time-limiting, around 77% of contributory ESA claimants in the Work Related Activity Group or Assessment Phase would have duration of 12 months or more. However, latest estimates suggest that of those affected by the proposal to time limit contributory ESA, around

60% are expected to be fully or partially compensated by income-related ESA, so will retain entitlement to ESA.

More information is available in the ESA Time-Limiting Impact Assessment published on the Department for Work and Pensions website, at the following link:

<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/index.shtml#ia>

### Employment Schemes: Scotland

**Mrs McGuire:** To ask the Secretary of State for Work and Pensions if he will list the subcontractors to the prime contractors for the Work Programme in Scotland; which such subcontractors operate in the (a) private and (b) voluntary sector; which are defined as small and medium-sized enterprises; and what proportion of each prime contract each subcontract represents. [53301]

**Chris Grayling:** The Department have encouraged and facilitated the Work Programme bidders to engage with voluntary organisations as partners or sub-contractors to deliver the Work Programme. The Work Programme will provide significant opportunities for partnership and collaboration for voluntary and community sector.

To deliver the overall provision prime contractors will need to underpin delivery by the use of sub-contractors to ensure the individual needs of all customers are met at local level.

As contracts have not yet been awarded I am unable to provide further details at this time.

It is not within the Department's remit to specify the composition of the preferred bidders' supply chain prior to contract award. Post tender discussions are currently under way with preferred bidders and contracts have not yet been awarded.

Further details on the bids and the nature of the contracts will be published post contract award; this may also include additional information regarding the prime providers supply chain.

**Mrs McGuire:** To ask the Secretary of State for Work and Pensions what involvement the Scottish Government has had in the design and delivery of the Work Programme to address issues specific to Scotland. [53303]

**Chris Grayling:** The Government have established a Scottish Employability Forum (SEF), jointly Chaired by the Jobcentre Plus Customer Service Delivery and Scottish Government Director for Life Long Learning.

It is attended by senior representatives of Jobcentre Plus, Scottish Government, Department for Work and Pensions (DWP), and other strategic partners, to provide an infrastructure for strategic level discussion and consultation. The SEF is underpinned by the National Delivery Group (its operational arm). This allowed for Scottish Government, working with Jobcentre Plus and DWP, to have direct input into the development of the Work Programme in Scotland.

### Employment Schemes: Voluntary Organisations

**Ann McKeichin:** To ask the Secretary of State for Work and Pensions what assessment he has made of the compatibility with the provisions of EU competition

law of setting a requirement in tender criteria for the Work Programme that 30 per cent. of contracts should be awarded to the voluntary sector. [53631]

**Chris Grayling:** Department for Work and Pensions (DWP) did not specify a minimum level of third sector/not for profit participation in the delivery of the Work Programme in the tender criteria, we did provide information on the current provision and the levels of third sector involvement.

**Ann McKeichin:** To ask the Secretary of State for Work and Pensions what mechanism he proposes to use to ensure that at least 30 per cent. of contracts awarded through the work programme are directed to companies operating on a not-for-profit basis. [53632]

**Chris Grayling:** EU procurement regulations preclude us from favouring any sector or being able to stipulate quotas for particular groups, either for prime provider bids or within the bidders delivery chain. However, throughout the procurement process DWP has encouraged bidders to engage with the voluntary and community sector.

As part of the evaluation Department for Work and Pensions (DWP) closely scrutinised each bidder's partnership proposals within their tenders, particularly when considering the supply chain and service requirement criteria, to ensure that the level of community and voluntary sector involvement is commensurate with the needs of Work Programme customers.

**Ann McKeichin:** To ask the Secretary of State for Work and Pensions whether the tender criteria for the award of Work Programme contracts contained an explicit requirement that a minimum percentage of contracts should be awarded to the voluntary sector; and whether the successful tenders in Scotland fulfilled this criterion. [53633]

**Chris Grayling:** Department for Work and Pensions (DWP) did not specify a minimum level of third sector/not for profit participation in the delivery of the Work Programme in the tender criteria, we did provide information on the current provision and the levels of third sector involvement.

### Housing Benefit

**Ms Buck:** To ask the Secretary of State for Work and Pensions what estimate he has made of the number of households that will be subject to the total cap on benefit entitlement which live in (a) private rented accommodation, (b) private accommodation obtained by a local authority under prevention and relief of homelessness duties, (c) temporary accommodation, (d) social rented accommodation, (e) owner-occupied accommodation and (f) other forms of accommodation. [53739]

**Steve Webb:** If the benefit cap is applied in full it is estimated, that around 70% of those affected will be living in social housing.

This estimated number of households affected by the benefit cap is based on survey data using the Department for Work and Pension's Policy Simulation Model. Sample sizes are too small to yield reliable results for other sub groups of those affected by the benefit cap.

**Ms Buck:** To ask the Secretary of State for Work and Pensions whether bedroom size will be taken into account when determining whether to apply a reduction in housing benefit to social tenants judged to be under-occupying a property. [53741]

**Steve Webb:** We intend that the minimum size of a room in order to be counted as a bedroom within a property will be determined in a way that is consistent with standards set by the Department for Communities and Local Government, the devolved Administrations and relevant regulatory bodies. This will be established as part of the implementation process.

**Ms Buck:** To ask the Secretary of State for Work and Pensions how the number of bedrooms in a property will be calculated in order to apply any reduction in housing benefit for social tenants determined as under-occupying a property, including how dining rooms, box rooms and living areas are to be distinguished from bedrooms. [53742]

**Steve Webb:** We intend that the number of bedrooms within a property will be determined in a way that is

consistent with standards set by the Department for Communities and Local Government, the devolved Administrations and relevant regulatory bodies. This will be established as part of the implementation process.

### Incapacity Benefit

**Mr Ruffley:** To ask the Secretary of State for Work and Pensions how many claimants were in receipt of (a) incapacity benefit only, (b) incapacity benefit in combination with any other benefit, broken down by type of benefit, (c) any single benefit other than incapacity benefit, broken down by type of benefit and (d) any combination of benefits, other than those involving incapacity benefit, broken down by type of combination in each of the last five years; and what the average weekly level of benefit received by a claimant was in each category in each such year. [53411]

**Chris Grayling:** Information on the average weekly amounts in payment for benefit combinations can be provided only at disproportionate cost.

The other information requested is given in the following table.

*Client group all ages caseload: Benefit combination at the dates shown. Great Britain and abroad*

	<i>August 2006</i>	<i>August 2007</i>	<i>August 2008</i>	<i>August 2009</i>	<i>Thousand August 2010</i>
Total	17,524.35	17,613.04	17,886.19	18,802.96	18,821.60
SP only	7,842.67	8,008.84	8,178.33	8,359.15	8,496.83
SP and PC/IS	1,207.06	1,170.17	1,127.76	1,102.53	1,083.67
JSA only	882.55	770.9	848.69	1,454.71	1,315.74
IB only	757.13	717.04	671.44	498.35	414.25
SP and AA	808.4	828.68	858.81	895.8	918.62
IS/PC only	898.34	890.47	877.19	854.37	810.68
IS/PC, SP and AA	737.63	741.49	738.48	735.68	726.39
DLA only	615.66	647.58	678.24	702.24	735.93
IS/PC and IB	622.01	606.51	587.13	467.65	397.2
IB and DLA	532.82	537.44	539.83	514.18	480.26
SP and DLA	473.26	494.21	514.19	533.32	546.4
IS/PC, IB and DLA	485.91	505.03	525.46	525.17	508.7
IS/PC, SP and DLA	306.92	325.32	342.41	360.31	373.76
CA only	272.53	275.93	287.73	297.65	311.23
IS/PC, DLA and SDA	182.6	177.88	172.49	167.15	162.23
IS/PC and CA	140.46	144.55	151.58	166.03	183.34
CA and SP	132.18	142.27	152.07	159.57	161.34
WB only	91.26	73.98	59.34	47.35	39.91
DLA, SDA	62.75	57.74	53.49	49.76	46.51
IS/PC, CA and SP	67.63	73.21	78.68	81.71	83.32
SDA only	9.34	8.3	7.45	6.71	6.08
SDA and IS/PC	15.58	13.64	12.07	10.78	9.72
ESA	1	1	1	304.18	418.32
ESA and DLA	1	1	1	62.12	134.78
Other combination	379.65	401.86	423.32	446.46	456.4

<sup>1</sup> Nil or negligible.

#### Notes:

1. Benefits included are jobseeker's allowance (JSA), income support (IS), pension credit (PC), incapacity benefit (IB), severe disablement allowance (SDA), disability living allowance (DLA) (from May 2002), carer's allowance (CA), bereavement benefit (BB)/widow's benefit (WB), state pension, attendance allowance and national insurance credits only (through JSA or IB).

2. Figures are shown in thousands and rounded to the nearest 10. Totals may not sum due to rounding.

3. Employment and support allowance (ESA). ESA replaced incapacity benefit and income support paid on the grounds of incapacity for new claims from 27 October 2008.

4. Caseload data is available on the Department's tabulation tool at: <http://83.244.183.180/100pc/tabtool.html>

#### Source:

DWP Information Directorate: Work and Pensions Longitudinal Study.

**Mr Ruffley:** To ask the Secretary of State for Work and Pensions how much his Department spent on incapacity benefit in (a) each region of England, (b) Scotland and (c) Wales in the most recent period for which figures are available. [53445]

**Chris Grayling:** The information is in the table.

*Incapacity benefit expenditure by region, 2009-10*

	<i>£ million</i>
North East	395
North West	948
Yorkshire and the Humber	568
East Midlands	456
West Midlands	578
East	423
London	491
South East	537
South West	451
Wales	513
Scotland	705
Unknown	44
Total	6,108

*Source:*

DWP statistical and accounting data.

Regional benefit expenditure data is published at:

[http://research.dwp.gov.uk/asd/asd4/la\\_expenditure.xls](http://research.dwp.gov.uk/asd/asd4/la_expenditure.xls)

#### **Jobcentre Plus: Social Workers**

**Simon Hart:** To ask the Secretary of State for Work and Pensions how many unfilled senior care worker posts are listed at Jobcentre Plus. [52785]

**Chris Grayling:** National Statistics on unfilled vacancies held by Jobcentre Plus are published monthly on the NOMIS labour market statistics portal

<https://www.nomisweb.co.uk>

There are two types of unfilled vacancy data available, total unfilled and live unfilled, and these can be broken down by occupation using the 2000 version of the Office for National Statistics (ONS) Standard Occupational Classification (SOC 2000). The latest data available is for March 2011.

The lowest-level occupational data available on NOMIS is for care assistants and home carers (SOC code 6115). This includes senior care workers, as well as domiciliary care workers, home carers, personal carers, carers (welfare services) and caseworkers (welfare services). The Jobcentre Plus unfilled vacancy data available on NOMIS cannot be broken down any further to identify unfilled vacancies for senior care workers only.

In March 2011, Jobcentre Plus held 42,787 unfilled vacancies for care assistants and home carers. This includes all unfilled vacancies held by Jobcentre Plus including vacancies which have been suspended pending closure, and as such are not available to jobseekers.

The live unfilled vacancies data therefore provides a better reflection of the number of vacancies available to jobseekers. In March 2011, Jobcentre Plus held 30,272 live unfilled vacancies for care assistants and home carers, which includes live unfilled vacancies for senior care workers.

#### **Jobseeker's Allowance**

**Joan Walley:** To ask the Secretary of State for Work and Pensions how many jobseekers who missed interview sessions were contacted by jobcentre staff to prompt their attendance during the Newcastle jobcentre pilot project in 2010; and how many of these (a) lost their benefit and (b) were paid benefit. [52864]

**Chris Grayling:** The administration of Jobcentre Plus is a matter for the chief executive of Jobcentre Plus, Darra Singh. I have asked him to provide the hon. Member with the information requested.

*Letter from Mathew Nicholas:*

The Secretary of State has asked Darra Singh to reply to your question concerning how many jobseekers who missed interview sessions were contacted by jobcentre staff to prompt their attendance during the Newcastle jobcentre pilot project in 2010; and how many of these (a) lost their benefit and (b) were paid benefit. This is something that falls within the responsibilities delegated to Darra Singh as Chief Executive of Jobcentre Plus. As Darra Singh is currently on annual leave, I am replying in his absence.

In June of 2010, Newcastle-Under-Lyme Jobcentre conducted a short trial during which they tried to contact by telephone jobseekers who had missed a mandatory appointment. Jobseekers were asked to attend the Jobcentre for their appointment the same day to help avoid any potential loss of benefit. The trial was carried out for a period of six weeks. Early evaluation showed that the number of successful calls was very low and the trial was discontinued. No records were kept about the number of jobseekers who lost or were paid benefit as a result of these telephone calls.

**Joan Walley:** To ask the Secretary of State for Work and Pensions what targets are set for jobcentre staff in respect of referring jobseekers for sanctions; what criteria are used; and if he will make a statement. [52868]

**Chris Grayling:** The administration of Jobcentre Plus is a matter for the Chief Executive, Darra Singh. I have asked him to provide the hon. Member with the information requested.

*Letter from Mathew Nicholas:*

The Secretary of State for Work and for Pensions has asked Darra Singh to reply to your question asking what targets are set for jobcentre staff in respect of referring jobseekers for sanctions; and what criteria are used. This is something that falls within the responsibilities delegated to Darra Singh as Chief Executive of Jobcentre Plus. As Darra Singh is currently on annual leave, I am replying in his absence.

I can confirm that no such targets exist and that we have reinforced this message to our District Managers. Sanctions should only be made where people have not adhered to their jobseeker obligations.

I hope this information is helpful.

**Mr Ruffley:** To ask the Secretary of State for Work and Pensions how many payments for jobseeker's allowance were terminated (a) as a result of employment and (b) for other reasons in (i) each London borough and (ii) the UK in each of the last five years. [53387]

**Mr Hurd:** I have been asked to reply.

The information requested falls within the responsibility of the UK Statistics Authority. I have asked the authority to reply.

*Letter from Stephen Penneck, dated May 2011:*

As Director General for the Office for National Statistics, I have been asked to reply to your Parliamentary Questions asking;

how many payments for jobseeker's allowance were terminated (a) as a result of employment and (b) for other reasons in (i) each London borough and (ii) the UK in each of the last five years. 53387

The tables show a breakdown of the destination of off-flows from Job Seeker's Allowance recorded by Jobcentre Plus in each year since January to December 2006.

A copy of these tables will be placed in the House of Commons Library.

This information comes from a form completed by Jobcentre Plus employees when terminating a claim. Although effort is made to complete the termination as accurately as possible for each claim, there is a significant proportion where the reason is not specific: such as ceased claiming, not known and failed to sign.

Table 1: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2006 to December 2006

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Barking and Dagenham	2,535	2,345	4,805	9,685
Barnet	3,820	2,625	7,290	13,735
Bexley	2,725	1,425	3,380	7,530
Brent	3,975	2,590	9,080	15,645
Bromley	3,235	1,580	5,165	9,980
Camden	2,545	2,635	5,515	10,695
City of London	40	45	70	155
Croydon	4,035	2,605	9,970	16,610
Ealing	3,945	3,355	7,780	15,080
Enfield	3,465	2,900	8,225	14,590
Greenwich	3,795	2,865	6,505	13,165
Hackney	3,170	3,650	8,550	15,370
Hammersmith and Fulham	2,085	2,245	4,360	8,695
Haringey	3,680	2,840	9,130	15,650
Harrow	2,365	1,580	4,825	8,770
Havering	2,715	1,480	3,445	7,640
Hillingdon	3,050	1,900	5,130	10,085
Hounslow	3,175	2,205	5,635	11,010
Islington	2,545	3,065	6,435	12,045
Kensington and Chelsea	1,280	1,465	2,490	5,235
Kingston upon Thames	1,425	755	2,355	4,535
Lambeth	4,185	4,020	12,120	20,330
Lewisham	4,045	3,305	8,590	15,945
Merton	2,240	1,280	4,310	7,835
Newham	3,865	3,985	8,460	16,310
Redbridge	2,725	2,270	5,830	10,825
Richmond upon Thames	1,485	745	2,410	4,640
Southwark	3,995	2,695	10,325	17,015
Sutton	2,010	1,045	3,085	6,140
Tower Hamlets	3,925	2,970	7,385	14,280
Waltham Forest	3,130	3,100	6,355	12,585
Wandsworth	3,065	2,210	5,505	10,780
Westminster	1,985	2,225	4,775	8,985
United Kingdom	983,505	513,440	1,041,660	2,538,605

Table 2: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2007 to December 2007

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Barking and Dagenham	2,570	2,500	5,205	10,275
Barnet	3,345	2,730	6,650	12,725

Table 2: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2007 to December 2007

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Bexley	2,545	1,555	3,755	7,855
Brent	4,195	2,880	9,025	16,100
Bromley	3,040	1,900	4,740	9,680
Camden	2,520	2,980	5,400	10,900
City of London	45	50	95	185
Croydon	4,275	3,320	8,935	16,530
Ealing	3,620	3,535	7,305	14,465
Enfield	3,515	3,370	9,345	16,230
Greenwich	3,840	3,135	6,775	13,750
Hackney	3,550	4,530 <sup>1</sup>	9,110	17,190
Hammersmith and Fulham	2,255	2,585	4,305	9,145
Haringey	3,910	3,220	10,160	17,290
Harrow	2,285	1,675	4,385	8,345
Havering	2,600	1,505	3,545	7,650
Hillingdon	2,810	2,025	5,210	10,050
Hounslow	2,920	2,240	5,835	10,990
Islington	2,640	3,430	6,295	12,365
Kensington and Chelsea	1,305	1,545	2,635	5,485
Kingston upon Thames	1,325	720	2,055	4,100
Lambeth	3,865	4,345	10,670	18,880
Lewisham	3,935	3,835	8,860	16,630
Merton	2,165	1,565	3,890	7,620
Newham	4,230	4,490	9,470	18,185
Redbridge	2,445	2,445	6,615	11,505
Richmond upon Thames	1,450	805	2,175	4,430
Southwark	4,345	2,555	9,820	16,720
Sutton	1,790	1,060	2,740	5,595
Tower Hamlets	4,035	3,605	8,515	16,155
Waltham Forest	3,285	3,620	7,640	14,540
Wandsworth	2,685	2,260	6,165	11,110
Westminster	1,980	2,480	4,175	8,635
United Kingdom	955,120	571,790	1,091,420	2,618,330

Table 3: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2008 to December 2008

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Barking and Dagenham	2,370	2,255	5,380	10,005
Barnet	3,175	2,340	6,365	11,880
Bexley	2,380	1,385	3,550	7,320
Brent	3,870	2,460	9,135	15,465
Bromley	3,015	1,805	4,195	9,015
Camden	2,290	2,385	5,120	9,790
City of London	30	40	85	155
Croydon	4,200	3,250	8,460	15,910
Ealing	3,565	3,650	7,235	14,450
Enfield	3,435	3,205	8,100	14,735
Greenwich	3,440	2,835	6,260	12,530
Hackney	3,585	4,905	8,355	16,845
Hammersmith and Fulham	2,190	2,265	4,505	8,955
Haringey	3,740	2,850	8,685	15,275
Harrow	2,165	1,480	4,300	7,950
Havering	2,710	1,660	3,775	8,140

Table 3: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2008 to December 2008

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Hillingdon	2,535	1,770	5,420	9,725
Hounslow	2,690	2,150	5,645	10,485
Islington	2,655	3,075	6,015	11,750
Kensington and Chelsea	1,240	1,390	2,670	5,305
Kingston upon Thames	1,275	725	2,135	4,135
Lambeth	3,705	4,255	9,850	17,810
Lewisham	3,695	3,510	9,005	16,210
Merton	1,835	1,410	3,440	6,680
Newham	3,865	4,215	8,645	16,725
Redbridge	2,610	2,530	6,520	11,660
Richmond upon Thames	1,320	730	1,990	4,040
Southwark	3,865	2,260	8,705	14,830
Sutton	1,840	1,010	2,865	5,720
Tower Hamlets	4,085	3,350	8,675	16,110
Waltham Forest	3,240	3,260	7,885	14,385
Wandsworth	2,435	2,105	5,655	10,195
Westminster	1,845	2,460	4,350	8,650
United Kingdom	938,725	569,105	1,109,925	2,617,755

Table 4: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2009 to December 2009

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Barking and Dagenham	3,180	2,675	7,925	13,780
Barnet	4,930	3,385	10,355	18,670
Bexley	4,305	2,125	6,240	12,670
Brent	5,245	3,395	12,535	21,170
Bromley	4,935	2,555	7,415	14,905
Camden	3,235	2,765	7,270	13,270
City of London	60	45	115	220
Croydon	6,220	4,200	12,430	22,850
Ealing	4,955	4,605	10,190	19,750
Enfield	4,710	4,390	11,250	20,350
Greenwich	4,935	3,640	9,845	18,415
Hackney	4,950	5,560	11,395	21,900
Hammersmith and Fulham	3,155	2,730	6,275	12,155
Haringey	4,440	3,535	11,395	19,370
Harrow	3,240	2,240	6,700	12,180
Havering	4,425	2,240	6,950	13,610
Hillingdon	3,735	2,440	8,640	14,810
Hounslow	3,725	3,375	8,720	15,825
Islington	3,970	3,330	7,535	14,835
Kensington and Chelsea	1,690	1,570	4,020	7,285
Kingston upon Thames	2,180	1,060	3,730	6,970
Lambeth	5,225	4,170	14,270	23,665
Lewisham	5,440	4,175	12,975	22,590
Merton	2,750	1,795	5,820	10,365
Newham	4,900	4,530	12,200	21,630
Redbridge	3,945	3,260	10,350	17,555
Richmond upon Thames	2,415	1,130	3,615	7,160
Southwark	4,905	2,725	11,940	19,570
Sutton	3,060	1,485	5,565	10,110

Table 4: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2009 to December 2009

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Tower Hamlets	5,005	3,810	12,170	20,985
Waltham Forest	4,210	3,825	11,595	19,625
Wandsworth	4,035	2,495	9,340	15,870
Westminster	2,625	2,260	6,085	10,970
United Kingdom	1,367,815	662,400	1,737,235	3,767,450

Table 5: Destination of off-flows from jobseeker's allowance for each London borough and the UK from January 2010 to December 2010

	Into paid employment <sup>1</sup>	Other specified reasons	Not known <sup>2</sup>	Total
Barking and Dagenham	4,260	2,780	7,645	14,685
Barnet	5,750	3,365	9,300	18,415
Bexley	4,960	2,085	5,550	12,595
Brent	6,305	3,580	13,290	23,175
Bromley	5,585	2,640	7,150	15,375
Camden	4,235	2,965	7,160	14,360
City of London	70	50	90	205
Croydon	7,965	4,450	12,935	25,350
Ealing	6,680	5,120	11,450	23,255
Enfield	6,210	4,385	11,430	22,025
Greenwich	5,855	3,675	9,460	18,990
Hackney	6,450	4,395	11,815	22,660
Hammersmith and Fulham	3,630	2,280	6,450	12,360
Haringey	6,155	3,625	11,550	21,335
Harrow	3,485	2,410	6,760	12,655
Havering	5,115	2,380	6,715	14,215
Hillingdon	5,060	3,015	9,040	17,115
Hounslow	4,345	3,480	9,880	17,700
Islington	5,595	3,615	7,665	16,875
Kensington and Chelsea	2,110	1,530	3,965	7,605
Kingston upon Thames	2,615	1,100	3,465	7,180
Lambeth	7,250	4,145	14,275	25,670
Lewisham	6,635	4,530	12,510	23,670
Merton	3,475	2,065	5,360	10,905
Newham	6,305	4,485	12,865	23,660
Redbridge	4,690	3,130	9,880	17,695
Richmond upon Thames	2,535	1,150	3,315	7,000
Southwark	5,820	3,490	12,150	21,460
Sutton	3,565	1,530	4,925	10,020
Tower Hamlets	6,625	3,740	11,600	21,960
Waltham Forest	5,340	3,710	11,205	20,255
Wandsworth	5,065	2,450	8,720	16,240
Westminster	3,440	2,605	5,990	12,035
United Kingdom	1,538,330	686,925	1,715,415	3,940,670

<sup>1</sup> Either found work or increased work to 16+ hours/week.

<sup>2</sup> Includes ceased claiming and failed to sign.

Note:

Data are rounded to the nearest five.

### Poverty: Children

**Annette Brooke:** To ask the Secretary of State for Work and Pensions if he will publish his Department's assessment of the effect on child poverty of his proposal to reduce the additional financial support within child

tax credits and income support for families with disabled children in receipt of low and medium rate care component of Disability Living Allowance (DLA) and/or mobility component of DLA. [53300]

**Maria Miller:** Under universal credit the cash additions for families with disabled children and the cash additions for adults will be aligned, with the higher rate over £52 a year more than the current rate. The Government will also extend eligibility for the higher rate to children who are severely visually impaired (currently only entitled to the disabled child element). Eligibility for the disabled child additions will, as now, be linked to the rate of disability living allowance they receive. The impact on child poverty of this approach will be included in the next version of the Welfare Reform Bill's impact assessment which we expect to publish before the Lords Committee stage.

### Social Security Benefits

**David T. C. Davies:** To ask the Secretary of State for Work and Pensions how much was paid in benefits to people domiciled outside the UK in each of the last three years. [53187]

**Chris Grayling:** The information is in the table. Data for 2010-11 are not yet available.

*Overseas benefit expenditure, 2007-08 to 2009-10*

	2007-08	2008-09	2009-10
Overseas expenditure (£ million)	2,451.4	2,634.9	2,849.4
Total DWP benefit expenditure (£ million)	125,457.8	134,906.6	147,069.4
Overseas proportion (percentage)	2.0	2.0	1.9

*Notes:*

1. Benefits included:  
Attendance Allowance  
Bereavement benefits  
Carers Allowance  
Disability Living Allowance  
Employment and Support Allowance  
Incapacity Benefit  
Income Support  
Jobseeker's Allowance  
Pension Credit  
Severe Disablement Allowance  
State Pension  
Winter Fuel Payments

2. Around 97% of overseas expenditure is on state pension.  
3. Benefit expenditure data, including overseas figures, may be found here:

<http://research.dwp.gov.uk/asd/asd4/index.php?page=expenditure>

*Source:*

DWP statistical and accounting data.

### Social Security Benefits: Autism

**Mr Brine:** To ask the Secretary of State for Work and Pensions if he will consider the merits of allowing people with an autism spectrum disorder to appoint an independent advocate to help them during the benefits assessment process. [53320]

**Chris Grayling:** We recognise that attending any medical assessment can be a stressful experience, and that these will not be carried out if there is enough existing evidence on the customers current condition to decide entitlement to the particular benefit in question. The healthcare professionals who carry out the examinations

are trained in assessing vulnerable customers, and when people are asked to come for an assessment they are positively encouraged to bring someone with them, this may be an advocate.

Additionally, there are already provisions in place for individuals who have more severe conditions and are unable to act on their own behalf. In these circumstances an advocate may be appointed to act on the individual's behalf and take responsibility for all matters relating to their welfare benefits.

### Social Security Benefits: Scotland

**Pamela Nash:** To ask the Secretary of State for Work and Pensions how much benefit was paid to claimants in Airdrie and Shotts constituency in 2010-11; and what estimate has been made of the level of payments in 2011-12. [53032]

**Chris Grayling:** Benefit expenditure by parliamentary constituency is not available for all benefits, and outturn benefit expenditure for 2010-11 is not yet available. Expenditure in Airdrie and Shotts constituency in 2009-10 on the benefits listed was £196.3 million.

Benefits included:

Attendance Allowance  
Bereavement benefits  
Carers Allowance  
Disability Living Allowance  
Employment and Support Allowance  
Incapacity Benefit  
Income Support  
Jobseeker's Allowance  
Pension Credit  
Severe Disablement Allowance  
State Pension  
Winter Fuel Payments

These benefits accounted for 80.1 % of DWP benefit expenditure in 2009-10.

*Note:*

Benefit expenditure tables, including constituency-level tables, are published at:

<http://research.dwp.gov.uk/asd/asd4/index.php?page=expenditure>

*Source:*

DWP statistical and accounting data, and DWP benefit expenditure forecasts, Budget 2011.

### State Retirement Pensions

**Rachel Reeves:** To ask the Secretary of State for Work and Pensions (1) how many of those estimated to face a delay in reaching state pension age of exactly two years as a result of the proposed new timetable for accelerating state pension age live in (a) Yorkshire and the Humber, (b) the North East, (c) the North West, (d) the East Midlands, (e) the West Midlands, (f) London, (g) the South East, (h) the South West and (i) the East of England; [53644]

(2) how many of those estimated to face a delay in reaching state pension age of exactly two years as a result of the proposed new timetable for accelerating state pension age live in (a) Scotland, (b) Wales and (c) Northern Ireland. [53645]

**Steve Webb:** I refer the hon. Member to the written answer I gave on 31 January 2011, *Official Report*, column 591W.

**Mr Betts:** To ask the Secretary of State for Work and Pensions with reference to his Department's consultation document, *A state pension for the 21st century*, what steps he is taking to ensure compliance with age discrimination legislation of the proposals contained in that consultation to increase the basic state pension from a certain date for new pensioners. [53646]

**Steve Webb:** The Government are currently consulting on two high level options for state pension reform and are mindful of the need to take account of wider legal obligations, including on age discrimination, as part of ongoing policy development.

It should be noted that both options for reform set out in the Government's consultation paper are designed to be cost neutral, and would therefore not involve additional expenditure on state pensions for new pensioners compared with if the current system were continued.

If, following consultation, the proposals are taken further, the Government will produce a White Paper and impact assessment which will consider issues such as age discrimination as a matter of course.

**Rachel Reeves:** To ask the Secretary of State for Work and Pensions how many people who will experience a delay in their state pension age of more than a year as a result of the proposed timetable for accelerating the state pension age live in (a) each region, (b) Scotland, (c) Wales and (d) Northern Ireland. [53647]

**Steve Webb:** The Department's estimates, made on the basis of the mid-2009 ONS population estimates, of the approximate number of women whose state pension age will increase by more than a year are set out in the following table:

	<i>Thousands</i>
East Midlands	38
East of England	49
London	52
North East	23
North West	58
South East	71
South West	47
West Midlands	45
Yorkshire and Humber	43
Scotland	46
Wales	27
Northern Ireland	14

### Work Capability Assessment

**Ian Lavery:** To ask the Secretary of State for Work and Pensions whether the budget allocated for the implementation of the revised work capability assessment (WCA) includes the cost of implementing any recommendations arising from Professor Harrington's independent review of WCA. [53159]

**Chris Grayling:** No, the implementation of the recommendations contained within Professor Harrington's independent review will be funded from alternative departmental sources.



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