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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Wednesday 8 July 2015**



# House of Commons

*Wednesday 8 July 2015*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### INTERNATIONAL DEVELOPMENT

*The Secretary of State was asked—*

#### Syrian Children: Refugee Camps

1. **Helen Whately** (Faversham and Mid Kent) (Con): What steps the Government are taking to support the education of Syrian children in refugee camps in Lebanon. [900801]

**The Secretary of State for International Development (Justine Greening):** The UK-led No Lost Generation initiative means that we fully back the Government of Lebanon's Reaching All Children with Education plan. Our funding for education in Lebanon this year will increase from £10 million to £20 million, which will support the Lebanese Government's efforts to double the number of Syrian children enrolled in Lebanese public schools.

**Helen Whately:** Does the Secretary of State believe that her Department's efforts are effective in preventing a new generation of Syrian children from becoming radicalised?

**Justine Greening:** Yes, I absolutely do. Education is vital for all children, but especially children who are refugees: they are children and they should be in school. Many of the children I have met have been through hugely distressing situations. When asked to draw pictures, they draw pictures of places that have been bombed. When they hear a supply plane go over their room, they dive underneath their desks for cover. Education is possibly their main chance of having some prospect of a successful life ahead of them, and that is why it is so important.

**Mr Speaker:** I call the Chair of the International Development Committee, Mr Stephen Twigg.

**Stephen Twigg** (Liverpool, West Derby) (Lab/Co-op): I welcome what the Secretary of State has said. Globally, just 1% of humanitarian aid is spent on education. Does she think that is acceptable? At this week's Oslo summit, it has been suggested that there should be a global humanitarian fund for education in emergencies. Are the British Government willing to support that?

**Justine Greening:** In fact, the UK has in many respects pioneered how we ensure that children caught up in emergencies still get the chance to be in school. I pay tribute to the Norwegians for taking up the issue, too. We want more funding in this area. It is absolutely vital if we are to go beyond just providing life-saving supplies today to helping to preserve the futures of children for tomorrow.

**Jeremy Lefroy** (Stafford) (Con): What is the Secretary of State doing to ensure that Lebanese schools educating both refugees and Lebanese children are supported at this very critical time?

**Justine Greening:** The main thing we are doing is to work hand-in-hand with the Lebanese Government, who have taken great steps over recent months to make sure that their schools can cope not only with their own children, but with a doubling in the number of Syrian refugee children who now need to use them. That means not just support for teachers, but support in schools, in their buildings and in textbooks as well.

**Jonathan Ashworth** (Leicester South) (Lab): The Secretary of State will be aware that the Lebanese Minister for Education said that Lebanon is facing a \$100 million shortfall in the budget for educating Syrian refugee children. What representations has she made to her international counterparts to ensure Lebanon gets that \$100 million?

**Justine Greening:** The hon. Gentleman is quite right to raise that issue. As I have just said, the UK has already increased our investment. In fact, at the UN General Assembly last year, I held a pledge meeting to get international partners to fund more of the educational needs in both Lebanon and Jordan specifically. That raised \$344 million at the time, but, as he set out, this is an ongoing requirement and the international community must step up to fund it.

#### Developing Countries: Private Sector Development

2. **Diana Johnson** (Kingston upon Hull North) (Lab): What progress she has made on her strategy for private sector development in developing countries. [900802]

**The Secretary of State for International Development (Justine Greening):** The Department for International Development's private sector work has helped to mobilise £4 billion of investment, and we are expanding this work. We need to recognise that the private sector can often deliver development in ways that Governments and donors cannot. In fact, our development finance institution, CDC, reported last week that CDC-backed businesses directly and indirectly helped to create nearly 1.3 million jobs in 2014 alone.

**Diana Johnson:** I thank the Secretary of State for that answer. A recent Independent Commission for Aid Impact report on DFID's private sector development stated:

"We found it impossible to identify how much DFID actually spends on PSD."

Will the Secretary of State clarify how the £1.8 billion allocated for 2015-16 will actually be spent?

**Justine Greening:** The strategic framework on economic development that we published several months ago gives the key pillars of work that we will invest in. As the hon. Lady points out, we are ramping up our investment in economic development. Later, we will have a question about migrants. If we are to stem the flow of migrants, it is vital that we do more to create jobs where those people are.

**Mr Nigel Evans (Ribble Valley) (Con):** Thinking about the private sector in an alternative way, will my right hon. Friend ask our embassies and high commissions that operate in developing countries and have plants or offices in those places to source materials, including labour, as locally as possible and pay the relative living wage to those whom they employ?

**Justine Greening:** That is a very sensible suggestion, which I will certainly pass on to the Foreign Secretary. We work hand in hand with the Foreign Office around the world, not least in countries such as Tanzania, with which we have a prosperity partnership that is helping to create jobs.

**Patrick Grady (Glasgow North) (SNP):** I recently met campaigners from Nigeria who told me that the privatisation of the country's electricity system, which has been supported by DFID through projects worth £140 million over the past 12 years, has led to price rises, job losses and more blackouts. What evidence does DFID use when deciding to support privatisation as a means to improve the access to and affordability of public services such as electricity?

**Justine Greening:** As the hon. Gentleman has, essentially, set out, investment in infrastructure, particularly energy infrastructure, is vital. The work in Nigeria has led to a doubling of the power supply that is available to Nigerian people and businesses, which I am sure he would support.

**Stephen Phillips (Sleaford and North Hykeham) (Con):** The ICAI report of May this year said:

“Collaboration between business and aid agencies has the potential to deliver major benefits for the poor”

of this world. However, the report also noted a “lack of clear targets” and oversight by the Department. Will my right hon. Friend indicate what she and her excellent officials are doing to remedy that?

**Justine Greening:** We are developing our work with the private sector. I met John Cridland of the CBI yesterday to discuss how that ongoing work is progressing, and we both feel that the relationship between the Department and businesses has never been stronger. The relationship is evolving, but we are on the right path and I think that we should be proud of how far we have come.

**Mary Creagh (Wakefield) (Lab):** Members on both sides of the House agree that decent work is the best route out of poverty, but last week, Radio 4's “File on 4” revealed problems with a DFID programme in Nigeria. It alleged that the project exported rocks instead of leather products, and that it was used as a cover for export fraud and money laundering on an industrial scale. The right hon. Lady and her Department refused

to speak to the programme makers, so will she tell the House what action she is taking as a result of those revelations?

**Justine Greening:** The revelations were, as ever, not quite what they seemed. The export enhancement grant is not a mechanism that DFID is involved with at all; it is a Nigerian Government policy that was being misused and abused. We do work in the leather sector, but that work relates to helping local markets to develop. We became aware of issues with the export enhancement grant, and DFID worked with the Nigerian Government to encourage them, in the end, to shut it down, which they did about 12 months ago.

**Mary Creagh:** It is interesting that the right hon. Lady chose not to share that knowledge with the British public and had to say it here in the Commons. *[Laughter.]* Well, it is interesting that an answer was not given directly to the programme makers, but instead had to be dragged out of the Secretary of State. There is a lack of accountability, transparency and governance in another DFID project: the Private Infrastructure Development Group.

This year, DFID's spending on private sector development will double to £1.8 billion, up to £400 million of which will be the UK's contribution to the new Asian Infrastructure Investment Bank—China's rival to the World Bank. What oversight and governance procedures has the right hon. Lady put in place to ensure that social and environmental standards and human rights are upheld in the work of the new bank?

**Justine Greening:** The hon. Lady will be pleased to hear that we tried to make sure that the “File on 4” programme was well aware of the facts. It was aware of the facts and if she feels that the way in which they were presented gave her a misleading impression of the reality, that is an issue for her to follow up with the BBC. I obviously believe in freedom of the press. On the broader question, we are working to make sure that the new Asian Infrastructure Investment Bank has the same quality of safeguards that we expect in the World Bank. Treasury Officials are working very hard on that as well.

### Mediterranean Migration

3. **Stephen Metcalfe (South Basildon and East Thurrock) (Con):** What her Department's role is in tackling conditions in countries from which migrants are trying to reach Europe across the Mediterranean. [900803]

**The Secretary of State for International Development (Justine Greening):** Last week I announced a package of initiatives that will provide emergency aid as well as jobs and education to help to address the root causes of the migrant crisis. This includes support worth £217 million to help some 2.5 million refugees and vulnerable people in Africa, and an additional £100 million to help those who have been displaced as a result of the Syria crisis.

**Stephen Metcalfe:** Does my right hon. Friend believe that the number of people attempting to cross the Mediterranean would be far higher were it not for our aid programme that is helping to keep people in or near their own countries, thus preventing them from coming to Europe?

**Justine Greening:** I believe that it does help. We know that people are moving to escape conflict as refugees, and to get jobs and a better future. Our work is upstream and is a long-term strategy, and our jobs agenda is providing jobs and better economic development to provide opportunities where people are. Our commitment to the Syrian crisis to date is £900 million, and as a result only 2% of the 11 million displaced Syrians have sought asylum in Europe.

8. [900808] **Andrew Gwynne** (Denton and Reddish) (Lab): A recent report by the Independent Commission for Aid Impact—the Government aid watchdog—gave Ministers an amber-red rating for their interventions in security and justice, and stated that they were not yet making

“a real difference to fragile and conflict states”.

Getting this issue right is crucial to solving some of the underlying reasons behind the migration crisis. What more is the Secretary of State doing to ensure that DFID funding is spent wisely?

**Justine Greening:** The hon. Gentleman highlights a difficult area, and the issue of security and justice for a country such as Eritrea is one of the main drivers of people leaving that country. At the same time, our standards on human rights mean that we would not work with police forces, for example, if we thought that abuses were taking place while we were carrying out a programme. We try to strike the right balance and, as he mentions, tracking the results of that can be long term and not uncomplicated.

**Mary Glendon** (North Tyneside) (Lab): The Secretary of State has argued that so few Syrian refugees have sought safety in Europe because of aid sent to the region, but how does she square that with the increasing number of Syrians risking their lives to cross the Mediterranean?

**Justine Greening:** As I said, that is a small proportion. The hon. Lady should be aware that the UN flash appeal, which is to encourage the international community to ensure the right level of support for refugees, is around 20% funded. We should not be surprised that the conditions that refugees end up living in are not good enough, and that they might want to seek a better life for themselves. We can be proud of the work that the UK is doing, but not enough other countries are joining us in that.

**Mr Gavin Shuker** (Luton South) (Lab/Co-op): The Syrian crisis has created nearly 4 million refugees, yet fewer than 200 have settled back in the UK through the Syrian vulnerable persons relocation scheme. Given that, and the need for safe passage for those seeking asylum in this country, will the Minister say what discussions she has had with her counterparts at the Home Office to discuss expanding the numbers and the safety of those seeking asylum in the UK?

**Justine Greening:** Alongside the vulnerable persons scheme, this country has accepted well over 4,000 Syrian asylum cases since the conflict began. We work across Government to ensure a joined-up approach to helping people who have been affected by the crisis.

## London Declaration on Neglected Tropical Diseases

4. **Stuart Andrew** (Pudsey) (Con): What progress she has made towards achieving the aim of the London declaration on neglected tropical diseases to eradicate such diseases by 2020. [900804]

**The Minister of State, Department for International Development (Grant Shapps):** The UK is delivering on the commitment we made and our programmes are protecting millions of people from these diseases. My right hon. Friend the Minister of State for International Development participated in the recent launch of the third progress report on the London declaration.

**Stuart Andrew:** By funding the global trachoma mapping project—the largest such project ever attempted—will my right hon. Friend say what the Department aims to achieve and how the lessons learned from that project can be used in the ongoing fight against other neglected tropical diseases?

**Grant Shapps:** My hon. Friend is right to point out the importance of accurately mapping trachoma. That will enable us better to apply the appropriate actions and activities to rid the world of the worst blindness disease in the world today.

**Mr Gregory Campbell** (East Londonderry) (DUP): Instances of trachoma, often involving irreversible blindness among children, are continuing, particularly in developing countries in Africa. What steps are we taking to try to address this very serious issue?

**Grant Shapps:** As I just mentioned, we have data from mapping the problem, and support from Sightsavers for the elimination of blindness and trachoma is also critical. The Government have put in £195 million, a large amount of money, through the 2012 process to help to tackle this disease, as well as many others.

## UK-funded Projects

5. **Sir Edward Leigh** (Gainsborough) (Con): What steps she is taking to ensure value for money in spending on UK-funded projects abroad. [900805]

**The Secretary of State for International Development (Justine Greening):** Driving the best value for money is a top priority for the Government. Robust processes are in place for the 86% of aid spent by my Department. Business cases are required for all projects, and their performance is also appraised and monitored.

**Sir Edward Leigh:** I am sure the Secretary of State will want to give an explanation for how she will ensure value for money in her Department. May I give her one project for which I could ensure value for money, where it takes four to five weeks to see a doctor, the roads are filled with potholes and the police are in crisis? I refer, of course, to that tribe inhabiting the frozen plains of the north, the Lincolnshire yellowbellies.

**Justine Greening:** As ever, my hon. Friend makes his point very eloquently. I can assure him that my Department is probably the most scrutinised of any in government. We have the Select Committee on International



Development, the aid watchdog and the Public Accounts Committee. I can assure him we are rising to that challenge.

**Keith Vaz** (Leicester East) (Lab): One of the best criteria for value for money projects is to stop the flow—[*Interruption.*]

**Mr Speaker:** Order. There is quite a lot of noise in the Chamber. I was not able to hear fully the Secretary of State's very important answers. I want to hear the right hon. Gentleman. Let us have a bit of order for the Chairman of the Home Affairs Committee, Mr Keith Vaz.

**Keith Vaz:** Thank you, Mr Speaker. One of the best criteria for value for money for our projects is to stem the humanitarian crisis occurring in the Mediterranean. Last week, I visited a camp outside Rome station where I met a number of migrants. If they had been provided with jobs and economic development in north Africa, they would not have travelled. Will she please make that one of the criteria?

**Justine Greening:** The right hon. Gentleman will be pleased to hear that just a few days ago I announced additional support that includes in Africa creating additional jobs and livelihoods. As he sets out, many of these migrants are in search of better economic opportunities. If they cannot find them where they are growing up they will look for them elsewhere. We should be very aware of that and work to tackle it.

### Developing Countries: Climate Change

6. **Tom Brake** (Carshalton and Wallington) (LD): What steps she is taking to tackle the effects of climate change in developing countries. [900806]

**The Minister of State, Department for International Development (Grant Shapps):** The UK Government are playing a leading role in tackling the effects of climate change in developing countries through the £3.87 billion international climate fund. The ICF focuses on reducing poverty by promoting low carbon growth, building resilience to the impacts of climate change and tackling deforestation.

**Tom Brake:** Combating poverty and tackling climate change are two sides of the same coin, as the poorest are often those who are hit first and most harshly by climate change. What steps is the Minister taking to ensure environmental sustainability and combating climate change are fully integrated into all the relevant sustainable development goals?

**Grant Shapps:** The right hon. Gentleman is absolutely right when he says the two are completely linked. That is why the £3.87 billion fund from the UK is so important. He is right to say we need to find new ways of delivering better climate outcomes, including, for example, through the UK Government's efforts in Energy Africa, a programme that will help to ensure clean energy for the 1.2 billion people who have no energy in their homes.

### Topical Questions

T1. [900831] **Nusrat Ghani** (Wealden) (Con): If she will make a statement on her departmental responsibilities.

**The Secretary of State for International Development (Justine Greening):** Last week, at the Overseas Development Institute, in a wide ranging speech, I recognised the high value we place on our partnerships with civil society organisations and announced work on strengthening our relationship further. Yesterday, I had the privilege of joining the Prime Minister at an event for courageous recipients of the Ebola medal. In Sierra Leone, we continue to adapt our approach, including transitioning over the running of Kerry Town treatment unit from the Ministry of Defence. I will attend the international conference on Ebola in New York later this week. Next week, I will be at the Financing for Development Conference in Addis.

**Nusrat Ghani:** Given the substantial financial support that DFID provides for education in Pakistan, what assurances has the Secretary of State received from the Government of Pakistan that freedom of speech and religious tolerance of minority faiths, including Christianity, are being taught in Pakistan's schools?

**Justine Greening:** My hon. Friend makes an important point. DFID's education programme, in both Khyber Pakhtunkhwa and Punjab, supports the implementation of the Pakistan 2006 reform curriculum, which teaches religious tolerance and respect for diversity.

T2. [900832] **Martyn Day** (Linlithgow and East Falkirk) (SNP): I am sure the Minister will join me in congratulating Malawi on reaching its 51st anniversary of independence this week. DFID's aid tracker shows that funding to Malawi has reduced from a peak of more than £120 million in 2012-13 to just under £60 million this year. If DFID continues to cut its budget for Malawi, will he consider ways of assisting the Scottish Government in helping to maintain and grow their important links with the country?

**The Minister of State, Department for International Development (Grant Shapps):** I do not recognise the hon. Gentleman's figures. We provide £72 million, plus another £10 million from the UK taxpayer through the Scottish Government, and that is just in bilateral aid; of course, there are then the multilateral and international programmes. In total, it probably adds up to more than £150 million to Malawi.

T3. [900833] **Mrs Flick Drummond** (Portsmouth South) (Con): On Monday, the British ambassador to Yemen said that 6 million Yemenis were on the verge of complete starvation. In the light of the ongoing commercial blockade of fuels and supplies to Yemen and the failure of the Geneva talks, what discussions are the Government having with the Saudi Arabian-led coalition to stop the violence and meet the increasingly desperate humanitarian need?

**Justine Greening:** My hon. Friend is right to highlight the dire situation faced by millions of people living in Yemen. We are now urging the Governments of Saudi Arabia and Yemen to work with the UN so that we can get commercial shipping through a new inspections regime and have more humanitarian pauses during Ramadan.

T5. [900835] **Lilian Greenwood** (Nottingham South) (Lab): The movement of many thousands of refugees from Burundi into neighbouring countries is of real concern, but I understand that there are even larger internal movements away from Bujumbura and growing anxiety about the prospect of food and health crises in the months ahead. What discussions has the Secretary of State had with NGOs working in Burundi about action to tackle this worrying situation?

**Justine Greening:** We have been discussing with civil society what steps we can take to help the situation in Burundi. As the hon. Lady knows, many countries in Africa routinely face refugee flows within and across their borders, which is why we are right to be doing the work we are on the ground.

T4. [900834] **David T. C. Davies** (Monmouth) (Con): Would my right hon. Friend consider building more refugee camps in north Africa to which illegal migrants in Europe could be returned to allow their asylum claims to be heard in a fashion fair to all concerned?

**Justine Greening:** There are many elements of the strategy that need to be in place to tackle the migration crisis. How and where we deal with applications can be part of that, and I know that those discussions are going on inside the EU.

T7. [900837] **Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): Ten years ago, 250,000 people gathered in Edinburgh as part of the Make Poverty History campaign to argue for aid, debt relief and trade justice. We have seen less progress on the third. What is the Secretary of State doing to ensure fair trade deals for the world's poorest countries?

**Justine Greening:** Scotland can be proud of the role it played in helping to shape that critical summit, which the Make Poverty History campaign supported. The hon. Gentleman is right that trade is a key mechanism for lifting people out of poverty, which is why the jobs agenda is now central to DFID's work.

T6. [900836] **Mr David Burrowes** (Enfield, Southgate) (Con): How does last week's Gaza resolution by the United Nations Human Rights Council help aid efforts when it draws an equivalence between Hamas, a proscribed terrorist organisation, and Israel, a democratic state defending itself against attacks on its citizens?

**Justine Greening:** The UK is deeply concerned by the terrible human cost to both sides of the ongoing Israeli-Palestinian conflict, as underlined by the findings of the UN report that my hon. Friend refers to. We, along with our EU partners, voted in support of the resolution on the report last week. We would have preferred to see a text that gave more weight to Israel's legitimate right to self-defence and to the threat that Israel faces from militant groups operating from inside Gaza, including Hamas.

T9. [900839] **Stephen Kinnock** (Aberavon) (Lab): The Secretary of State will have seen coverage in the *Daily Mail* and other newspapers about four charities that are supported by her Department that are using aggressive fundraising tactics. No doubt she welcomes the decision

by Oxfam to suspend all telephone fundraising in the UK while it investigates these claims of malpractice. What steps will she be taking to ensure that other charities embroiled in this case follow suit?

**Justine Greening:** As I announced in my opening response to topical questions, we have a process under way within our Department, working with civil society both in the UK and internationally, to look at how we can strengthen that relationship. As part of that though, I believe there will also be a discussion around standards and commitments that NGOs can make to ensure that they are part of a strategy that we are delivering, but a good part and one that does not have reputational risk to it.

## PRIME MINISTER

*The Prime Minister was asked—*

### Defence Expenditure

Q1. [900816] **Dr Julian Lewis** (New Forest East) (Con): What recent assessment he has made of the adequacy of the NATO recommended minimum of 2% of GDP as the basis for future UK defence expenditure.

**The Prime Minister (Mr David Cameron):** We assess our defence spending constantly as to whether it meets our obligations and keeps our country safe. As figures published last month show, we are meeting the 2% NATO target this year.

**Dr Lewis:** As the Prime Minister and, indeed, the Chancellor know, quality is not the issue with our armed forces, but quantity is. Given that we used to spend regularly between 4% and 5% of GDP on defence when we last faced a threat on the continent and a major terrorist campaign, should we not be aiming at a 3% target, rather than the bare NATO minimum figure?

**The Prime Minister:** My right hon. Friend is right: we do face very severe threats in our world. The point I would make to him is that the only way to have strong defence is to have a strong economy. That is absolutely key. We made some very clear commitments about the size of our armed forces, about the successor to the Trident submarine and also about the vital equipment programme, where we have the aircraft carriers and the other equipment vital to our armed services that are coming through. Those things are only possible because we closed the deficit in our MOD and the mess that we found when we became the Government and we have a strong economy.

**Ms Harriet Harman** (Camberwell and Peckham) (Lab): Ten years ago, the 7/7 bombers cruelly took 52 precious lives. We remember them, the families' courage and the injured, and we defy the terrorists.

Last month the Prime Minister celebrated Magna Carta, which set out that those who govern must be constrained in their exercise of power to protect those they govern. Our Human Rights Act is the very embodiment of those values. If he accepts that in a democracy there needs to be an effective check on Executive power, even though at times it can be uncomfortable for Government, will he abandon his plans to water down the Human Rights Act?

**The Prime Minister:** First of all, may I very much agree with what the right hon. and learned Lady said about the 10-year anniversary of 7/7 and about the bravery and the dignity of those families that lost their loved ones? She, like me, took part in the commemorations yesterday, which I thought were fitting and a permanent reminder of the threat we face and the work we must do to face down the evil of these terrorists and their narrative of extremism.

The point that the right hon. and learned Lady made about Magna Carta demonstrates that there were human rights before the Human Rights Act. The point I would make is that our proposed reform is to have a British Bill of Rights, so that more of these judgments are made by British judges in British courts.

**Ms Harman:** It is very important that we are unhesitating in our compliance with international standards on this; otherwise it gives a strong signal to other countries that we want to undermine those standards. However, there have been mixed messages from the Government. Last week, senior Government sources briefed the newspapers that the Prime Minister's view was that withdrawal from the European convention on human rights "is not going to happen",

but the Home Secretary, the Justice Secretary and the Leader of the House have indicated that they want to leave. So can the Prime Minister make it absolutely clear that Britain will be staying in the European convention on human rights?

**The Prime Minister:** As I have said to the right hon. and learned Lady before, there is a danger in believing everything that you read in the newspapers. Our intention is very clear: it is to pass a British Bill of Rights, which we believe is compatible with our membership of the Council of Europe. As I have said at the Dispatch Box before—and no one should be in any doubt about this—issues such as prisoner voting should be decided in this House of Commons. I think that that is vital. So let us pass a British Bill of Rights, let us give more rights to enable those matters to be decided in British courts, and let us recognise that we had human rights in this country long before Labour's Human Rights Act.

**Ms Harman:** If, as the Prime Minister reassures us, we are staying in the European convention, we might as well keep the Human Rights Act, which at least allows us to enforce it in our courts.

Ten years ago, the United Kingdom was awarded the 2010 Olympics and Paralympics. When he took office, the Prime Minister promised that the games would result in an increase in participation in sport. Will he tell us whether the number of people taking part in sport has gone up or down since the Olympics?

**The Prime Minister:** Participation in sport has gone up since the Olympics, and it has been a success. We should all remember what an excellent Olympic games that was. We have also seen a real success in primary schools, where there is more PE activity, and the primary school sports partnerships are working very well.

**Ms Harman:** I do not know what it says in the Prime Minister's briefing folder, but he is completely wrong. The number of people taking part in sport has gone

down since 2010, and children at school are doing less sport too. Does the Prime Minister agree that what we now need is a proper national strategy for sports participation, so that we do not miss the golden opportunity presented by the Olympics—an opportunity that his Government have so far squandered?

**The Prime Minister:** Right. Are we sitting comfortably? There are 1.4 million more people playing sport once a week than there were when we won the bid to host the Olympic games. The recent Active People survey—*[Interruption.]*

**Mr Speaker:** Order. Mr Bryant, you are now an esteemed member of Her Majesty's Opposition's shadow Cabinet. *[Interruption.]* Order. Whether he is esteemed or not, he is a member of the shadow Cabinet.

**The Prime Minister:** He may be esteemed by you, Mr Speaker, but some of us take a different view.

As a result of the PE and sport premium for schools, the average time spent on PE at primary level has increased to over two hours a week, 91% of schools have reported an increase in the quality of PE teaching, 96% of schools have reported—*[Interruption.]* I know that Labour Members do not like facts, but when they ask a factual question, they should welcome a factual answer. *[Interruption.]* I have got all day, Mr Speaker.

**Mr Speaker:** Order. However long it takes, the answer will be heard.

**The Prime Minister:** There is not much else on today, Mr Speaker.

More than eight in 10 schools are seeing a rise in the number of children taking part in sport. The Olympics were a success for Britain, sports participation has gone up, more is now happening in our schools, and we will build on that legacy.

**Ms Harman:** The fact that we do not like is the fact that since the Olympics, participation in sport has gone down, especially among children. The Prime Minister should get out and sort that out.

In the English manifesto that was published by the Conservative party, the Prime Minister promised that before making changes in the constitution on English votes for English laws, he would

"Consult the House of Commons Procedure Committee prior to seeking approval from the whole House to the proposed Standing Order changes."

When did he do that?

**The Prime Minister:** There have been consultations with the head of that Committee, and there is plenty of time—*[Interruption.]* I have to say to Labour Members that at least we published an English manifesto.

I think that there is a very simple choice for the House. For once, why do we not talk about the substance rather than the process? Post-devolution, we have a problem of unfairness: English MPs have no say on Scottish issues, yet Scottish MPs have a say on English issues. That is the problem. We are proposing a very simple measure, which is that legislation should not be passed on English matters against the will of English MPs. It is a very



modest proposal. Is the right hon. and learned Lady really saying that the Labour party will oppose that proposal?

**Ms Harman:** We agree there is a problem and we agree there needs to be change, but it has got to be done properly—constitutional change has got to be done properly. Indeed the Prime Minister said at last week's Prime Minister's questions:

"We will publish our proposals shortly and Parliament will have plenty of time to consider and vote on them"—[*Official Report*, 1 July 2015; Vol. 597, c.1471-72.]—

and he cannot have consulted the Procedure Committee because it has not even been set up yet. The Prime Minister should recognise the strength of feeling in all parts of the House about the proper processes to get to this change. He should consult properly, or he will be breaking a promise he made in his manifesto.

**The Prime Minister:** The right hon. and learned Lady talks about proper processes: we have published proposals, we are having a debate in Parliament, and there will be a vote in Parliament. The Labour party has got to get off the fence and tell us: "Do you support this modest proposal or not?" We are still waiting for an answer.

#### Engagements

Q2. [900817] **Chris Davies** (Brecon and Radnorshire) (Con): If he will list his official engagements for Wednesday 8 July.

**The Prime Minister:** I have meetings with Cabinet colleagues and others and, in addition to my duties in this House, I shall have further such meetings later today.

**Chris Davies:** Does my right hon. Friend agree that rural businesses in my constituency such as BSW Timber, which he visited during the election campaign, are benefiting from this Government's long-term economic plan? What more can his Government do to further promote apprenticeships and create jobs in all sectors of the vital rural economy?

**The Prime Minister:** First, may I welcome my hon. Friend to his place, and say how much I enjoyed the visit to his constituency and that specific business? It has taken on a lot of employees and apprentices in recent years, and the claimant count in his constituency is down by 54% since 2010. What more we can do is encourage companies like this one to invest in training and apprentices because that is key to our future. We have got to ensure we do that, and that will only happen if we stick to our long-term economic plan.

**Angus Robertson** (Moray) (SNP): This week we commemorate the worst atrocity in Europe since the second world war: the Srebrenica genocide. In a genocidal act, 8,372 unarmed boys and men were taken out of what was supposed to be a United Nations safe area and were murdered. Will the Prime Minister commit to doing everything in his power to ensure that this genocidal act is remembered and do everything he can to get the international community to mark this as well?

**The Prime Minister:** I absolutely agree with the hon. Gentleman about this issue: it was the largest act of genocide since the holocaust on the mainland of Europe—as he said, 8,300 people were murdered. The first thing is to be very clear that it was genocide, and to say to people who question that that they are genocide deniers. I am very proud of the fact that Britain has the second largest set of commemorations and events to mark the anniversary of these dreadful events. We have also been holding the pen at the UN in drafting a resolution to try and bring the world together to make sure it is remembered in the right way, and we should continue to do all we can to keep this at the front and centre of European and world politics so people realise this was a genocide, and we must learn the lessons from it.

**Angus Robertson:** I commend the Prime Minister on his answer and his efforts, and the Welsh First Minister Carwyn Jones who is hosting a commemorative event in Cardiff today, and Scotland's First Minister Nicola Sturgeon who is doing a commemorative event in Scotland on Friday, but Bosnia's suffering has continued since the genocide and the end of the war. Unemployment in Bosnia is more than 40%, among young people it is over 75%, and more than half the young people of Bosnia are considering leaving the country. Will the Prime Minister do everything he can, together with European partners, to support political and economic progress for Bosnia and Herzegovina and give the people there real hope for a better future?

**The Prime Minister:** The hon. Gentleman is absolutely right, and that is why I met the Bosnian President this week to discuss some of those issues, as well as to talk about commemorating and remembering Srebrenica. What matters is making sure that the institutions in Bosnia work better, and the politicians work better together in understanding their past and their shared future. It is very important that we keep the door of access to the European Union open, but for that to happen the institutions need improving and issues need to be dealt with properly—corruption and problems need to be addressed. But there is no doubt in my mind that the pathway to membership of the European Union has helped in Bosnia, as it can help in the rest of the western Balkans, and it is vital that we keep that door open.

Q15. [900830] **Caroline Nokes** (Romsey and Southampton North) (Con): Seven-year-old Jagger Curtis from Romsey suffers from Duchenne muscular dystrophy. Every day that he waits for first NHS England and now the National Institute for Health and Care Excellence to make a decision about Translarna is a day that threatens his mobility. Last week's decision to delay, potentially for up to five months, was a bitter blow. What action can my right hon. Friend take to make sure that NICE makes that decision with the utmost speed?

**The Prime Minister:** My hon. Friend rightly raises this issue, and I say to her that these are incredibly difficult decisions and we know how hard they are for patients and their families. I think it is right that it is expert clinicians at NHS England and not politicians who make these funding decisions, based on the available evidence. As she knows, NICE has not yet made a final decision on these drugs, so patients and their families, and other experts, can feed into its evidence-gathering

and consultation process. She asks what we can do, and I think there are two things. First, when we have these drugs that cost over £400,000 per patient per year, it is right to ask some pretty challenging questions of the companies concerned and we should do so. Secondly, we must keep investing in our rare disease research and in genomics, and making sure that the NHS takes up these treatments rapidly. That is the sort of health service we want to build.

**Q3.** [900818] **Kirsten Oswald** (East Renfrewshire) (SNP): I put it to the Prime Minister again that in his manifesto for England, which was the only part of the UK where he won the election, he promised on English votes for English laws to:

“Consult the House of Commons Procedure Committee prior to seeking approval from the whole House to the proposed Standing Order changes.”

We all know that the Committee’s membership has not been agreed by the House and it will not meet until next week, and the EVEL vote will take place next Wednesday. Will the Prime Minister please tell us why he is breaking his manifesto promise?

**The Prime Minister:** We are consulting the whole of the House of Commons, and the whole of the House of Commons will have a vote. When it comes to have its vote, it might want to consider what the leader of the Scottish National party here said in 2007—you might find this interesting. He asked the then Prime Minister whether it is not

“completely iniquitous that although English MPs are not able to decide on matters in Scotland, Scottish MPs from the UK parties vote on matters that affect only England?” —[*Official Report*, 6 November 2007; Vol. 467, c. 25.]

That was the view. Given that our modest proposal would actually restrict the SNP from far fewer votes than its own self-denying ordinance does, I would think it should vote wholeheartedly with the Government on this modest proposal.

**Q13.** [900828] **Michelle Donelan** (Chippenham) (Con): As the Prime Minister knows, my constituency covers four market towns, but our high streets have declined under years of Labour’s neglect. [*Interruption.*]

**Mr Speaker:** Order. The hon. Lady must be heard and she will be.

**Michelle Donelan:** What support can the Prime Minister offer market towns such as Corsham, Chippenham, Melksham and Bradford-on-Avon?

**The Prime Minister:** First, let me welcome my hon. Friend to her place. I do know her constituency well and I spent a lot of time there with her before the election. What I would say to her is that the offer of devolution is not limited to cities; we are just as open to proposals from towns, counties and districts. To help our high streets we need a strong economy; to press ahead with these local plans; and to have deregulation of the class orders that sometimes prevent development from taking place. I would also argue, in the case of market towns, that we should make parking easier—and, preferably, free.

**Q4.** [900819] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): The decision to pause indefinitely the electrification of the TransPennine rail line through Stalybridge and Mossley means that my constituents face many more years of delayed trains, cramped journeys and less frequent services. Are those really the characteristics of a northern powerhouse?

**The Prime Minister:** Is it not typical of the Labour party today that instead of trying to get behind the northern powerhouse and trying to build a balanced economy—[*Interruption.*] The hon. Gentleman says that there is an indefinite pause, but that is not the case. We will be pressing ahead with this investment, and it is right that the Labour party should be supporting it.

**Q12.** [900827] **Mark Spencer** (Sherwood) (Con): Will the Prime Minister lend his support to plans to extend the Robin Hood line in north Nottinghamshire, so that people living in former coalfield communities can get access to transport and employment, and those people who want to come as tourists can enjoy all that Sherwood forest has to offer?

**The Prime Minister:** The idea of the Robin Hood line is a very positive one. It is something that we want to support and we hope to make progress on it in the months ahead.

**Q5.** [900820] **Valerie Vaz** (Walsall South) (Lab): Last Friday at Walsall football club stadium, there were tears, flowers and Walsall shirts and scarves as we remembered Joel Richards, aged 19, Adrian Evans, his uncle, and Patrick Evans, his grandfather, who were all Saddlers fans killed in Tunisia. Will the Prime Minister outline what steps he will take to ensure that bereaved families and the survivors of atrocities can have help immediately and in the future?

**The Prime Minister:** I thank the hon. Lady for her question. The thoughts and condolences of the whole House go out to the families of her constituents. I am glad to hear that Walsall football club is facilitating this very fitting tribute. I was very moved when I heard about it on television. As I announced to the House last week, I have asked the Cabinet Secretary for advice on a ministerial committee to ensure that work is properly co-ordinated across Government to support all those who have been affected. When I was talking to the victims of the 7/7 bombings yesterday, I was very struck by the way that they had been supported across many years in many different ways, covering all sorts of different issues in their own lives and the way they wanted to commemorate those terrible events in London. I want to ensure that we do it as well in the case of the Tunisian atrocities, and that is exactly what that committee will be set up to do.

**Christopher Pincher** (Tamworth) (Con): May I associate myself with the Prime Minister’s remarks about the families of the victims of Tunisia, particularly the family of my constituent, Sue Davey? In the past three years, unemployment in Tamworth has fallen faster than anywhere else in the country. Will my right hon. Friend encourage high-tech firms such as Jaguar Land Rover and BMW to be the motors of the midlands engine, and remind the Labour party that Ed Balls’ comments that our long-term plan would choke off jobs and growth were just plain wrong?

**The Prime Minister:** I am delighted that Tamworth has that record, not least because it has such an association with Conservative Prime Ministers down the years and the Tamworth Manifesto. The point my hon. Friend makes is a good one. People who try to say that the jobs we have created are part-time and low paid should look at what is happening in places such as the west midlands where we see growth in manufacturing, engineering and jobs that have long-term successful careers attached to them, and we want more of that.

Q6. [900821] **Jeff Smith** (Manchester, Withington) (Lab): If the Prime Minister really is committed to the northern powerhouse, he will know that an essential element of that is improved transport connectivity between the key cities of Manchester and Leeds, and that is now under threat. Given the vague and evasive answer that he gave earlier, will he now join me in welcoming the *Manchester Evening News* campaign to get the electrification of the TransPennine line back on track?

**The Prime Minister:** I can certainly commit to that, because I said a minute ago that this is a pause and not a stop. We are absolutely committed to ensuring that the work goes ahead. We also want to get rid of the Pacer trains that were there all those years under Labour.

**John Redwood** (Wokingham) (Con): Does not the Greek crisis show that, when negotiating with the EU, it is very important to be clear about what one wants and not to accept its first or second offer because it will improve it under pressure?

**The Prime Minister:** I am sure that there are all sorts of things to learn from the Greek experience. I fear for the future of that country. Obviously, we want Greece and the eurozone to come to an agreement, but we have to be prepared for all eventualities and to make sure that, whether it is helping British tourists, British businesses or British pensioners living in Greece, we have made all the plans and taken all the precautions that are necessary. My approach to negotiation is a little different from the Greek approach, which is why I have been to see every Prime Minister and President in Europe to talk through what Britain wants to see in terms of change in Europe, and change for our membership in Europe, and I believe that that will be successful.

Q7. [900822] **Teresa Pearce** (Erith and Thamesmead) (Lab): What does the Prime Minister have to say in response to new figures from Age UK showing that more than 1 million elderly people are not getting the basic help that they need to be washed, dressed or fed?

**The Prime Minister:** We need to see a continued improvement in social care, and we need to continue to help pensioners. Pensioner poverty is at an all-time low because this party has kept its promises to uprate the basic state pension, to support pensioners' benefits and to make sure that people have dignity in their old age.

**Sir Roger Gale** (North Thanet) (Con): When my right hon. Friend speaks to President Hollande in the immediate future, will he make it plain that he expects the port of Calais to be kept open, now and in the future, for lawful travel in both directions?

**The Prime Minister:** My hon. Friend makes a very important point. I had a very good discussion with President Hollande last week. We have seen more action by the French police in arresting the ringleaders and trying to keep roads and ports open. As I have said at this Dispatch Box before, it is important that we do not engage in finger pointing with the French, but recognise that this is a shared problem. Our juxtaposed border controls in Calais work well for Britain and, I believe, can work well for France, and we should continue to work together to deal with this problem.

Q8. [900823] **Karin Smyth** (Bristol South) (Lab): My constituents are still waiting for universal credit to be rolled out to them. In fact, they are still waiting for a timetable of planned rollout. We are about to hear about the latest stages of the Government's welfare reforms. When will the Prime Minister finish the last one?

**The Prime Minister:** I make absolutely no apology for taking universal credit at a deliberate pace. Many of us in this House can remember what happened when Labour introduced tax credits in one go and people came to our constituency surgeries with problem after problem. It is quite right to roll out universal credit at a deliberate pace, but I can promise the hon. Lady that it will be coming to Bristol South soon.

**Maria Caulfield** (Lewes) (Con): Every child deserves the best start in life, not least those who need adoption. Will my right hon. Friend set out how the £30 million of extra funding will help even more children find a loving home?

**The Prime Minister:** I welcome my hon. Friend. It is important that we get this right. We saw a big increase in adoption during the last Parliament because of the changes that we made, and what we are putting on the table in this Parliament is not only extra money but the proposal to create regional adoption agencies so that counties and other adoption agencies can come together. What matters above all is finding a loving family and home for the child, rather than ensuring that it is in the precise geographical area where that child is in care.

Q9. [900824] **Steve McCabe** (Birmingham, Selly Oak) (Lab): I am told that the Prime Minister may be planning a vote shortly using EVEL to repeal our hunting laws. Will this be a case of English hunting for English foxes?

**The Prime Minister:** No, it will be an opportunity for the House of Commons to debate an issue and then have a vote, as we were discussing earlier. I do not know what everyone else came here for, but I think that that is quite a good idea.

Q10. [900825] **Tim Loughton** (East Worthing and Shoreham) (Con): I am sure that the Prime Minister had time to study the "Building Great Britons" report from the 1001 critical days all-party group earlier this year, which put the cost of perinatal mental illness and child maltreatment at £23 billion a year. Will he commit to focusing the welcome additional child and adolescent mental health services spending on a pre-troubled families programme which invests in strong attachments between parents and babies at the outset as the best way to secure well-rounded children brought up in strong, loving families?



**The Prime Minister:** My hon. Friend, who has great experience in these matters, makes a good point. We are looking at how to have proper parity between mental and physical health. Everything we can do to help to strengthen families should be part of our agenda of genuinely tackling poverty. We want to tackle the causes of poverty, and alongside worklessness, debt, addiction and the rest of it, family breakdown is a big cause of poverty, so the work he talks about is vital.

**Jo Cox (Batley and Spen) (Lab):** With people queuing to access food banks in my constituency, does the Prime Minister think it is a priority for the country to bring back foxhunting?

**The Prime Minister:** I think the priority for the country is to keep going with a growing economy that has seen 2 million more people in work, an economy that is going to see 3 million apprentices in the next Parliament, and an economy that is cutting taxes for hard-working people. That is the priority, and that is what the House is going to hear about in a minute or two.

Q11. [900826] **Heather Wheeler (South Derbyshire) (Con):** Derbyshire is at the heart of the midlands engine, powering the economy of the country. Will the Prime Minister congratulate the workers of Bombardier on winning the £358 million contract to supply 45 more trains for London, securing local jobs for the next 35 years?

**The Prime Minister:** My hon. Friend is absolutely right. Just as the automotive industry has been so important for the west midlands, the growth in the train industry has been important for the east midlands in

recent years, and the progress at Bombardier is truly impressive. I had the great pleasure of visiting the company earlier in the year, and was even allowed to drive a train. I was not very successful at that, but the company is doing very well: it is investing for the future, providing trains for our country, and pulling through jobs and skills for the whole region.

Q14. [900829] **Justin Madders (Ellesmere Port and Neston) (Lab):** I was surprised to learn from responses to questions from myself and others that the Government do not know where the northern powerhouse is, so—[*Interruption.*]

**Mr Speaker:** Order. We do have a bit of other business to get on to, but the hon. Gentleman must be heard. Mr Madders.

**Justin Madders:** So given the recent cancellation or pausing of major transport projects in the north, is it not the case that the only place where the northern powerhouse can be found is in the Prime Minister's imagination?

**The Prime Minister:** The truth is that the Labour party ignored the north for years, and Labour Members cannot bear the fact that it is a Conservative Prime Minister and a Conservative Chancellor sitting for a seat in the north-west who are putting those issues firmly on the agenda and funding them.

**Several hon. Members** *rose*—

**Mr Speaker:** Order.



# Ways and Means

## Financial Statement

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Before I call the Chancellor of the Exchequer, I remind hon. Members that copies of the Budget resolutions will be available to them in the Vote Office at the end of the Chancellor's speech.

I also remind hon. Members that it is the norm not to intervene on the Chancellor of the Exchequer or the Leader of the Opposition, and the same convention applies to the spokesperson for the Scottish National party.

12.33 pm

**The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne):** This is a Budget that puts security first. It is a Budget that recognises the hard work and the sacrifice of the British people over the past five years and says that we will not put that at risk; we have a job to do and we are here to get on with it. This will be a Budget for working people—a Budget that sets out a plan for Britain for the next five years to keep moving us from a low wage, high tax, high welfare economy to the higher wage, lower tax, lower welfare country we intend to create.

This is the new settlement. From a one nation Government, this is a one nation Budget that takes the necessary steps and follows a sensible path for the benefit of the whole of the United Kingdom. This is a Conservative Budget that can be delivered only because the British people trusted us to finish the job, because they know that the only way to have a strong NHS, strong schools and a strong defence is to build a strong economy. That is how we were elected, and that is exactly what we are now going to do.

The British economy that I report on today is fundamentally stronger than it was five years ago. We are growing faster than any other major advanced economy. Our businesses have created 2 million more jobs. Living standards are rising strongly. Our long-term economic plan is working. But the greatest mistake this country could make would be to think all our problems are solved. We have only to look at the crisis unfolding in Greece as I speak to realise that, if a country is not in control of its borrowing, the borrowing takes control of the country. Britain still spends too much; it borrows too much, and our weak productivity shows that we do not train enough, build enough or invest enough. This we are determined to change. We will be bold in transforming education, bold in reforming welfare, bold in delivering infrastructure and bold in building the northern powerhouse. We will be bold in backing the aspirations of working people. This is a big Budget for a country with big ambitions. It is a Budget that sets the way to secure Britain's future.

Let me turn to the latest forecasts from our independent Office for Budget Responsibility. We thank Robert Chote and his colleagues for their hard work. We now have Budgets that fit the economic forecasts, instead of economic forecasts that were fixed to fit the Budget. At the March Budget, it was thought that the British economy had grown by 2.6% last year. We now know that it grew by 3%. But the global economic risks are rising. The US economy has slowed, so too has China, and even before

the Greek crisis intensified this week, the forecasts for global growth had been revised down this year to 3.2%. It is all the more reason to get our own house in order.

For 2015, the OBR forecasts growth at 2.4%. That is faster than America, faster than Germany and twice as fast as France. For the second year in a row, Britain is expected to have the strongest economic growth of any major advanced economy in the world. In 2016, the OBR has growth unchanged at 2.3%, and then it is revised up to 2.4% in the following year—a level of strong, steady growth that it predicts for the rest of the decade. This growth is driven by stronger private consumption, and by stronger private investment, too. Indeed, business investment is now 31.9% higher than it was in 2010, and is revised up again this year. Now we need to see investment at home matched by exports abroad. Our decision to become a founder member of the new Asian Infrastructure Investment Bank is driven by our determination to connect Britain to the fastest-growing parts of the world, and our decision to seek reform to the EU is driven by our determination that this part of the world shall not price itself out of a prosperous future.

Higher investment leads to more jobs, which brings me to the OBR forecasts for employment. Over 2 million more people have the security of work as a result of this Government's long-term economic plan. The OBR forecasts that under the current economic conditions, almost 1 million more jobs will be created over the next five years. Our ambition is to go further, and create 2 million more jobs on the road to full employment. To help achieve that progressive goal, we set out today how we will make work pay.

Jobs are not created by accident. They are created when businesses have confidence—the confidence to invest, to grow and to hire; confidence that comes because Britain is getting its house in order. So we seek to create a country that can truly pay its way. The budget deficit is now less than half the 10% we inherited, and economic security is returning, but all that progress is at risk if we do not finish the job. That means more than just eliminating the deficit; it means running a surplus to get our dangerously high levels of debt down.

That brings me to the first of the key judgments in this Budget—how fast do we cut the deficit? My answer is this: we should cut the deficit at the same pace as we did in the last Parliament. We should not go faster; we should not go slower. At this pace, the national debt is lower as a share of our national income in every future year than when I presented the Budget in March, and it is achieved without a rollercoaster ride in public spending.

This is why: first, our tax receipts are stronger than forecast, showing that the recovery is firmly entrenched; secondly, as a strong majority Government, we have been able to get on with making extra savings in this financial year; and thirdly, we can make faster progress in returning our banks, including RBS, to where they belong—the private sector. Indeed, the sale of Government assets this year will deliver the largest privatisation proceeds of all time, higher than the previous record in 1987. With stronger tax receipts, more asset sales and a strong Government who are getting on with the job, we can achieve a smoother path to the same destination, with a surplus a year later in 2019-20, but the national debt lower and that same surplus higher. For this is a Budget that puts economic security first.

[Mr George Osborne]

Many difficult but necessary decisions are required to save money, and this will be done with moderation but determination. This is a one nation Government who do the best thing for the economy and the right thing for the country. This plan is reflected in the forecasts for debt and deficit produced today by the Office for Budget Responsibility. The deficit was 10.2% of national income in 2010. This year, it is forecast to fall to 3.7%—one third of the deficit we inherited. It then falls again to 2.2% in 2016-17, down to 1.2% the year after, and then to just 0.3% in 2018-19. The following year, 2019-20, we move into a budget surplus at 0.4%, which is then maintained the year after at 0.5% of GDP. In structural terms, the OBR judges that this will be the largest surplus in at least 40 years—Britain back in the black, and in its strongest position for almost half a century.

This is, of course, all reflected in the amount of cash Britain has to borrow each year. In 2010, Britain was borrowing a staggering and unsustainable £153 billion a year. In March, the OBR forecast that we would borrow less than half of that, or £75.3 billion, this year. In this Budget, it has revised borrowing down this year to £69.5 billion. Borrowing then falls to £43.1 billion next year, £24.3 billion in 2017-18, and down to just £6.4 billion the year after. In 2019-20, we move into a surplus higher than previously forecast of £10 billion, which rises to £11.6 billion the year after—Britain finally doing the responsible thing and raising more money than it spends.

Five years ago, we inherited a situation in which our national debt as a share of our national income was soaring. This year, that national debt share is falling, bringing to an end the longest continued rise in our national debt since the 17th century. It is falling now, and it continues to fall in every year of the forecast, down from 80.3% this year to 79.1% next year, then down again to 77.2% in 2017-18, 74.7% the year after, and 71.5% the year after that, before falling again to 68.5% in 2020-21. Britain has turned a corner and left the age of irresponsibility behind.

Having come this far, there can be no turning back. We should aim for a new settlement across the political spectrum where it is accepted that, without sound public finances, there is no economic security for working people; those who suffer when Governments run unsustainable deficits are not the richest, but the poorest; and therefore in normal economic times Governments should run an overall budget surplus, so that our country is better prepared for whatever storms lie ahead. In short, we should always fix the roof while the sun is shining.

Today, I publish the new fiscal charter that commits our country to that path of budget responsibility. While we move from deficit to surplus, this charter commits us to keeping debt falling as a share of GDP each and every year and to achieving that budget surplus by 2019-20. Thereafter, Governments will be required to maintain that surplus in normal times—in other words, when there is not a recession or a marked slowdown.

Only when the OBR judges that we have real GDP growth of less than 1% a year, as measured on a rolling four-quarter basis, will that surplus no longer be required. The Chancellor of the day will have to set out their plan with clear targets to restore the nation's finances to health and the House of Commons will test the credibility of that plan and vote on those targets. This is sensible,

pragmatic and keeps Britain secure. We will put the new fiscal charter to a vote in this House this autumn, and I invite broad cross-party support for it.

To meet the new charter, further difficult decisions need to be taken to live within our means. We will take these decisions in a balanced and fair way. I can confirm that the analysis produced today shows that the richest are paying a greater share of tax than they were at the start of the last Parliament. And more than that, we are continuing to devote a greater share of state support to the most vulnerable. As I said they would, those with the broadest shoulders are bearing the greatest burden, for we are all in this together. And in the last fortnight we have seen independent statistics showing that since 2010 child poverty is down, and so is inequality. That comes on top of a record number of women in work, and the gender pay gap at an all-time low—all good news that should be welcomed on both sides of the House.

The fiscal plan set out in the Budget requires around £37 billion of further consolidation over the Parliament. Today, I set out how we will find just under half of that—£17 billion. We have found annual savings of £12 billion from welfare and £5 billion from tackling tax evasion, avoidance and planning and imbalances in the tax system. The other half will largely come from Government Departments through savings and cuts and will be set out at the spending review that the Chief Secretary and I will conduct this autumn. However, no year will see cuts as deep as those required in 2011-12 and 2012-13.

Of course, I am conscious that a huge amount has already been done to increase efficiency across Whitehall, with administrative budgets down by more than 40% in real terms, but there is still much more we can do. There is also a simple trade-off between pay and jobs in many public services. I know that there has already been a period of pay restraint, but we said last autumn that we would need to find commensurate savings in this Parliament, so to ensure that we have public services we can afford, and to protect more jobs, we will continue recent public sector pay awards with a rise of 1% per year for the next four years.

Public spending should reflect public priorities and we have to make choices. Our priority is the national health service. We will fund fully the plan the NHS has itself produced for its future, the Stevens plan. That plan requires very challenging efficiency savings across the health service, which must be found, but it also requires additional Government funding. Our balanced approach means that I can today confirm that the NHS will receive, in addition to the £2 billion we have already provided this year, a further £8 billion. That is £10 billion more a year in real terms by 2020. It is proof that you can only have a strong seven-day NHS if you have a strong economy, and it is proof that the NHS is only truly safe in Conservative hands.

I have set out the difficult choices we are going to face on Government spending and the priority we will accord to our national health service. I turn now to combating tax evasion, avoidance and aggressive tax planning. In Budget after Budget, we have done more to combat that than any Government before us. We inherited a system where bankers boasted of paying lower tax rates than their cleaners and some multinationals shifted all their profits offshore. We have stopped these blatant abuses that were allowed to flourish, and many others, but we

promised the British people we would do more and find a further £5 billion a year, and I can confirm we have done so.

We are boosting HMRC's capacity, with three quarters of a billion pounds of investment to go after tax fraud, offshore trusts and the businesses of the hidden economy, tripling the number of wealthy evaders it pursues for prosecution and raising £7.2 billion in extra tax.

We are going to change the law to stop the use of losses that abuse our controlled foreign companies regime, and make sure investment fund managers pay the full capital gains tax rate on their carried interest.

We will stop corporates artificially increasing the value of stock for tax purposes, and to focus the employment allowance on employment we are restricting it so that companies where the director is the sole employee will no longer be able to claim.

We are consulting today on how to deal with the increasing abuse of the rules around disguised employment when working through a personal service company, and we are going to add tough new penalties to our general anti-abuse rule and name and shame serial users of failed avoidance schemes. These people should have nowhere to hide.

The non-domicile tax status is a long-standing feature of the UK tax system—in place since 1914—that plays an important role in allowing those from abroad to contribute to our economy before returning to their permanent home, and many countries have some version of this tax status.

Simply abolishing it altogether would, as Ed Balls correctly noted, probably cost the country money. Many of these people make a considerable contribution to our public life and to tax revenues, but there are some fundamental unfairnesses in the non-dom regime that I am putting a stop to today.

It is not fair that people who are born in the UK to parents who are domiciled here can later in life claim to be non-doms and live here. It is not fair that non-doms with residential property here in the UK can put it in an offshore company and avoid inheritance tax. From now on they will pay the same tax as everyone else. Most fundamentally, it is not fair that people live in this country for very long periods of their lives benefit from our public services and yet operate under different tax rules from everyone else.

Non-dom status was meant to be temporary, but it became permanent for some people. Not any longer. I am today abolishing permanent non-dom tax status. Anyone resident in the UK for more than 15 of the past 20 years will now pay full British taxes on all worldwide income and gains. We will consult to get the detail right. All these non-dom measures will come into effect in April 2017 and they will raise £1.5 billion in extra tax for the Exchequer over this Parliament. British people should pay British taxes in Britain, and now they will.

Turning to corporate tax rules, we will also broaden the base for corporation tax by removing, for future transactions only, the annual deduction for acquired reputational value. For big companies with profits over £20 million a year, we will bring forward corporation tax payment dates so that tax is paid closer to the point at which profits are earned. That is fair and more in line with what we are doing in personal tax, and it is what almost all other G7 nations do.

Banks make a key contribution to our economy, but they also need to make a fair contribution. It is important that they help pay down the debts built up during the banking crisis, but equally important that they go on creating jobs, not just in London but in Edinburgh, Leeds, Birmingham, Bournemouth and across the country. The new remit I am issuing today for the Financial Policy Committee highlights the importance of productive investment, innovation and competition in finance.

Our bank levy was introduced to raise revenue and increase the stability of balance sheets, and it has worked, but now it risks doing harm unless we change it. So I will, over the next six years, gradually reduce the bank levy rate, and after that make sure it no longer applies to worldwide balance sheets. But to maintain a fair contribution from the banks, I will introduce a new 8% surcharge on bank profits from 1 January next year. By getting this balance right, it means we will actually raise more money from the banks this Parliament, but at the same time make our country a more competitive place to do business.

We have also taken action to make sure that consumers get a better deal from another important industry: insurance. The costs of premiums are down for families, and today we are announcing a major review of the regulation of claims management companies and we will cap the charges they can apply to their customers.

Britain's insurance premium tax is well below tax rates in many other countries. I am therefore today raising insurance premium tax, which applies to only one fifth of all premiums, to 9.5%, effective from this November. With these measures I am putting in place an approach for taxing banks and insurers over this Parliament which is sustainable, stable and fair.

In each year, we have been able to use money from the banking fines paid by those who represent the worst of values to support those in uniform who demonstrate the best of British values. Today we announce funding for the Defence Medical Welfare Service and the Royal Commonwealth Ex-Services League. We are supporting the incredibly courageous members of our special forces who are injured, and, in the 75th anniversary of the Victoria Cross and George Cross Association, quadrupling the annual annuity we pay to those who demonstrated the highest valour and whom I had the honour of meeting yesterday.

In the week of the poignant anniversary of the 7/7 attacks, we should recognise, too, that our victims of terrorism overseas have no permanent memorial. We will now fund one, as well as a specific memorial to those murdered in Tunisia. We are committing £50 million to expand the number of cadet units in our state schools to 500, prioritising schools in less affluent areas, and we are going to support the Children's Air Ambulance by funding an extra helicopter.

In every Budget, I also find an opportunity to fund the commemoration of famous events from our history and the buildings that symbolise them. This Budget is no exception. The RAF's group fighter command centre in west London was the place where the battle of Britain was directed from and it badly needs repair. I want to thank the new Member my hon. Friend the Member for Uxbridge and South Ruislip (Boris Johnson) for bringing to my attention the dilapidated state of his campaign bunker. Let its renovation stand as a monument



[Mr George Osborne]

to the heroes of the battle of Britain and the days when aeroplanes flew freely over the skies of west London.

I turn now to the great economic challenge we face on productivity, for this is the key to delivering the financial security that families see when living standards rise. And it will ensure that Britain becomes what we want it to be—the most prosperous major economy in the world by the 2030s. That is within the grasp of our generation, provided we take the big decisions. On Friday we will set out our plan for productivity, to help realise this ambition. I want to thank my new Treasury colleague Jim O'Neill for his work as a world-leading economist in putting it together. Major British businesses, led by Sir Charlie Mayfield, have told me that they want to be part of the solution to this great challenge and we very much welcome that.

Let me today set out the key parts of that plan. First, on transport, four fifths of all journeys in this country are by road, yet we rank behind Puerto Rico and Namibia in the quality of our network. In the past 25 years, France has built more than 2,500 miles of motorway and we have built just 300. In the last Parliament I increased road spending, even in difficult times, and set out a plan for £15 billion of new roads for the rest of this decade, but we need a long-term solution if we are going to fix Britain's poor roads.

Vehicle excise duty was used to fund our roads, but not any more. And because so many new cars now fall into the low carbon emission bands, by 2017 over three quarters of new cars will pay no VED at all in the first year. That is not sustainable and it is not fair. If someone can afford a brand new car, including some of the most expensive models available, they can pay no VED. If they can afford only an older, second-hand car, they have to pay more tax. Only a Labour Government could have designed something so regressive.

So this is what we will do. From 2017, for brand-new cars only, we will introduce new VED bands. The duty in the first year will be set according to emissions, like today, but updated for new technology. Thereafter there will be three duty bands: zero emission, standard and premium. For standard cars—that covers 95% of all cars sold in the UK—the charge will be £140 a year. That is less than the average £166 that motorists pay today. There will be no change to VED for existing cars: no one will pay more in tax than they do today for the car they already own. In total, we will only raise the same amount of revenue from VED in the future as we do today, but that revenue will be secure for the long term.

And I will return this tax to the use for which it was originally intended. I am creating a new roads fund. From the end of this decade, every single penny raised in vehicle excise duty in England will go into that fund to pay for the sustained investment our roads so badly need. We will engage with the devolved Administrations on how the money is allocated there. Tax paid on people's cars will be used to improve the roads that they drive on. It is a major reform to improve the infrastructure and productivity of our economy, and deliver a fairer tax system for the motorist.

We will also consult on extending the deadline for new cars and motorbikes to have their first MOT test from three years to four years, which would save motorists

over £100 million a year. I can also confirm that there will be no changes to the plans for fuel duty I set out in March: fuel duty will remain frozen this year.

Productivity means building more roads. It also means giving people the skills they need to secure a better job. It is to our national shame that we are almost the only advanced country in the world where the skills of our 16 to 24-year-olds are no better than those of our 55 to 64-year-olds. The education reforms we started in the last Parliament have begun to address this problem, and we are going further in this Parliament by tackling the coasting schools that simply are not good enough.

We have already doubled the number of apprenticeships to 2 million; now we are committed to 3 million more. To fund these apprenticeships and make sure they are of high quality we have to confront this truth: while many firms do a brilliant job training their workforces, too many large companies leave the training to others and take a free ride on the system, so we are going to take a radical and, frankly, long overdue approach.

We are going to introduce an apprenticeship levy on all large firms. Firms that offer apprenticeships can get more back than they put in. Britain's great businesses will train up the next generation—3 million more apprenticeships with the security that will bring. The money will be directly controlled by employers, and we will work with business on how to do this. It is exactly the sort of bold step we need to take if Britain is going to raise its game.

Next, we have got to secure the success of our university sector, which is one of the jewels in the crown of the British economy. When we reformed student funding in the last Parliament, we were told by those who so opportunistically opposed us that it would put people from low-income backgrounds off going to university. Instead, we now see a record number of these students applying and succeeding. It is a triumph of progressive reform.

Now we are removing the artificial cap on student numbers, so we do not have to turn away from our universities people who want to go and who have the right grades. But we cannot afford to do this unless we tackle the cost of student maintenance grants, which is set to almost double to £3 billion over this decade. There is also a basic unfairness in asking taxpayers to fund the grants of people who are likely to earn a lot more than them.

The previous Labour Government actually abolished these grants, before reintroducing them. These grants have now become unaffordable. If we do not tackle this problem, our universities will become underfunded and our students will not get places. I am not prepared to let that happen, so from the 2016-17 academic year we will replace maintenance grants with loans for new students. The loans only have to be paid back once they earn over £21,000 a year. To ensure university is affordable to all students from all backgrounds, we will increase the maintenance loan available to £8,200, the highest amount of support ever provided.

To ensure our university system is sustainable, we will consult on freezing the loan repayment threshold for five years, and we will link the student fee cap to inflation for those institutions that can show they offer high-quality teaching. We will open the whole sector to new entrants who can deliver the highest standards. It is



a major set of reforms to make sure Britain continues to have the best universities in the world. It is fair to students, fair to taxpayers and vital to secure our long-term economic future.

Britain's weak productivity is also driven by the fact that too much of our economic strength is concentrated in this capital city. This is unhealthy and unproductive, and we must achieve a better settlement for the future, but not by pulling London down. One of the first pieces of advice I received in the Treasury was to cancel the plan for the Crick Institute, the Tate Modern extension and Crossrail, but I rejected that advice, because I have always believed it is to our nation's great advantage that we have one of the world's great capitals. Now we are working with the Mayor on what this city will need in the future, with projects such as Crossrail 2 and the exciting development of the Olympic village.

What really drives this Government is building up other parts of the United Kingdom as a balance to London's strength. For Scotland, we are now delivering, as promised, major devolution of tax and welfare powers. Instead of complaining endlessly about process in Westminster, the SNP Scottish Government will soon have to answer the question, "You've got the powers, when are you going to use them?" In Wales, we are honouring our commitments to a funding floor and to more devolution there, and investing in important new infrastructure such as the M4 and the Great Western line. In Northern Ireland, we are working with all parties to deliver the Stormont House agreement and sustainable public finances there.

Devolution to the nations of the United Kingdom is well established. In my view, devolution within England has only just begun. Today, we go further in building the northern powerhouse. I can today announce that I have reached agreement with the leaders of the 10 councils of Greater Manchester to devolve further powers to that city. These include putting fire services under the control of the new Mayor, establishing a land commission in the city and further collaboration on children's services and employment programmes.

The historic devolution that we have agreed with Greater Manchester in return for a directly elected Mayor is available to other cities that want to go down a similar path. I can also tell the House that we are now working towards deals with the Sheffield and Liverpool city regions and with Leeds, West Yorkshire and partner authorities on far-reaching devolution of power in return for the creation of directly elected Mayors. We have created Transport for the North, and I am now putting it on a statutory footing. I can announce £30 million of funding to this new body as it connects northern England together, with seamless Oyster-style ticketing across the region.

Next, with the Secretary of State for Business, Innovation and Skills, my right hon. Friend the Member for Bromsgrove (Sajid Javid), we are pushing for more powers and responsibility to be devolved to the midlands—that engine of growth. The massive £7.2 billion investment in transport in the south-west is under way, and in the first of our new county deals, we are making progress on a major plan to give Cornwall a greater say over local decisions.

Across England, we are launching a new round of enterprise zones for smaller towns. To celebrate the Queen's 90th birthday, a new set of prestigious regius

professorships will be created in universities right across the country. To give more power to counties and to our new Mayors, we are going to give them the power to set the Sunday trading hours in their areas. Let us invest across our country, let people decide and let us put the power into the northern powerhouse.

Another key to raising the productivity of our country is building more homes and creating a fairer property market. This is a Government that are unwavering in their support for home ownership. That is why we are introducing the new Help to Buy ISA this autumn, that is why we are giving housing association tenants the right to buy and that is why we will set out further planning reforms on Friday.

Today, I will set out three important changes that will address unfairnesses in our taxation of property and put the security of home ownership first. First, we will create a more level playing field between those buying a home to let and those buying a home to live in. Buy-to-let landlords have a huge advantage in the market as they can offset their mortgage interest payments against their income whereas homebuyers cannot, and the better off the landlord, the more tax relief they get. For the wealthiest, for every pound of mortgage interest costs they incur, they get 45p back from the taxpayer. All this has contributed to the rapid growth in buy-to-let properties, which now account for over 15% of new mortgages, something the Bank of England warned us last week could pose a risk to our financial stability.

So we will act, but we will act in a proportionate and gradual way, because I know that many hard-working people who have saved and invested in property depend on the rental income they get. We will retain mortgage interest relief on residential property, but we will now restrict it to the basic rate of income tax. To help people to adjust, we will phase in the withdrawal of the higher rate reliefs over a four-year period, and only start withdrawal in April 2017.

Secondly, the rent-a-room relief is designed to help homeowners who rent out a room in their home. It is a good scheme, particularly in a world where more and more people are renting out rooms online, but the relief has been frozen at £4,250 for 18 years. Next year, we will raise it to £7,500.

The third change fulfils a long-standing promise that I made, and one that I was unable to fulfil in coalition. The left will never understand this, but we on the Conservative Benches know that the wish to pass something on to your children is about the most basic, human and natural aspiration there is. Inheritance tax was designed to be paid by the very rich, yet today more families are pulled into the inheritance tax net than ever before, and the number is set to double over the next five years. It is not fair and we will act.

From 2017, we will phase in a new £175,000 allowance for someone's home when they leave it to their children or grandchildren. That sits on top of the existing £325,000 threshold, which will be fixed until the end of 2020-21. Both allowances can be transferred to a spouse or partner. From today, we will make sure that those who choose to downsize do not lose any of the allowance from the property that they used to own, but we will taper the relief away for estates worth more than £2 million.

The result for families is this: they can pass up to £1 million on to their children free of inheritance tax. No more inheritance tax on family homes: aspiration

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supported, the tax paid only by the rich, the security of home ownership restored—promise made; promise delivered.

The cut in inheritance tax will be more than paid for by changes which we have set out to the pensions tax relief that we give to the highest earners. From next year, their annual allowance will be tapered away to a minimum of £10,000.

Our pension reforms have given huge freedom to people who have worked hard and saved hard all their lives. Many thousands of people are, with the free guidance service we offer, making use of those freedoms to access their savings instead of buying annuities. Now it is time that we looked at the other end of the age scale—at those who are starting to save for a pension. For the truth is that Britain is not saving enough, and that is something we need to fix in our economy too.

While we have taken important steps with our new single-tier pension and generous new ISA, I am open to further radical change. Pensions could be treated like ISAs: people pay in from taxed income, it is tax free when they take it out and in between it receives a top-up from the Government. That idea, and others like it, need careful and public consideration before we take any steps, so I am today publishing a Green Paper that asks questions, invites views and takes care not to prejudge the answer. Our goal is clear: we want to move from an economy built on debt to an economy built on the more secure and productive foundations of saving and long-term investment.

If Britain wants to produce more, it needs to invest more. Many small and medium-sized businesses have benefited from our enhanced annual investment allowance. The allowance was set at £100,000 when we came to office. It is higher now, but without action it will fall to just £25,000 at the end of the year. That would especially hit middle-sized companies in areas such as manufacturing and agriculture, which we want to do more to build up in Britain, so I can confirm that the annual investment allowance will not fall to £25,000, but will be set at £200,000 this year and in every single year. That is a major, permanent boost to the incentives for long-term investment by small and medium-sized firms in Britain.

The large reductions in tax on North sea oil and gas that I announced in March are going ahead, and today we broaden the types of investment that qualify for allowances. Now that we have a long-term framework for investment in renewable energy in place, we will remove the outdated climate change levy exemption for renewable electricity that has seen taxpayer money benefiting electricity generation abroad.

We cut corporation tax from 28% to 20% over the last Parliament—one of the biggest boosts British business has ever seen. We cannot take it lower than that while such strong incentives are created for people to self-incorporate and pay the lower rates of tax due on dividends. The dividend tax system was designed partly to offset double taxation on profits, but the system has not changed despite sharp reductions in corporation tax. Lower rates are rapidly creating opportunities for tax planning. Irreparable damage was done when a previous Chancellor abolished the payable credit and deprived pension funds of billions of pounds.

We have inherited a complex and archaic system, so I am today undertaking a major and long-overdue reform to simplify the taxation of dividends. The dividend tax credit will be replaced with a new tax-free allowance of £5,000 of dividend income for all taxpayers. The rates of dividend tax will be set at 7.5%, 32.5% and 38.1%—an increase of 7.5% where dividend income exceeds £5,000. Dividends paid within pensions and ISAs will remain tax free and unaffected by these changes. Those who either pay themselves in dividends or have large shareholdings worth typically over £140,000 will pay more tax; 85% of those who receive dividends will see no change or will be better off; and over a million people will see their tax cut.

That is an important reform. It comes into operation next year, and with our personal allowance and our new personal savings allowance, it means that from April, on top of the new ISA, people will be able to receive up to £17,000 of income a year tax free. The reforms that I have announced to dividend taxation also allow us to do something more, and go further in creating a Britain that is one of the most competitive economies in the world.

There are those in this House who said we were wrong to cut corporation tax in the last Parliament, but it created millions more jobs, brought businesses back to Britain and increased much-needed investment, so I profoundly disagree with them. Now at 20% for large and small businesses alike, we have the joint lowest rate of corporation tax in the G20, so there are those who say we do not need to do more. I profoundly disagree with them too. This country cannot afford to stand still while others rush ahead. I am not prepared to see that happen.

Today, I announce that I am cutting it again. Britain's corporation tax rate will fall to 19% in 2017 and 18% in 2020. We are giving businesses lower taxes that they can count on, so that they can grow with confidence, invest with confidence and create jobs with confidence. A new 18% rate of corporation tax—sending out loud and clear the message around the world that Britain is open for business.

If we are to build a more productive economy, and our country is to live within its means, we have to make this fundamental change: we have to move Britain from a low-wage, high-tax, high-welfare society to a higher-wage, lower-tax, lower-welfare economy. For Britain is home to 1% of the world's population, generates 4% of the world's income, and yet pays out 7% of the world's welfare spending. It is not fair to the taxpayers who are paying for it, and it needs to change.

Welfare spending is not sustainable and it crowds out spending on things such as education and infrastructure that are vital to securing the real welfare of the people. We legislated for savings of over £21 billion in the last Parliament, capped benefits for out-of-work families and started to introduce universal credit. Universal credit will transform the lives of those trapped in welfare dependency and deliver real social justice. It is the result of the Herculean efforts of my right hon. Friend the Secretary of State for Work and Pensions.

However, to live within our means as a country and better protect spending on public services, we need to find at least a further £12 billion of welfare savings. Let me set out the principles that we will follow and how they will be applied. First, the welfare system should

always support the elderly, the vulnerable and disabled people. We will honour the commitments that we made to uprate the state pension by the triple lock and protect the other pensioner benefits. The BBC has agreed to take on responsibility for funding free TV licences for the over-75s. In return, we are able to give our valued public broadcaster a sustainable income for the long term.

In the last Parliament, we increased payments to the most disabled people, and we will not tax or means-test disability benefits. We will increase funding for domestic abuse victims and women's refuge centres. We are also going to use the remaining funds available in our Equitable Life payment scheme, as it closes, to double the support that we give to those policyholders on pension credit who need this extra help most.

The second principle we will apply is that those who can work will be expected to look for work and take it when it is offered. The best route out of poverty is work. Our economic plan has created a record number of jobs, and now a third of a million fewer children are being brought up in workless families.

It is not acceptable that in an economy moving towards full employment, some young people leave school and go straight on to a life on benefits, so for those aged 18 to 21 we are introducing a new youth obligation that says that they must either earn or learn. We are also abolishing the automatic entitlement to housing benefit for 18 to 21-year-olds. Exceptions will be made for vulnerable people and other hard cases, but young people in the benefits system should face the same choices as other young people who go out to work and cannot yet afford to leave home.

To make sure that work pays for parents, I confirm that from September 2017 all working parents of three and four year-olds will receive free childcare of up to 30 hours a week. Once again: a promise made; a promise delivered. As a result, we now expect parents—including lone parents—with a youngest child aged three to look for work if they want to claim universal credit. That is all part of our progressive goal of securing full employment in Britain.

We also want to increase employment among those who have health challenges but are capable of taking steps back to work. The employment and support allowance, introduced by the last Labour Government, was supposed to end some of the perverse incentives in the old incapacity benefit, but instead it has introduced new ones. One of those is that those who are placed in the work-related activity group receive more money a week than those on jobseeker's allowance, but get nothing like the help to find suitable employment. The number of JSA claimants has fallen by 700,000 since 2010, while the number of incapacity benefits claimants has fallen by just 90,000. That is despite 61% of claimants on the ESA WRAG benefit saying that they want to work. Therefore, for future claimants only, we will align the ESA WRAG rate with the rate of jobseeker's allowance. No current claimants will be affected by that change, and we will provide new funding for additional support to help claimants return to work.

The third principle that we apply to welfare is this: the whole working-age benefit system has to be put on a more sustainable footing. In 1980, working-age welfare accounted for 8% of all public spending. Today it is 13%. The original tax credit system, introduced by the

last Labour Government, cost £1.1 billion in its first year. This year, that cost has reached £30 billion. We in Britain spend more on family benefits than Germany, France or Sweden—[*Interruption.*]

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Both sides of the House have been very well behaved so far, so let us not spoil it as we get towards the end. I want the same dignity to be given to other speakers.

**Mr Osborne:** We in Britain spend more on family benefits than Germany, France or Sweden. It is, in the words of the right hon. Member for Birkenhead (Frank Field), the new Chair of the Work and Pensions Committee, simply “not sustainable”. As Alistair Darling has said, the sheer scale of tax credits is

“subsidising lower wages in a way that was never intended.”

Those who oppose any savings to tax credits will have to explain how on earth they propose to eliminate the deficit, let alone run a surplus and pay down debt.

We will take the following steps to put working-age benefits on a more financially sustainable footing. Since the crash, average earnings have risen by 11%, but most benefits have risen by 21%. To correct that, we will legislate to freeze working-age benefits for four years. That will include tax credits and local housing allowance, and it means that earnings growth will catch up and overtake the growth in benefits. Statutory payments such as maternity pay and the disability benefits—personal independence payment, disability living allowance and employment and support allowance group—will be excluded from the freeze.

We are also going to end the ratchet of ever higher housing benefit chasing up ever higher rents in the social housing sector. Those rents have increased by a staggering 20% since 2010. Rents paid in the social housing sector will not be frozen, but reduced by 1% a year for the next four years. That will be a welcome cut in rent for those tenants who pay it, and I am confident that housing associations and other landlords in the social sector will be able to play their part and deliver the efficiency savings needed.

We also need to focus tax credits and universal credit on those on lower incomes, if we are to keep the whole system affordable and support those most in need. From next year, we will reduce the level of earnings at which a household's tax credits and universal credit start to be withdrawn. The income threshold in tax credits will be reduced from £6,420 to £3,850. Universal credit work allowances will be similarly reduced, and will no longer be awarded to non-disabled claimants without children. The rate at which a household's tax credit award is reduced as it earns more will be increased by raising the taper rate to 48%. The income rise disregard will be reduced from £5,000 to £2,500—the same level at which it was originally set in 2003. Taken all together, the freeze in working-age benefits, the down-rating of social rents, and the focus of tax credits and universal credit on the lowest income households will reduce the welfare bill by £9 billion a year by 2019-20.

The fourth principle that we will apply to our welfare reform is this: the benefits system should not support lifestyles and rents that are not available to the taxpayers who pay for that system—[*Interruption.*]



**Mr Deputy Speaker:** Order. This House will come to order. It may not be important to some Members, but it is to the rest of us and our constituents. I want to hear what the Chancellor says because it affects all the people we represent.

**Mr Osborne:** The benefits system should not support lifestyles and rents that are not available to the taxpayers who pay for that system—*[Interruption.]*

**Mr Deputy Speaker:** Order. Mr Gwynne, your constituents and mine need to hear this.

**Mr Osborne:** We have already introduced a cap on the total amount of benefits that any out-of-work family can receive at £26,000. When we introduced that, it was opposed by Labour Members who said that it would drive tens of thousands of people out of their homes. Instead it encouraged tens of thousands into work. We will now go further, and reduce the benefits cap from £26,000 to £23,000 in London, and to £20,000 in the rest of the country. We will also require those on higher incomes living in social housing to pay rents at the market rate. It is not fair that families earning over £40,000 in London, or £30,000 elsewhere, should have their rents subsidised by other working people. We will turn support for mortgage interest payments from a benefit to a loan.

Another decision that most families make is how many children they have, conscious that each extra child costs the family more. In the current tax credit system, each extra child brings an additional payment of £2,780 a year. It is important to support families, but it is also important to be fair to the many working families who do not see their budgets rise by anything like that when they have more children. This is the balance that we will strike: in future we will limit the support provided through tax credits and universal credit to two children. Families who have a third or subsequent child after April 2017 will not receive additional tax credit or UC support for that child. Support provided to families who make a new claim for universal credit—*[Interruption.]*

**Mr Deputy Speaker:** Order. We seem to have a little problem with the gang of three on the Opposition Benches. I believe that we need to hear the Chancellor. This measure will affect my constituents and yours. I want to listen—I think it important that we all listen.

**Mr Osborne:** Families who have a third or subsequent child after April 2017 will not receive additional tax credit or UC support for that child. Support provided to families who make a new claim to universal credit after that date will also be limited to two children, and we will make similar changes to housing benefit. There will be provisions for exceptional cases, including multiple births. In addition, those starting a family after April 2017 will no longer be eligible for the family element in tax credits, nor will new births and new claims be eligible for the first child premium in universal credit. We will make similar changes to housing benefit by removing the family premium for children born or claims made after April 2016. That approach means that no family sees a cash loss and, as promised, child benefit will be maintained. These changes to tax credits are not easy but they are fair, and they return tax credit spending to the level it was in 2007-08 in real terms.

When we came to office in 2010 this country had reached the point where a benefit that was intended to support lower income households was instead available to nine out of 10 families in this country. Now, our properly focused reformed tax credit system will provide support to five out of 10 families; a much more sustainable balance in our welfare system. Taken together, all the welfare reforms I have announced will save £12 billion by 2019-20 and will be legislated for in the year ahead, starting in the welfare reform and work Bill which will be published tomorrow.

We are moving Britain from a high welfare, high tax economy to a lower welfare, lower tax society. The best way to support working people is to let them keep more of the money they earn. We promised the British people at the election that we would introduce a tax lock to prohibit any increase in the main rates of income tax, national insurance and VAT for the next five years. We will not only keep that promise, but legislate for it in the coming weeks. Our priority is not to raise taxes on working people; it is to cut their taxes.

In the previous Parliament, we raised the tax-free personal allowance from the £6,500 left by the previous Labour Government to £10,600, taking almost 4 million of the lowest paid out of tax altogether. When we went to the British people this May, we said we would go much further. Our two commitments were these: we would raise the tax free personal allowance to £12,500, so that no one working 30 hours a week on the national minimum wage pays tax; and we would raise the threshold at which people pay the higher 40p rate of tax to £50,000. These were our priorities at the election and they are the priorities in this Budget, for we on this side deliver what we promise.

The rates of income tax in the Budget remain unchanged, but the thresholds do not. Today, I am taking the first major step towards delivering our promise: I am raising the tax-free personal allowance to £11,000 next year. That is £11,000 one can earn before paying any income tax at all, boosting wages by over £900 in total and a down payment on our goal of reaching £12,500. We will now legislate, so that after that the personal allowance will always rise in line with the minimum wage and we never ask the lowest paid in our society to pay income tax.

The higher rate threshold currently stands at £42,385. I am today raising it to £43,000 from next year. It marks a strong start to our commitment to raise the threshold to £50,000 and it will lift 130,000 people out of the higher rate of income tax altogether. A personal allowance of £11,000 and a higher rate threshold of £43,000: 29 million people paying less tax; a down payment for a country on the up.

I began this Budget statement by saying that I put security first. I have set out the steps we will take to deliver economic security for a country that lives within its means and a welfare system we can afford, but there is also the financial security of families and the national security of our country. I turn to that now.

The Prime Minister and I are not prepared to see the threats we face to both our country and our values go unchallenged. Britain has always been resolute in defence of liberty and the promotion of stability around the world. With this Government, it will always remain so. So today I commit additional resources to the defence and security of the realm. We recognise that in the modern



world, the threats we face do not distinguish between different Whitehall budgets and nor should we. I will guarantee a real increase in the Defence budget every year and, on top of that, create a joint security fund of £1.5 billion a year by the end of the Parliament. Defence and intelligence services will have to demonstrate they are delivering real efficiency. The strategic defence and security review will allocate the money in the most effective way. I am also protecting our overall counter-terrorism effort, and I reaffirm our international aid budget that saves lives and supports our values around the world.

I said that this was a Budget that delivered security to the people of Britain and I said we had to choose our priorities. Well, today, this Government makes this choice: committing to our armed forces who fight to keep us free; committing to the intelligence agencies who keep us safe; committing to the values we hold dear and defend around the world; and committing today to meet the NATO pledge to spend 2% of our national income on defence, not just this year but every year of this decade. We will ensure that this commitment is properly measured, because we know that while those commitments do not come cheap the alternatives are far more costly.

Let me turn to the final measure of the Budget, which speaks to the values of this Government. We have been clear that we want Britain to move from a low wage, high tax, high welfare economy to a higher wage, lower tax, lower welfare society. I have set out my plans to move us to lower welfare and lower taxes. That leaves us with the challenge of higher wages. It cannot be right that we go on asking taxpayers to subsidise, through the tax credit system, the businesses who pay the lowest wages. Subsidised low pay contributes to our productivity problem and Conservatives are against unfair subsidies wherever we find them.

In the past five years, we have taken the tough choices to drive down our borrowing, to make our business taxes competitive and to reform welfare. It is because we have taken these difficult decisions, and overcome the opposition to them, that Britain is able to afford a pay rise. Let me be clear: Britain deserves a pay rise and Britain is getting a pay rise. I am today introducing a new national living wage. We will set it to reach £9 an hour by 2020. The new national living wage will be compulsory. Working people aged 25 and over will receive it. It will start next April at the rate of £7.20. The Low Pay Commission will recommend future rises that achieve the Government's objective of reaching 60% of median earnings by 2020. *[Interruption.]*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Mr Buckland, you should know better. Don't get carried away—there's more to come! We've not quite finished yet.

**Mr Osborne:** Mr Deputy Speaker, let me repeat myself, because I do not think the Opposition heard it. Britain deserves a pay rise and Britain is getting a pay rise. I am today introducing a new national living wage. The Low Pay Commission will recommend future rises that achieve the Government's objective of reaching 60% of median earnings by 2020. That is the minimum level of pay recommended in the report to the Resolution Foundation by Sir George Bain, the man the last Labour Government appointed as the first chair of the Low Pay Commission.

Let me address the impact on business and employment. The Office for Budget Responsibility today says that the new national living wage will have, in their words, only a "fractional" effect on jobs. The OBR has assessed the economic conditions of the country and all the policies in the Budget. It says that by 2020 there will be 60,000 fewer jobs as a result of the national living wage, but almost 1 million more jobs in total. It also estimates that the cost to business will amount to just 1% of corporate profits. To offset that, I have cut corporation tax to 18%. To help small firms, I will go further now and cut their national insurance contributions. From 2016, our new employment allowance will now be increased by 50% to £3,000. That means a firm will be able to employ four people full time on the national living wage and pay no national insurance at all.

Let me be clear on what this means for the low paid in our country: two and a half million people will get a direct pay rise. Those currently on the minimum wage will see their pay rise by over a third this Parliament, a cash increase for a full-time worker of over £5,000. In total, it is expected that 6 million people will see their pay increase as a consequence. Taken together with all the welfare savings and the tax cuts in this Budget, it means that a typical family, where someone is working full time on the minimum wage, will be better off.

This is the first Conservative Budget for 18 years. It was the Conservatives who first protected working people in the mills. It was the Conservatives who took great steps towards state education. It was the Conservatives who introduced equal votes for women. It was the Conservatives who gave working people the right to buy. So, of course, it is now the Conservatives who are transforming welfare and introducing the national living wage. This is the party for the working people of Britain.

The Budget today puts security first: the economic security of a country that lives within its means; the financial security of lower taxes and a new national living wage; the national security of a Britain that defends itself and its values. A plan for working people. One purpose, one policy, one nation.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I now call upon the Chancellor of the Exchequer to move the motion entitled "Amendment of the Law". It is on this motion that the debate will take place today and on the succeeding days. The remaining motions will be put at the end of the Budget debate on 14 July.

## Budget Resolutions and Economic Situation

### AMENDMENT OF THE LAW

*Motion made, and Question proposed,*

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—(*Mr Osborne.*)

1.40 pm

**Ms Harriet Harman** (Camberwell and Peckham) (Lab): The Chancellor is said to be liberated without the ties of coalition holding him back, but what we have heard today suggests his rhetoric is liberated from reality. He calls it a Budget for working people. How can he make that claim while making working people worse off with—  
[*Interruption.*]

**Mr Deputy Speaker:** Order. If Members have not the courtesy to listen, I suggest a cup of tea in the Tea Room. I wanted to hear the Chancellor, and I certainly want to hear the Leader of the Opposition.

**Ms Harman:** The Chancellor is making working people worse off by cutting tax credits and scrapping grants for the poorest students. He says he has a long-term economic plan, but what kind of economic plan is it when they are ducking it on Heathrow? He talks about the northern powerhouse, yet he has pulled the plug on rail investment, and as for one nation Britain, how can he even stand and say those words when, while cutting tax credits for working people, he has not done enough to stop tax avoidance?

More than seven years after the financial crisis, five of which were under this Tory Chancellor, the country is still dealing with the consequences and the recovery is still fragile. Today's Budget documents show that growth has been revised down this year. Of course, however, tough decisions are needed to get the debt down, and had we been in government, we would have cut spending outside protected Departments and reduced the welfare bill, so there are measures in the Budget to which we will give serious consideration.

When in opposition, the temptation is to oppose everything the Government do—believe me, I feel that temptation—but we best serve this country by being a grown-up and constructive Opposition. We will fiercely oppose policies that hit working people and expose policies that are unworkable, but where the Government come forward with sensible ideas, we will be prepared to look at them. We will be a different kind of Opposition. In turn, I hope the Government will reflect on how they conduct themselves. The Chancellor is renowned for his political traps, games and tactics, but that is not what he

should be doing. Normally, it is the Government who govern, while the Opposition play politics, but the Government are playing politics with this Budget. It is less about economic strategy and more about political tactics designed by the Chancellor to help him move next door.

The most important thing for working people is sustainable jobs in productive firms in a competitive economy, and productivity is key to the virtuous circle of increasing investment, higher skills, successful businesses and rising wages—that is the route not just to raising living standards but to getting the deficit down—but when it comes to productivity, the Chancellor's record is poor. It is not as though people are not working hard, but the things that turn their work into high productivity—skills, investment and infrastructure—are not there for them, which is why the UK produces on average 30% less per hour than workers in Germany, France and the US and output per hour in this country is 17% below the average for the G7. That is the lowest we have been in the productivity league table since 1992. It is not enough just to publish a productivity plan later in the week; we have to do it.

Businesses are clear that infrastructure is vital to raising productivity. Whether roads, rail, airports, energy supplies, broadband or housing, a modern economy needs modern infrastructure, but the Chancellor has pulled the plug on the electrification of the railways and pulled the rug from under investment in renewable energy, and he has flunked it on airports; and people are weary of hearing the same old re-announcements on roads. They could resurface the A14 with the Treasury press releases about it—and no doubt there will be more.

To be one nation, we need every region to be productive, vibrant and powering ahead, not just some. The Chancellor has made much of his commitment to devolution, but we cannot build a productive economy on a political slogan. With last month's cancellation of railway electrification, the great northern powerhouse is starting to look like the great northern power cut. He should tell the House today that he will reinstate the electrification of the Manchester-Leeds trans-Pennine service. Will he do that? Or are there more excuses, such as, when it comes to the railways, perhaps we have the wrong sort of Government on the track. He should also tell the House today that he will end the delay on the electrification of the midland main line, or let us hear no more boasts about one nation.

Will the Chancellor undertake to consult on his announcement on Sunday trading? He needs to consult on this fully with the British Retail Consortium, the Federation of Small Businesses, the Association of Convenience Stores, the unions whose members work in these stores and councils. He talks about empowering local government in his devolution plan and he mentions future new city deals, but over the last five years, local government has taken a disproportionate hit from his spending cuts, particularly in the north and the areas that most need economic regeneration. The 10 most deprived areas had their spending cut by 12 times the amount of the 10 least deprived areas. Local government is key to regeneration. It drives growth throughout different parts of the country, raising productivity and, crucially, rebalancing our economy, but we cannot empower local government if we impoverish it.

A key part of modernising infrastructure is building homes, but we have the biggest housing crisis for a generation. Home ownership is falling; we are building only half the homes we need; and the cost of renting or buying is soaring out of reach, especially in London and the south-east. We want people to be able to own their own homes—we want as many people as possible to fulfil that aspiration—but any credible housing policy must ease, rather than deepen, the housing crisis and enable more people to own their own homes. Although it is right to help people pass on their homes to their children, more important than inheritance tax relief for homes worth millions is helping millions more people own their own homes.

What businesses wanted from the Budget was substantial measures to improve the skills of the workforce. The Chancellor made further announcements on that today, but what he has said in the past he has not delivered. The number of young people starting apprenticeships is stagnating, not going up, while new apprenticeships are skewed towards lower levels, and businesses are crying out for higher skills levels. Anyway, much of the Government's so-called apprenticeships programme is just a rebadging of existing in-work training. Businesses need to have the confidence to invest and they say they need longer-term certainty in the tax relief regime, but the Chancellor chops and changes tax reliefs, cutting them back one day so that he can boast about putting them up the next, and that is exactly what he has done again today.

With the higher productivity that we get from investment in infrastructure, people and industry, we get the sustainable jobs and rising wages that bring down the welfare bill. Indeed, one of the reasons why the national minimum wage was introduced by the Labour Government in the first place was to tackle the rising cost of in-work benefits. The Chancellor now claims that he wants a high-wage economy with lower welfare bills. Well, we all want that, but he is putting the cart before the horse. At the heart of his Budget is his announcement—heavily trailed in the press, but curiously not mentioned in the election campaign—to cut tax credits for working people. However, doing that without an across-the-board, effective plan for higher pay at the same time will make working people worse off. He is saying he will cut welfare, and wages will magically go up; we say get wages up first and the welfare bill will come down.

We heard the announcement about the national minimum wage and the living wage, but what—*[Interruption.]*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. There are too many conversations and too many comments being made. I want to hear the Leader of the Opposition; you should also want to hear the Leader of the Opposition.

**Ms Harman:** Clearly, what hon. Members do not understand and have not worked out yet is that, even with the higher national living wage that the Chancellor has announced, it will not be enough for a family to live on because of the cuts in tax credits. That is the actual situation.

When it comes to tax cuts, we support the rise in the higher rate threshold and in the personal allowance, but we will look at the detail to make sure the Chancellor is not up to his usual trick of giving with one hand and taking away with the other. When it comes to tax, the

burden of deficit reduction should be borne by those with the broadest shoulders. Instead, he has chosen to put the heaviest burden on low-paid working people. He is claiming to have found £12 billion in welfare cuts but is aiming to get only half that amount from tax avoidance, and most of that is from our tax avoidance policies.

On welfare, we back measures to get people into work to achieve full employment and thereby get the social security bill down, and in our manifesto we committed to a benefit cap. However, the Chancellor promised to protect the most vulnerable and disabled from his welfare cuts, and if he goes to break those promises, we will oppose him every step of the way.

The Chancellor has now accepted a slowdown in his original pace of cuts. We will look at the details, but we will want to be sure that all this amounts to is not just hitting working families one year later. We have said we support pay restraint in the public sector, but it should be based on a fair process that is not casually disregarded but is fair to those on lower incomes. In 2010, the Chancellor made that promise to the lowest-paid workers in the public sector, and he did not keep it.

On the NHS, people will take Conservative promises with a pinch of salt when they come from a Government who have cut funding for GP services, cancer services and mental health services.

The Chancellor has talked about the surplus, which no one would disagree with when economic circumstances allow. We will look at the detail of the Chancellor's proposed new fiscal rule, but simply legislating for it has more to do with politics than economics. Anyone can legislate for a surplus; the question is whether it can be delivered, and he has signally failed to keep his promises on that in the past.

The Chancellor claims that this is a Budget for working people, but it does not put working people first; it ducks the big decisions on infrastructure and fails to give businesses the productivity boost they need. In the light of the measures set out in the Budget, let us look at what the Office for Budget Responsibility says about productivity. It says that his Budget will not improve productivity. True to form, what this Chancellor says and what he does are two very different things. That is why it is down to us to ensure that when he says it is fair, it is fair, and that when he comes up with some new proposal, he consults in good faith to make sure it is workable.

Before the Chancellor makes more promises, he has to deliver on those he has already made. He says that he stands up for working people; what he does is make them worse off. He says he has a long-term economic plan; what he does is duck the big infrastructure projects. He talks one nation, but many of the measures announced today will make this country more divided. The hopes of millions of working people are more important than his hopes of being the future Tory leader. This Chancellor is personally ambitious, but when the economic recovery is still fragile, he should be ambitious not just for himself, but for the country.

1.55 pm

**Mr Andrew Tyrie (Chichester) (Con):** I would like to start by thanking the House of Commons—*[Interruption]*—or what is left of it, as three-quarters of the House goes to lunch, and quite right too—for being kind



[Mr Andrew Tyrie]

enough to put me back in my job. I would also like to welcome not only the three returning members of the Select Committee on the Treasury but the seven newly elected members. We will be meeting very soon to examine the Budget.

I congratulate the right hon. and learned Member for Camberwell and Peckham (Ms Harman) on her speech. It is an extremely difficult speech to make—probably for anyone to make in the House of Commons—immediately after a Budget that she has not seen. Of course, it is a Budget that I have not seen either. I note that in her speech she did not challenge the central Budget judgment—that is, to tackle the deficit. She did not say the deficit was being reduced at too great a speed. Of course, the Chancellor has announced that the Budget will be balanced in a couple of years, according to OBR forecasts. If the Chancellor succeeds, he will be delivering the pace of deficit reduction that Alistair Darling sought in his March 2010 Budget, so I do not think this was ever a great economic experiment. Like the decision in 1976 fundamentally to change monetary policy after the International Monetary Fund came in, this is something that both parties are beginning, slowly, to agree on.

**Caroline Lucas** (Brighton, Pavilion) (Green): I am grateful to the right hon. Gentleman for giving way, because there is a party here that does not agree with the consensus that appears to be building up. Today's Budget will go down as a pivotal moment in the dismantling of the welfare state, with the Government's own advisers saying that slashing the benefits cap will throw 40,000 more children into poverty. Can he say whether that is a price worth paying, when even the IMF has told the Government that low borrowing costs make austerity unnecessary, with the costs of paying down the deficit in this way outweighing the benefits?

**Mr Tyrie:** That was a very interesting short speech. The hon. Lady made some important points, which I will not have time to address, with almost all of which I profoundly disagree and with which—this is the point I was trying to make—I think a large proportion of the House now disagrees.

The new Committee has a heap of new things to look at as a result of this Budget: the Green Paper on pensions and savings, the £12 billion of cuts to the welfare bill, the living wage, the new fiscal target, the shake-up of Sunday trading laws, the inheritance tax threshold changes and the avoidance measures, among much else. We will do our very best to report back to the House on these issues, and as soon as we can.

The plain fact, which I think is widely—almost universally—accepted, is that the backdrop for this Budget is dramatically better than it was when the Chancellor stood up and the right hon. and learned Member for Camberwell and Peckham replied exactly five years ago. The Chancellor deserves a great deal of credit for having brought about that transformation in the country's economic fortunes.

I think, though, that it is worth mentioning a few risks in the economy. The first, which I consider very important and to which the Chancellor alluded, is the euro crisis and the Greek problem, which has the potential

to turn from a manageable challenge into a major catastrophe. Were Greece to default, the United Kingdom could not take for granted the relatively compressed bond yields that help to keep our debt service costs low. The second is the bursting of the stock market bubble in China. Thirdly, we shall have to adapt to the moment when interest rates start to rise, because it could prove a shock for those who have become too used to the idea that they can remain at an artificially low level.

That is without taking account of quantitative easing—£375 billion of it—which will have to be unwound. I want to put down a marker about QE, on behalf of Parliament. When it is unwound, it may make a profit or a loss, and that profit or loss will need to be examined by the House and the Treasury. It is a matter for us, and not exclusively for the Bank of England. Any losses that are borne by QE do not score against the Bank's balance sheet; they score against taxpayers. I think it extremely important for the House to be closely involved when big decisions are made about QE.

**Mark Garnier** (Wyre Forest) (Con): Does my right hon. Friend agree that one of the biggest vulnerabilities of the economy is household debt, which is currently greater than the national debt at slightly under £1.5 trillion?

**Mr Tyrie:** Yes. We have a long way to go before we can fully restore a savings culture in this country. The savings ratio is still unacceptably low, much lower than it has been historically. There is a great deal more to do, and I think that the pensions and savings reform Green Paper will have a role in that.

Since my hon. Friend has—indirectly—raised this issue, let me add that, during the last Parliament, the Treasury Committee briefly examined the question of whether pensions could be treated like individual savings accounts. The idea did not find much favour in the press at the time, but I personally think that it merits careful consideration.

**Helen Goodman** (Bishop Auckland) (Lab): Will the hon. Gentleman give way?

**Mr Tyrie:** I will give way to the hon. Lady, who is a new member of the Treasury Committee. I welcome her to her new job.

**Helen Goodman:** I am grateful to the Chair of the Committee.

If we want debt in the personal sector to fall, should we not bear in mind the fact that permanent budget surpluses in the Government sector will make that more difficult?

**Mr Tyrie:** That is an interesting theoretical point. In fact, it travels under a very fancy name, "Ricardian equivalence", and a heap of academic theory has been written about it. I greatly look forward to discussing it with the hon. Lady in the Treasury Committee, and I know that the other nine Committee members look forward to our exchanges as well.

The right hon. and learned Member for Camberwell and Peckham talked quite a bit about productivity. As the economy has begun to recover and growth has begun to return, people are saying that it is not the growth that they wanted. They are saying that it is in the wrong part



of the country, that it is going to the wrong people, or—as we are hearing now—that it is not accompanied by productivity. That has been true so far, but it is important to bear in mind a few points about productivity.

First, we are recovering from the worst recession in economic history. There has been a 6% fall in output. A shock on that scale is huge for the economy to absorb, so of course that means that the recovery will be uneven. What really lies behind the recovery is a massive reallocation of capital as well as labour, across regions, across the labour market and across sectors of the economy, so we might well expect productivity not to move in line with that in previous recessions.

Secondly, in any case, much of the growth in the run-up to the crisis was fuelled by over-leveraged banks lending to over-leveraged households. That was unsustainable. Comparing productivity levels with what they might have been had growth continued at the pre-crisis rate is therefore highly misleading, because it means imagining that the unsustainable productivity levels could have been sustained, and we know that they could not have been. The peak levels of productivity are probably a chimera.

Thirdly, we should bear in mind the fact that lower productivity reflects much more flexibility in the labour market than many people had feared. Most had thought that unemployment would be much higher than it has turned out to be, perhaps 3 million or even 3.5 million. If the labour market had been less flexible, we would have had higher unemployment. We would also have had higher productivity, but I do not think there are many takers for that in the House, particularly now that we know how important it is to secure labour market participation among the young, on social as well as economic grounds.

There are other developments in the labour market that might affect the productivity statistics. For instance, productivity has been held down by rising rates of workforce participation among older people. That is an intended, and welcome, consequence of the Government's pensions policy, and, to a degree, it represents the policy not only of the coalition Government, but of both Governments before that. So I think that, when all those factors are taken together, the productivity problem is not necessarily as serious as it initially appeared to be. However, I also think it important that the Chancellor's measures bring about a pick-up.

**Geraint Davies** (Swansea West) (Lab/Co-op): One would expect marginal productivity to fall, but the fact is that there are 800,000 fewer people earning more than £20,000 a year than there were five years ago, in 2010. Is that not why the Government have had to borrow more in five years than Labour did in 13? Productivity is a catastrophe.

**Mr Tyrie:** Responding to that would require me to do a bit of calculation on my feet, but I would guess that if it is part of the reason, it is only a very small part. Far more important has been the much higher level of overall labour participation. Millions of jobs are being created in the economy, which is a remarkable achievement.

**Mr Steve Baker** (Wycombe) (Con) *rose*—

**Mr Tyrie:** I give way to my hon. Friend, who is another member of the Treasury Committee.

**Mr Baker:** I am most grateful to my right hon. Friend. He may not have had a chance to look at the financing arithmetic, but I am happy to tell him that since April, the forecast for the total financing is down by £14 billion. Will he join me in welcoming that, and in congratulating the Government on their progress on precisely the issue that was raised by the hon. Member for Swansea West (Geraint Davies)?

**Mr Tyrie:** One of the advantages of not having to make a speech immediately after the Leader of the Opposition is that one does at least have a chance to read the Red Book beforehand. I am operating under something of a handicap. However, I look forward very much to reading it.

I shall make only a couple more points, in order not to detain the House for too long. One of them relates to the deficit. During the last Parliament, all economic and financial policy was overshadowed by the need to address that colossal deficit, but the economic and financial policy of this Parliament can and should be about much more, and we heard some of that from the Chancellor. It needs to be about nothing less than the economic revival of Britain in the 21st century. Taken together, this Budget, the forthcoming autumn statement, the spending review, and the Chancellor's second Budget in eight months' time will present the biggest opportunity for a generation to achieve that.

The Government have not made their job any easier by tying their hands on tax—as the Budget made clear—and on spending. Moreover, we have just been through an electoral bidding war, and a good deal of ground has been conceded—probably too much, in my view. Almost half of public expenditure is now ring-fenced by pledges to protect or increase spending on health, schools, foreign aid, pensions and child benefit, and that, of course, excludes the defence announcement that we have just heard. While it is understandable on political grounds, it could make economic management considerably more difficult in the years ahead. However, as I mentioned earlier, all sides now agree on the need for deficit reduction, although they disagree to some extent on how it can be accomplished. We heard a little about that from the right hon. and learned Member for Camberwell and Peckham.

Let me say a few words about taxable capacity. Some have suggested that taxes should be higher, rather than spending being cut, in order to keep the deficit reductions at broadly the same rate. It is important to realise, however, that it is not at all clear that by raising tax rates we necessarily get any more money; we might get less. It is salient that over the past 30 years, despite the best efforts of some Governments at times to collect a good deal more revenue, the UK's tax take has remained stubbornly between 32% and 35% of GDP.

There is a ceiling to how much can in practice be collected in tax, and my guess is that the UK is quite close to that ceiling now. That derives not only from the fact that it is difficult to get taxes from very wealthy individuals—something to which the Chancellor alluded. The fuel protests in 2000 were a timely reminder for the political classes and the bureaucrats who advise them of how difficult it can be to raise taxes. In any case, we live in an age of global tax arbitrage: countries are competing for a slice of an increasingly footloose tax base, particularly in corporate taxation. Along with a number of other

[Mr Tyrrie]

countries, we have launched an initiative to try to ensure that multinationals pay tax where their profits are earned, and that is a worthy ambition, but I wonder how much extra tax yield can be protected in this way. I note that the attempt to get the increase in yield from Swiss tax avoidance raised much less than was forecast at the time the Chancellor announced it.

**Catherine West** (Hornsey and Wood Green) (Lab): Does the right hon. Gentleman, as Chair of the Select Committee, feel that HMRC is fit for purpose?

**Mr Tyrrie:** Yes I do, and I think it is in better shape than it was. It is important to remember that HMRC is a much-maligned department. Have any of us ever met people who like taxmen and women? They are not the most popular bunch, and they are easy targets. They have certainly made their share of mistakes, but they are being asked to implement a difficult tax code, and they have been doing their best in very difficult circumstances.

Of course we need more supply-side reform: a simpler and less distortive tax system; deregulation; better regulation in some areas; simpler and less distortive taxes on energy; better education and transport systems; and more flexible labour markets. All these are necessary to release the energies of the British people and generate sustained improvements and growth in living standards.

The Chancellor's decision—although he did not announce it today—to keep the Office of Tax Simplification and put it on a statutory footing is welcome. Fundamental reform of the tax system is long overdue. It is a scandal that Britain has the longest tax code in the world. “Tolley's Tax Guide”, which seems to double in size every decade, now runs to 11,000 pages. With that length has come complexity. That is a massive burden on business. I draw that point to the attention of the hon. Member for Hornsey and Wood Green (Catherine West) who asked whether HMRC was fit for purpose.

The OTS recently published a list of 1,140 tax reliefs. A number of those could probably go. What is needed—and what has been needed in western economies, particularly ours, for decades—is fewer reliefs and lower taxes. We would be more likely to get the money in, there would be less scope for avoidance and the tax system would be less distortive of economic activity, and as a result the economy would grow more. This has not been done, however, because each relief has no doubt created its own, often vociferous, lobby group.

This is the first year of a Parliament, and it is in the first year of a Parliament that such special pleading can be faced down with intelligent tax reform. I hope we will see more of that in the next Budget in eight months' time, building on what has been announced today.

The Chancellor has the opportunity to do some remarkable things in this parliamentary term if he has some good fortune: to balance the books; to reform and simplify the tax system; to complete fundamental reform of banking and the financial system, which he already has under way; to reduce the size of the state at least to the average of the first three years of Gordon Brown's tenure as Chancellor; and above all to secure Britain's long-term competitiveness. If he seizes that opportunity,

it will be of enormous value to the country and his will come to be seen as one of the more remarkable tenures of any Chancellor of the Exchequer.

2.15 pm

**Stewart Hosie** (Dundee East) (SNP): May I start by making a couple of brief observations? First, the Chancellor got his tone completely wrong when he seemed to suggest that only right-wing politicians understand the value of leaving things for one's children. That was the wrong approach to take. Secondly, he got the tone wrong when he spoke about benefits paying for people's lifestyles. I think if someone is aspirational and is striving, and is struggling on unemployment benefit of one form or another trying hard to get a job and to get by, that is not a lifestyle choice. Their lifestyle choice is to work and they should not be denigrated by someone who has never been short of a bob or two.

**Teresa Pearce** (Erith and Thamesmead) (Lab): Will the hon. Gentleman give way?

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. There are to be no interventions on this speech as the hon. Member for Dundee East (Stewart Hosie) is the SNP Front-Bench spokesperson. May I also advise all Members that I will be aiming for about eight minutes for contributions after this speech?

**Stewart Hosie:** Thank you, Mr Deputy Speaker.

Also, the Chancellor promised at the election that he would introduce a tax lock to prohibit any increase in the main rates of income tax, national insurance and VAT and would legislate for that. He is not a stupid man, and I gently say to him that legislating to stop tax rises is just a gimmick and no one is going to buy it.

We welcome the living wage announcement. That is very sensible, but it is worth pointing out that the living wage that was announced is currently lower than the living wage in play in Scotland and in London, so I ask the Chancellor directly to guarantee that the balance between the living wage introduced today and the welfare changes will ensure that nobody in work is worse off. He can nod if he agrees.

The Chancellor said a number of things today about productivity. He repeated these sentiments from the Mansion House speech:

“We don't export enough; we don't train enough; we don't save enough; we don't invest enough; we don't manufacture enough; we certainly don't build enough, and far too much of the economic activity in our nation is concentrated here in the centre of London.”

We would agree with that; indeed, we would probably blame the Government for much of that. He went on to say in that speech, and again paraphrased this today:

“We will tackle each and every one of these weaknesses with the same determination we have brought to tackling the deficit”.

I hope the plans to tackle productivity are rather more successful than the plans to tackle the deficit and the debt and borrowing, where he failed to meet every single one of the targets he set for himself.

The Chancellor also restated the problems the economy faces today, and he is right to focus on the issue of productivity because, as has been said, the UK lags way behind the US, Germany, France and even Italy in GDP per hour worked. Even on a GDP per worker basis, it is

still uncompetitive, and, as I am sure he knows, the situation in Scotland is broadly similar—with, sadly, both countries sitting boldly near the top of the third quartile of productivity for advanced economies. We all know what could be done if we could increase total factor productivity by even a fraction of 1%.

While I welcome the fact that the Chancellor has identified productivity as the major challenge we face—as did the Chief Secretary in the debate on 17 June—there was little in this Budget actually to fix the problem. There should have been a laser-like focus on innovation, internationalisation and investment in infrastructure and skills, and a solid determination to promote inclusive growth so that no one gets left behind, but there was very little of that. For example, on innovation, although the last autumn statement increased the amount available for research and development tax credits, this Government actually reduced the qualifying expenditure, and there was nothing in today's statement or in the Red Book on R and D tax credits or any other mechanism to help encourage innovation.

On internationalisation—on exports—we heard warm words but no substance. We need to understand the scale of the problem we face: the deficit in the trade in goods last year was £121 billion; and the deficit on the total trade current account was a record £97.9 billion. We would have expected a series of specific measures in the Budget to tackle that challenge, not least because the contribution to GDP from net trade was forecast to be negative throughout the entire forecast period. As we have found from the Red Book today, it is now actually worse. We would have expected action on that as there are likely to be further obstacles, particularly in our trade to the EU, because of euro depreciation and the difficulties in Greece. But we heard nothing, not even about promoting exports to non-EU locations.

On investment, particularly in infrastructure—this is key—the Chancellor spoke about roads and hypothecating vehicle excise duty, but he did not repeat the claim previously made, not least by the Chief Secretary, that the Government would be investing £100 billion in infrastructure over this Parliament. I was intrigued, because the Red Book from March suggested more than £350 billion of capital investment—annually managed expenditure and departmental expenditure limit—across this Parliament. We have just checked whether that £100 billion figure previously used and ignored today was real, new money or camouflaged a cut. Lo and behold, total capital spend is down every single year in this Parliament. The rhetoric was fantastic and I enjoyed the performance, but the actuality is going to be pretty difficult when local bodies and Parliaments are taking decisions.

Finally, on the issue of inclusive growth, which is essential if we are to narrow the inequality gap and vital for stronger economic growth, how can this Government say with any credibility that they are tackling the issue of inequality, given the scale of welfare cuts proposed today? The cumulative impact on the welfare budget over the five years is approaching £50 billion. In essence, that is £50 billion from the poorest and most vulnerable in the country, and it simply adds to the burden on those already hit by changes to incapacity benefit, reductions to tax credits, the freeze on child benefit, the removal of disability living allowance and the overall benefit cap. Given that 2.3 million children are in poverty—if we

include housing costs the figure is 3.7 million—perhaps the Chancellor would have been better off listening to the children's commissioners across the UK when they said that families and children should be protected from the welfare cuts. Instead, he pressed on with the cuts to tax credits, which are damaging for millions throughout the UK and counterproductive to economic growth.

One would have thought that there might, by now, have been better recognition of the economic benefits of an equal society, but having forgone 9% or so of GDP growth between 1990 and 2010 because of rising inequality, it seems the UK Government are prepared to be irrational and counterproductive, and make precisely the same mistakes all over again. Until we can raise wages substantially by increasing investment, productivity, internationalisation and innovation, cutting tax credits simply cuts household income and increases in-work poverty.

Let me turn to the impact on Scotland. As our First Minister said in March, between 2009-10 and 2014-15, Scotland's overall budget fell by about 11% in real terms, with capital expenditure down by about 34%. That means Scotland's budget was cut by about £3.5 billion in real terms. The Chancellor said today that the cuts in this Parliament would be much the same, and so we expect, before we see the detailed numbers from the Chief Secretary, that the cuts to Scotland will be of the same quantum as we have seen over the past Parliament—yet more trouble lies ahead because of the indifference of this Chancellor.

Of course, the Chancellor has taken a number of small measures, and I agreed with some and felt he could have gone further on others. Let me deal briefly with the annual investment allowance. I very much welcome the fact that we no longer have a cliff-edge from £500,000 to £25,000, because we asked for that cliff-edge to be removed, but in the past eight years, with six rates, we have gone from £50,000 to £100,000 to £25,000 to £250,000 and to £500,000—a modest extension. The cliff-edge has now been stopped, and that is to be welcomed, but let us be clear that we are still talking about a decrease of £300,000 a year, and six rates in eight years ain't no way to run a tax system.

May I welcome the freeze on fuel duty levels, not least because in March, April and May there were rises in petrol and diesel prices? The prices in Scotland for both were the highest in the UK, and our prices have been above the average throughout that period. Surely today was the opportunity to put in place a proper fuel duty regulator to provide some certainty in the future. The Chancellor said little about energy today, but this was an opportunity at last to end the connectivity inequity of the £25 KW charge to connect to the grid in the north of Scotland compared with the £5.20 KW subsidy in London. Such a move would at least have counteracted some of the damage done by the ludicrous decision in the last few weeks to remove the onshore wind subsidies.

On tax evasion and avoidance, I welcome what the Chancellor said about finding £5 billion more and the action on offshore trusts, on removing some of the exemptions for foreign-controlled companies and on the non-doms, but would it not have been better to go a little further and to have moved more in the direction of Revenue Scotland, to base the general anti-avoidance principle more on "artificiality" rather than "abuse and artificiality"? Such an approach would make it easier to



[Stewart Hosie]

prove where an abuse is taking place simply by dint of the structure being artificial. May I also welcome the move on carry losses—tackling the so-called Mayfair loophole? He is taking action on that and it is long overdue. Let us hope it does bring in the £250 million to £750 million that the UK appears to be sacrificing each year.

Let me say something about the 40p tax threshold. We have made the point in the past that now nearly 5 million people pay that tax rate, which is far too many. I am pleased that the Chancellor has moved modestly today, although if he wants to reach his target of £50,000, he is going to have to move more substantially. I urge caution on that, because it would be wrong to increase that threshold too fast while the same scale of welfare cuts are taking place.

On the Royal Bank of Scotland, I wish to say one thing on the sell-off of the stock: the taxpayer must get their money back at the end—that is important.

On student grants to loans, I have a direct point to make: if the transfer of grants to loans sees a reduction in overall English education spending, we will pay a great deal of attention as to whether that has a knock-on consequence for Scottish funding. We would imagine that that would not be certified as an English vote for English-only Members, Mr Deputy Speaker.

At this Budget's heart was the change to the fiscal charter rules. We know that under the old rules of achieving the cyclically adjusted current balance by the end of the third year of the rolling, five-year forecast, with the supplementary target of having public sector net debt as a percentage of GDP falling, this Chancellor was preparing to cut more than he needed to run a balanced budget. He made the point today that deficit and debt are falling faster than he planned, and that is a good thing. He then went on to boast about running a £40 billion surplus. That implies substantially more cuts than he needs to make in order to run the economy in balance. We have said before that he had flexibility and he still has that, and we hope he will change his mind.

What we really heard today is a denial of the damage done in the last Parliament and a determination to repeat those mistakes, but this time with an ideological edge. It was less of a plan to boost productivity, which should have been at the heart of this Budget, and more a sermon from the high priest of an austerity cult—I was very careful there, Mr Deputy Speaker. This was not the Budget the country needed and it was not the Budget that those who have suffered most over the past five years should have had to endure. The Chancellor was right in one regard: it was a Conservative Budget, taking from the poor, giving to the rich. The Tories have done it again.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** We will now have a maiden speech. Victoria Atkins.

2.29 pm

**Victoria Atkins** (Louth and Horncastle) (Con): “To strive, to seek, to find and not to yield.” Those are wise words for a maiden speech and they sum up the first Conservative Budget since 1996. They are also the words of a former constituent, who was born and bred

in the village of Somersby. His name was Alfred Lord Tennyson, and I hope that I will live up to those values in this place.

Let me take Members to my constituency. It is beautiful. We go from the rolling hills of the Lincolnshire Wolds—yes, Lincolnshire has hills—across some of the richest agricultural land in the country, to the miles of sweeping sandy beaches where half a million people holiday each year. There is the fine local architecture, including St James's spire in Louth, which is celebrating its 500th anniversary this year.

This is the land of poetry, heroism and champions. Heroes include Sir John Franklin, who was a Spilsby resident and famous explorer. He travelled the world and perished when he was charting the Northwest Passage.

This part of the world also played a vital part in the second world war. The shadows of RAF bases, such as Binbrook, Manby and Strubby, surround us. The most famous of all is that of Woodhall Spa where Bomber Command was based and where, in 1943, the Lancasters flew on the Dambuster raids. I noted with interest during the Budget that the Chancellor was very generous to my hon. Friend the Member for Uxbridge and South Ruislip (Boris Johnson) with his Battle of Britain memorial. I will just mention that the Battle of Britain memorial flight flies from my constituency, so I shall be knocking on his door.

Today, the heroism continues, as fast jet pilots fly Typhoons from RAF Coningsby. They will be delighted at the Chancellor's announcement that he will meet the NATO commitment of a 2% defence budget, and I am sure that this House will join me in thanking them and their families for their service to our country.

I am often asked whether there are enough women Members in the House of Commons. The good people of Louth made up their minds some time ago, in 1921, when they elected Margaret Wintringham. Mrs Wintringham ran a different campaign from my own, for she took a vow of silence and said not a word on the campaign trail—a difference that several constituents were keen to point out to me during the election—but I did not take her lead. I will not take her lead, and I look forward to being a strong voice for Louth and Horncastle when the time comes.

That brings me to my predecessor, Sir Peter Tapsell. As former Father of the House, he was well used to addressing the serried ranks of these Benches. He was a Member of this House for 54 years, or 19,730 days for the economists among us. He fought 14 general elections and one by-election, served under 10 Prime Ministers and was perhaps the first special adviser in his role as speech writer to Sir Anthony Eden. He also saved the British economy at least once. During one of the sterling crises of the 1960s, the then Labour Chancellor, Jim Callaghan, asked Sir Peter for help. Sir Peter had a think, rang the Sultan of Brunei—as you do—and persuaded him to buy £500 million of gilts, and the next morning the pound was saved. For anyone wondering, Sir Peter has not given me the telephone number of the Sultan of Brunei—sadly.

There is another former Member to whom I must pay tribute and that is my father. He showed me how much good can be done in this place, and made his maiden speech in the Budget debate of a new Conservative Government as well.

This Budget will be welcomed by my constituents who know that a thriving economy pays for the things that we care about, such as schools, hospitals and defence. They believe that our country must live within its means, and, like the Chancellor, that it must be done fairly. In my previous life, I prosecuted serious organised crime, including tax frauds worth tens and hundreds of millions of pounds. I saw at first hand how fraud and tax evasion have both political and economic ramifications. In one case, the fraud was so large that it threatened to alter another country's GDP. I therefore welcome continuing efforts to ensure that everyone pays their fair share in tax.

Locally, I will work hard to help the rural and coastal economies in the constituency. There are challenges. The Louth and Horncastle constituency measures 531 square miles, yet there are only a few hundred metres of dual carriageway. It has 157 parishes, but no railway station. My constituency helps to feed the country, but there is fewer than one person per hectare. The small businesses that are the lifeblood of the local economy must not be put at a disadvantage simply because of the vast distances of the Lincolnshire countryside. My constituents are hard-working, resourceful and resilient. There are pockets of genuine deprivation, and my constituents need better roads, better broadband and the implementation of the long-term economic plan for Lincolnshire. They will particularly welcome the announcement regarding the national living wage, as the median salary in my constituency is £480 a week. That is an example of how this Budget and this Government will help my constituents.

Finally, there is one more constituent whom I must mention. Being the Queen's Champion is an honour held by the Dymoke family of Scrivelsby since 1377. For 450 years, the Champion, clad in full armour, rode into the coronation banquet in Westminster Hall where he threw down his gauntlet to any challengers to the Monarch. Mr Deputy Speaker—*[Interruption.]* Forgive me, Madam Deputy Speaker, I had not noticed you had taken the Chair. The people of Louth will not forgive me.

I throw down my gauntlet and promise my constituents that I will be their parliamentary champion in the years ahead.

2.38 pm

**John Healey** (Wentworth and Dearne) (Lab): It is a real pleasure to follow the very accomplished maiden speech of the hon. Member for Louth and Horncastle (Victoria Atkins). It was a little light, lyrical relief after the Chancellor's Budget statement. I am sure that the whole House wishes her well in following the many years of her predecessor and of her father in this House.

This was a Budget that was trailed by both the Prime Minister and the Chancellor last week as offering economic stability for the country and security for working people. Today, it was trumpeted by the Chancellor as a big Budget and a new settlement from a one nation Government. But this is a full fat Tory Government. They launch a frontal assault on the finances of many low income families. They change nothing of the structural weaknesses in the British economy. They deny the truth that weak growth has been the central problem of the past five years, and they disguise the fact that there are economic choices that could give us a different debate and a different direction for the future.

My right hon. and learned Friend, the Leader of the Opposition, said that there is always a temptation to oppose everything, and there is a lot to oppose in this Budget. Let me start by welcoming the action on the non-doms. Let me welcome the commitment fully to fund the Stevens plan for the NHS. Let me welcome the 2% commitment for defence spending; it matches what a Labour Government did in each and every one of our 13 years in power. Let me welcome also the new £9 national minimum wage for those over 25 in 2020, not least because I was on the National Minimum Wage Bill Committee and remember how hard it was fought and how strongly it was opposed by Conservative Members. I welcome their conversion to that cause.

The Chancellor likes to talk about growth figures for 2014. He did so again today in his statement. But one good year of growth does not absolve him from a poor economic record over his five years. Of all the G20 advanced countries in the world, only France, Italy and Japan have grown more slowly than the UK since 2010. The Chancellor has led the slowest economic recovery in Britain for over 100 years. Again, today, we saw the Office for Budget Responsibility revising down this year's growth forecasts and keeping next year's stable at a time when GDP per person is still lower than it was before the 2008 global banking crisis and recession hit, with most people still feeling their household finances getting worse, not better.

Why does that matter? Why is that our central problem? Weak growth means that there is less of our national income to go round, and productivity and wages are seriously depressed, which is why we have the worst and widest productivity gap in this country since 1992; the average earner is still £1,000 worse off in real terms than five years ago, and the minimum wage is worth less than it was in 2010. Weak growth means a more fragile economy—we are not saving enough, investing enough or exporting enough—which is why consumer debt is rising and we have the biggest balance of payments gap since records began in 1955.

**Chris Philp** (Croydon South) (Con): Growth in this country is currently running at 3%—the highest of any developed economy. That is hardly weak growth. Yes, it took time to recover from the mess the Labour Government left behind, but this economy is now roaring ahead.

**John Healey**: The OBR has today revised down the growth forecast for this year. It is not 3% but 2.4%. Over the five years—which is how we should judge the Chancellor, over his term—it has been one of the weakest growth rates in any of the major economies and the weakest recovery in over 100 years.

**Rob Marris** (Wolverhampton South West) (Lab): Does my right hon. Friend recall that in May 2010, when the Labour Government left office, the annualised growth rate was back to 1.8%, only a little below what we have now, and then it was wrecked by the incoming Chancellor sucking growth out of the economy?

**John Healey**: My hon. Friend is right. If the Chancellor had not choked off Labour's recovery, and the economy had carried on growing for five years at the rate at which it was growing under the last six months of the Labour Government, we would have had £100 billion of extra national income. That is a chunk of the national economy the size of Yorkshire taken out of what we produce as a country, with all the good jobs that go with it.

[John Healey]

Weak growth means a double blow for the debt and deficit, with lower tax receipts and higher borrowing, which is why the Chancellor failed to deal with the deficit during the last Parliament. This year, we learn from the Red Book, in the year he promised to have removed the deficit, it stands at £69.5 billion, with borrowing revised up over the Parliament ahead.

We know from the last Parliament that growth weakened as the coalition halved public investment in infrastructure, reduced Government investment in R and D, slashed vital capital investment in affordable homes and cut further education. What we have heard today risks reinforcing, not rectifying, those failings. Nothing that we have heard today will deal with the central growth challenge. Investment spending brings more benefit than just short-term economic stimulus. It is vital in the long run as a sure-fire way to lock in higher productivity and growth, which is imperative for good jobs for the future. Without investment in roads, in rail, in research, in science, in skills, in energy and in communications, we simply will not create and keep the well-paying jobs we need in Britain. Those are vital for the opportunities that our children will have tomorrow. When the Chancellor fails on public investment, he is failing our children's future. Just as his overall surplus rule would not work for a family looking for a mortgage to buy a home, a teenager looking to borrow to go to university or a business aiming to expand, it is counterproductive too for a country that needs to invest in its future.

The Chancellor is no fool. The problem is not his intellect; it is his ideology. In this open, global, competitive economy, to get strong, broad-based growth the state needs to play its part. Government can be a force for good, not just in distributing national income, but in creating it too. Public investment in the UK is lower than in the large majority of advanced economies—well below the OECD average and lower even than countries such as Estonia, Latvia and even Greece. At the same time, the cost of borrowing to invest is at a near-historic low, with the Government paying a yield of less than 2% on benchmark, or 10-year, gilts.

Business gets it. Business organisations are crying out for the Government to lead an investment and infrastructure revolution. But just as the Chancellor halved infrastructure investment over the last Parliament, we learned today that public sector net investment this year will be lower than last year, and it will be lower at the end of this Parliament than it was at the end of the last Parliament. Yet there are choices for the Chancellor; there are choices for the country. He could set strong but more balanced fiscal rules to govern the public finances, both to stamp out any deficit on current spending and to recognise that job-creating, growth-generating investment is vital.

Figures from the Institute for Fiscal Studies show that over the next five years the Government could double investment spending while freezing rather than cutting departmental spending in real terms, making no further cuts to tax credits or social security payments, and raising no taxes, yet still eliminate the current budget deficit and have debt falling by the end of the Parliament. We should be debating that sort of reasonable settlement today, but this Budget, this Chancellor and this Government are denying the public that debate and those alternatives.

**Paul Farrelly** (Newcastle-under-Lyme) (Lab): Perhaps I can anticipate something that my right hon. Friend will not welcome in this Budget. Does he agree that, be it in south Yorkshire or north Staffordshire, if one member of a family with children is earning £25,000 and their partner is earning, part-time, £6,000, £7,000 or £8,000, that family is not rich, and if they are living in affordable housing the incentive is for one partner to reduce their hours or even give up work entirely? Does he agree that it is not right—it is an insult—for the Chancellor to say that their rents are being subsidised by other working people?

**John Healey:** My hon. Friend is absolutely right and anticipates my point. What he says signals serious trouble for many people resulting from this Budget.

Just as there are alternatives at the macro level, there are alternatives at the policy level. The Chancellor wants £12 billion in social security cuts. It is the Tories' choice to hit working and low-income families, when the Chancellor could have cut back even further on the tax reliefs for buy-to-let landlords, which at present cost the taxpayer about £11 billion a year. He could have chosen not to sell the public's interest in RBS while it still means a £13 billion loss to the taxpayer. The Budget promises pain for many people who can do little to deal with the financial shortfall they will suffer. They are trapped by low wages and high rents. Many are only just coping now, and this is a Budget that will strike fear and desperation into their lives.

I got an email yesterday from Mrs Smith—let us call her Mrs Smith—of Rawmarsh. She says that she is “very worried” about the cuts to tax credits going ahead:

“I struggle as it is. I'm married with three children. I work long hours, and don't see my family much as it is. I can't afford to do my nursing as I can't cut my hours down. I haven't even taken my children on holiday in eight years”.

This welfare policy fails the head test as well as the heart test. Many of the cuts will punish poor families but not bring down the benefits bill because the Government are not getting to grips with the root causes of those welfare costs. We need a long-term plan now to control housing benefit costs, and we need to switch public spending from paying benefits to building homes on a big scale. In that way, we can build more affordable homes and make the Exchequer a profit in the long term through lower housing benefit bills.

This is a Budget with no compassion and little credibility, a Budget that risks repeating many of the mistakes of the last five years. Over the next five years, it will be our Labour task to prove that there is an alternative, not just as a protest, but as a programme for a different Labour Government from 2020.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Natascha Engel):** Order. Before I call the next speaker, it has been pointed out that a vast number of people are trying to get in to this important debate. I do not want to impose a time limit, but if Members can keep to eight minutes and make very few and very short interventions, I think we can get everybody in. With that in mind, I call John Redwood.



2.50 pm

**John Redwood** (Wokingham) (Con): I remind the House of my entry in the Register of Members' Financial Interests, which reveals that I am an investment and business adviser to a couple of companies.

I congratulate my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) on her excellent maiden speech, in which she gave us a very good portrait of her constituency. I have noted the need to beware of her arrival when she is in her armour; if she throws her gauntlet around, I think that I will be looking the other way. She will clearly be a champion for her area.

I welcome the emphasis on prosperity in the Budget. I want a party and a Government who drive more prosperity for everyone in our country, and I want that to benefit people on all income levels. I especially want to see more people get into work and find other routes out of low incomes and poverty. The Chancellor is right to say that Britain deserves a pay rise and that we need to reinforce that pay rise as people get it, or reinforce their success in getting into a job and getting a pay packet, with tax cuts. I want tax cuts for all, and I am glad that my right hon. Friend has made a start on the promises made in our Conservative manifesto.

It is crucial that, as the Chancellor goes about the task of getting rid of unemployment and poverty through supportive policies, people are better off. What I want to do when we get to the detail of the welfare cuts is to see what the impact is, because we need to look at the overall impact. If people are going from unemployment to work, staying in work, getting a pay rise or getting a tax cut, those are all positive things that will make them better off, and we need to make sure that they are not completely offset or badly damaged by the welfare changes he is making. I look forward to those more detailed debates.

The overall picture in the Budget is quite different from the picture of the next five years set out in the outgoing coalition Government Budget. There is nothing surprising about that. We now have the opportunity to think the strategy through, based on the success in getting the recovery this far in the last Parliament, and learning from the coalition's experience of the difficulties of getting that recovery up to speed and getting productivity to come through as we would like. The Chancellor is right to make adjustments. People need to work smarter to be paid better. We need a pay rise but we have to earn it, and that is the purpose behind many of the measures.

The expenditure proposals in the March Budget were quite tight in the middle years of this Parliament, and the Chancellor seems to have reached that conclusion as well, because the Red Book sets out some quite big spending increases for those middle years. Current spend in 2016-17 will be £15 billion higher than the March forecast, and the 2017-18 current spend will be £25 billion higher. I think that will make things a bit easier. At the time of the March Budget, there was quite a lot of criticism that the numbers were tight, and the changes give us more scope. We have seen some of the benefit already in the defence statement, but there will be other benefits. We have rather more latitude.

By the end of this Parliament, on the plans set out today, we will be spending £69 billion a year more than we were in the last year of the last Parliament. No doubt, there will be arguments about whether or not

that is a real cut. We had those arguments in the last Parliament, when there was a similar rise in spending. I argued that there would be no overall real cuts and was told I was wrong, but the subsequent figures showed that that is broadly what happened: we avoided overall real cuts, but within that, because health, education, the European Union contributions and overseas aid were priorities, some areas suffered, to balance the figures.

The way the deficit comes down is not through spending cuts, of course; it is through a large increase in tax revenues from a more prosperous and faster growing economy. The figures state that tax revenues will be £168 billion a year higher in the last year of this Parliament than in the last year of the coalition. I would have thought that that is a tax rise to suit all socialists. It is a large increase in taxation, but I am pleased that it will come not by raising the rates—indeed, if we raised rates, we would probably collect less money in many cases—but by growing the economy and by people being better off and so able to afford the taxes. By the end of the Parliament, tax revenues will be some £10 billion a year higher than was forecast as recently as March. That shows the improvement in prospects.

**Mr Iain Wright** (Hartlepool) (Lab): Has the right hon. Gentleman seen the OBR report, accompanying the Red Book, which states:

“We have revised borrowing up in 2016-17 and more significantly in 2017-18, while the surplus of £5.2 billion in 2018-19 that we forecast in March is now expected to be a deficit of £6.4 billion.”  
Is he comfortable with that?

**John Redwood:** I am perfectly comfortable with that. It is the direct result of easing the squeeze on spending to which various people objected in the past. The figures show the deficit coming down and being eliminated over the course of this Parliament, which is exactly what ought to be done. I wonder whether the hon. Gentleman's new enthusiasm for that is personal, or whether it is just to tease me, but if it is personal enthusiasm, it is welcome to hear that the Labour party would now like to go faster in deficit reduction in the middle years of this Parliament than will happen under these proposals.

The economic background to the official forecasts shows that the growth figures are still pretty good and we have had a welcome upward revision to figures for the immediate past. We also see a welcome upward revision to the number of people in employment, which is fundamental to the whole strategy. There has been a modest deterioration in the balance of payments, which shows that there is more work to be done. The productivity work will link into that to make us more competitive. We have to earn our living, so we need more competitive products. All that growth and improved revenue is taking place despite higher interest rates—the forecast assumes a modest increase in interest rates compared with past forecasts.

On productivity—working smarter and working better—I welcome the scheme that the Chancellor outlined today. It will mean better roads and spending money on railways more wisely to get extra capacity in the parts of the system where we need it and increased efficiency. There will have to be a lot of work on energy, because we will need cheaper and more energy: as the march of the makers begins and the northern powerhouse cranks

[John Redwood]

up, more electricity and more gas will be required. I hope that we will find cheaper ways to produce them than we have under the policies followed in recent years. It is important that we price people back into energy-intensive markets, rather than export all our energy-intensive business to other countries. It is no great win for those who want to cut carbon dioxide emissions if it is poured out of a factory in China rather than one in the United Kingdom. We need to be conscious of the need to be competitive in our energy generation.

We will need more on broadband, and clearly much more on housing, as many people have mentioned recently. I look forward to an investment-led recovery, with much more private sector investment coming in. We need to pay special attention to cheaper energy and to fix the railways, where we are spending too much and getting too little. It is not just a question of big investment programmes; it is a question of managing them better. Above all, we need to make sure that, as we implement the welfare reforms, everyone is better off and gets the benefits of tax cuts and higher wages.

2.59 pm

**Mr Khalid Mahmood** (Birmingham, Perry Barr) (Lab): Like the right hon. Member for Wokingham (John Redwood), I congratulate the hon. Member for Louth and Horncastle (Victoria Atkins) on her maiden speech. She replaces the former Father of the House, who held the attention of the House whenever he spoke. I am sure she will follow in his footsteps and do that, too.

Presenting the Budget today, the Chancellor was smug, self-confident and arrogant. He told us that we were the fastest-growing economy in the world, then proceeded to tell us that we would be on a downward trend for the next year and the year after. That needs to be looked at carefully. He spoke about cutting the deficit. We were told before the 2010 election that this Government and this Chancellor would eliminate the deficit completely by this year, but he has not been able to do so. He says now that he will reduce it by 2020. He reminds me of a good councillor friend of mine, Councillor Barbara Dring, who says that such promises are like pie crust—meant to be broken. The Chancellor has been good at doing that.

The Chancellor spoke about the nation's finances, but in his speech today, he did not recognise the one serious issue affecting us all—the elephant in the room: the current situation in Greece and what effect the next couple of days of negotiation will have. Negotiations have been going on for a long time and there is no way forward. It would have been right for the Chancellor to tell the people today what his response to that would be.

**John Redwood:** The Chancellor came to the House this week to make a statement on just that and was very clear. The good news from Britain's point of view is that Greece is a very small part of the European economy and we are not very linked to it.

**Mr Mahmood:** I agree, but if the right hon. Gentleman is saying that there will be no effect on our financial institutions or on us as a nation, the people to whom he gives financial advice should have another look at that.

The Chancellor spoke about the wage freeze in the public sector for at least another four years. This is a real-terms reduction for those very important people who work in our services, particularly people in the national health service, and above all nurses. I have an interest to declare. Over the past four or five years, because of my personal health issues, they were at my service, supporting me through a very difficult time. When I was discharged, the duty nurse that day had worked for almost 11 hours, which she was not contracted to do, so that she could sort out the backlog that existed. For the Chancellor to keep those people at a 1% pay increase while he boasts about other things is a shame.

On apprenticeships and the proposed levy on large employers, if the Chancellor comes to my constituency, I will show him a brand-new centre set up by the Engineering Employers Federation, which I was fortunate enough to open. It has more than 330 full-time first-year students from members of the EEF in the west midlands, who are being properly trained. The issues relating to apprenticeships concern not only how we work with and support larger manufacturers, but how we deal with the smaller manufacturers—the people who have the skills. I know of a small company that is a world leader in submarine valves. It is a fantastic company, but it has had a huge problem trying to take new people on. It has had to keep people on past their retirement, so that they can hand down their skills to younger people. It does excellent work with Birmingham University. It is important for us to have that perspective when we talk about apprentices.

When we talk about apprenticeships in the engineering sector, the question is how companies afford the equipment that goes with that—lathes, millers, computer-controlled lathes and millers, and welding equipment, all of which is extremely costly. The EEF centre has obtained such equipment at huge cost because apprentices must be trained to use it if they are to be employed in the industry. We have had huge success with Jaguar Land Rover in Birmingham and the west midlands, but for us to supply the skills it needs, the Government must look at how we can support people who want to go back to real first-class engineering, which is what we should be engaged in.

The Chancellor has made a 40% cut in funding to adult colleges. We want people post-19 to be able to get apprenticeships, but colleges are having great difficulty operating with such a funding cut. The cut affects not just the post-19 age group, but the 16-to-19 group, because most specialist courses are run for both cohorts working together to provide a critical mass. Cutting the 19-plus funding affects 16 to 19-year-olds as well. Our colleges are at their wits' end trying to meet those needs.

The Chancellor has made huge cuts to English for speakers of other languages provision. We have many people with the necessary skills, apart from spoken and written English. The more he cuts that provision, the more those people will stay on benefits, rather than working their way off benefits. Most of my colleges are proud to be working on giving people proper skills, but if the cuts continue, it will be difficult for them to do that.

The Chancellor announced that student grants are to be turned into loans. People in my constituency will be put off by more loans being imposed on them. What repayment do we get from those loans? It is all very well

making such announcements, but the Chancellor has already had to sell the loan book to his friends. They bought it for a pittance before trying to recover some of the money owed. If a project is not working, we try to do something about it. That does not mean adding more to the loan book and selling it off to our friends, getting a better deal for them rather than for the people who need it and the universities.

A university in my constituency, Birmingham City University, decided unilaterally to move out of the constituency and seek a central location. We had a huge facility for the university, and we have had it for a long time. My predecessor, now Lord Rooker, formerly Jeff Rooker, attended that university, as did I, in engineering. *[Interruption.]* My hon. Friend the Member for Wolverhampton South West (Rob Marris) was also there. It is clearly a great seat of learning, as all these people were able to attend it. The chancellor unilaterally decided to up sticks and move to a different location at huge cost.

The changes to family tax credits will have a huge effect on my constituency and on people trying to make some sort of living by working. This Chancellor has succeeded in doing what his guru might have aspired to do. She took milk from the mouths of children. He has managed to take breakfast, lunch and dinner from the mouths of families and drive them to food banks. This is a Budget for a divided nation. It has given more to those who have more and taken from those who have less. It is a deplorable Budget, and I urge all fair-minded Members to vote against it.

3.9 pm

**Mr Jacob Rees-Mogg** (North East Somerset) (Con): It is interesting to follow the hon. Member for Birmingham, Perry Barr (Mr Mahmood). I enjoyed most of his speech, other than the peroration, with which I disagreed fundamentally.

Madam Deputy Speaker, it is a real pleasure to welcome you to the Chair. This is the first time I have spoken while you are in the Chair since your election to the deputy speakership. I know that the whole House is thrilled to see somebody who chaired the Backbench Business Committee with such distinction taking over as one of the Deputy Speakers.

I congratulate my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) on her maiden speech. I hope that she will encourage the Queen's Champion to return for a coronation banquet in Westminster Hall, which we had until the reign of George IV, but which were abandoned because they became too raucous. It is lucky that proceedings in this House are not abandoned when behaviour becomes too raucous.

I congratulate the Chancellor on his Budget. Turning to the Red Book, I want to start with something that will be particularly welcome in Somerset: the small cider exemption. That will allow producers to continue to provide 1,500 gallons of cider a year without coming under the auspices of the tax authorities. Our friends in Europe are having a go at the good people of Somerset and trying to tax that small quantity of cider, so I am reassured and relieved that the Chancellor has the best interests of my fellow county-men at heart.

The key to this Budget, I think, are the changes in corporation tax and the approach to make companies more competitive, which will give them the opportunity

to pay people more and help get them out of the trap of welfare. That moral imperative underlies the whole tone of the Budget, making it not only economically prudent but morally right. That is quite a strong claim to be able to make for a Budget, because economics and morality do not invariably mix.

If we look at what is happening on the corporate side, we see that the Chancellor made the very important decision two or three years ago that examining corporation tax changes would be done on a dynamic basis. That meant that the increase in revenue, and in employment, that would result from reducing rates could be taken into account, in contrast to the historically flat approach taken by the Treasury, which assumed that other things would remain broadly equal—the *ceteris paribus* of economists, which always tends to be neither *ceteris* nor *paribus*. That approach has allowed him to reduce corporation tax, which has led to a much stronger underlying economic performance.

However, the *quid pro quo* that the Budget is asking for is that some of that extra profit should be devoted to increasing the wages of some of the poorest people in society. That is the moral underpinning of what the Chancellor is doing. Even better, people who then work will keep the fruits of their labour. Therefore, raising thresholds is a fundamentally good thing to do.

My noble Friend Lord Saatchi, along with another friend of mine, Peter Warburton, produced a book for the Centre for Policy Studies 10 or 15 years ago, in which they argued, "Stop poor people paying taxes." It is idiotic to make people pay high levels of tax and then feed them back their own money through the benefits system. The more we can stop that, the more efficient the economic system will be. These corporate changes are crucial. They will help to grow the economy, boost employment and take poor people out of poverty and into solid earning work, where they will not pay tax until they are prosperous.

I think that there is more to do. I hope that the Treasury will examine national insurance further. Raising the threshold from £2,000 to £3,000 is certainly welcome, but national insurance still clicks in at much too low a level. In order to continue the process of ensuring that work pays and that people can keep the fruits of their labour, national insurance is the next challenge. Income tax will be done by the end of this Parliament, but the question of national insurance is still there.

In that context, what the Chancellor is doing about banks is very much to be welcomed. It was quite right that banks were punished, post-2008, for their manifold sins. That had to be done; the revenue was needed and society wanted to show its disapproval of the way in which some banks had behaved. But that has to come to an end eventually. We need a banking industry that is there to help businesses and individuals to prosper. Bringing down the bank levy and focusing it on UK assets will begin to do that, although whether the extra bit of corporation tax will ultimately prove necessary is another matter. Removing from the banks their pariah status is something we need to do eventually, but without forgiving them for all the flaws that they put upon themselves in the past.

Then there is the issue of welfare, which ties in with all this. The proposals will allow people on welfare to have a better chance of getting employment and being paid more, but with some benefits being reduced. Again,



[Mr Jacob Rees-Mogg]

I think that is the right thing to do and the fair thing to do. The reason it is fair is that people who are in work ought to be better off than those who are dependent on out-of-work benefits. It is absolutely proper to defend the elderly and the disabled, because in a civilised society they deserve support, but those who can work ought to be given every financial incentive to do so. That is fair on those paying the taxes that pay for the benefits. The move to ensure that work always pays, and pays more, and that the lifestyle of those in work will be better than those who are not in work, is a good and moral imperative. With those underpinnings, and with economic sense and proper justification for fairness and good, I commend the Budget to the House.

3.16 pm

**Philip Boswell** (Coatbridge, Chryston and Bellshill) (SNP): It is an honour to follow the hon. Member for North East Somerset (Mr Rees-Mogg). I wonder whether he attended any of the banquets he spoke of with previous champions.

Just a few weeks into this parliamentary term, I had the pleasure of discussing with a right hon. Member of the Conservative party how the Scottish National party Members were being received by other Members of the House. He advised somewhat humorously, “Labour loathe you.” Naturally, I went on to inquire how his Conservative colleagues felt. With a wry smile he said, “We loathe you less.” I therefore take this opportunity to commend my SNP colleagues for a most auspicious start to our collective parliamentary careers.

On a more serious note, I hope the message that SNP Members have sent—that we are here to work constructively and positively with any progressive Member of this House for the betterment of all within these islands—is being received. Although we work first and foremost for our constituents, we are also aware that the social democracy practised in Scotland would be of great benefit to the majority of the people of England, Northern Ireland and Wales, and we actively seek to create an effective and cohesive opposition along those lines.

I am honoured to have been elected to represent the people of Coatbridge, Chryston and Bellshill. It is a burgh constituency, and although many have claimed theirs to be the most beautiful in the land, and although we have no shortage of beauty spots, such as Drumpellier country park and the under-siege Douglas glen, I cannot make that claim for my constituency, given the decades of neglect that our once heavily industrialised heartland has suffered. Rather, what we most value is our people. Our people are resilient, honest and resourceful, although far too many of us have had no choice but to leave to find work elsewhere in these lands. It has been that way for decades, and we deserve better.

I am happy to inform the House that my predecessor is well. Having dined with him only last week, I will pass on the message that he sends his

“warmest regards to all Members of both Houses of Parliament past and present”.

That is from Tom Clarke, and it is befitting of a gentleman, as I am sure all Members agree. I am sure that they will all join me in wishing Tom all the very best in whatever future endeavours he takes up.

In voting so emphatically for the SNP, Scotland has voted for anti-austerity; free education; an NHS protected from privatisation; balanced books—something you ought to try down here one of these years—an anti-nuclear stance; and an inclusive, tolerant society that has social and economic justice at its heart, instead of the right-wing neo-liberalism we see from the two main establishment parties of this House. This failure is serious, harsh and oft-times leads to absolute despair. With the additional cuts announced today, I fear for the wellbeing for many of my constituents and those of many other Members. Dark times are indeed ahead, especially as these cuts will see the further decimation of an already overstretched and struggling social security system.

That darkness can often lead to the loss of all hope and ultimately to something much more sinister, suicide. It came as a real, hard shock to me to learn that suicide is the biggest cause of death in Scotland for people aged 14 to 35, with three times as many young men taking their own lives as women, usually by very violent means. When we on the SNP Benches plead with the Government to stay the hand that cuts, it is not just because it does not work and never has; it is also to protect those who will suffer most, the vulnerable in our society. How terrible that suffering is when a loved one is so stretched that they are driven to take their own life. Thankfully, there are good folk around, particularly one Anne Rowan who has set up Chris’s House in my home constituency town of Coatbridge. Chris stands for the Centre for Help Respite Intervention Surrounding Suicide, and Chris’s House is a 24-hour service dedicated to engaging with people in distress, the first to be set up in Scotland, so that there will always be hope. It is a new charity I am proud and humble to be patron of.

What of hope? What is the difference between aspiration and hope? I hear many in these Chambers use the words “aspiration” and “aspirational”. When we compare the modern definitions, the none too subtle difference is clear. Aspirational means:

“Having or characterised by aspirations to achieve social prestige and material success”,

versus hope, which means:

“Grounds for believing that something good may happen.”

People have hope for the future not just for themselves but for others. In Scotland, although we are not without aspiration, it is with hope that we look to the future for all those who live and work in Scotland. We, the 56, have been sent south with a unique mandate to do our best by those who believe more in hope for all than in material aspiration exclusively for the few.

What we now see in Scotland is a people awakened to politics. Glib soundbites no longer cut it, as all the establishment parties should now realise. The now infamous promise of home rule, near-federalism and devo to the max was pivotal in giving this House one more chance to give Scotland the powers it voted for and to get it right. Perhaps it is presumptuous of me to believe that this House understands Scotland and its people. Of course, we ourselves have been wrestling with the idea of the Caledonian antiszygy since the early 1900s. This very Scottish dichotomy needs at least to be considered, if not fully understood, if Members want to understand what we, the people of Scotland, are, what we believe in and what we voted for.

A few weeks ago, the Secretary of State for Scotland—I see he is no longer in his place—stated that there was “no empirical evidence” that the now infamous vow affected the vote in the Scottish referendum last year. I direct him to Lord Ashcroft’s exit poll on the question about the “most important reasons” for voting no by percentage of no voters, which shows that 25% of no voters—14% of the electorate—stated that the main reason was:

“A NO vote would still mean extra powers for the Scottish Parliament together with the security of remaining part of the UK, giving the best of both worlds”.

I am, of course, happy to furnish the Secretary of State with this empirical evidence that was so hard to find.

This darkness of cuts and social deprivation can be found mostly in the lives of the poor souls affected but also in the soulless lives of those who would impose such evils on the most vulnerable in our society. Where is the empathy? What matters—materialism or people? Members of this House would be wise to take heed of the words of Scotland’s national bard and to understand that people come before profit. After all:

“The rank is but the guinea’s stamp

The man’s the gowd for a’ that”.

That is something that we would all do well to remember in both Houses of this Parliament. Slàinte, Madam Deputy Speaker.

3.24 pm

**Mr Henry Bellingham** (North West Norfolk) (Con): I, too, welcome you to the Chair, Madam Deputy Speaker. I congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on a superb maiden speech. To secure a swing of just under 40% over a well-established incumbent was a remarkable achievement and I am sure that he will make a superb representative of that constituency.

I also pay tribute to my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) for her maiden speech. She will also be an impressive Member of this Chamber. She took over from a near neighbour of mine, Sir Peter Tapsell, who was a terrific Father of the House and someone with whom I worked closely on local issues. I remember on one occasion we were dealing with local hospitals, and at the end of a meeting of local MPs I said to him that I would probably do a press release and speak to Radio Norfolk. I said, “Sir Peter, are you going to talk to Radio Lincolnshire?” He said, “Don’t be so ridiculous. I’ve never spoken to local radio in my life and I do not plan to start now.” I believe that the new Member for that constituency will probably take a more modern view of the media.

This Budget will help secure our ongoing recovery and prosperity. It will also be pivotal in getting our finances on to a more sustainable footing. As far as the welfare reforms are concerned, I thought that the Chancellor of the Exchequer made a telling point when he explained to the House that we have 1% of the world’s population, 4% of its GDP but 7% of the world’s welfare. I absolutely believe that he was right to home in on the tax credit regime, which I believe has reached a point at which it lacks credibility in any way, shape or form, particularly as far as child tax credits are concerned. They have no work requirement at all and in fact make work less attractive. The maximum amount received is received

by those who do not work at all, so action had to be taken. Furthermore, tax credits overall impose ridiculously high marginal tax rates on recipients who earn more and have their credits withdrawn. We want a system that encourages people to go to work, rather than the reverse.

We will have to do a lot of work to explain the case, but if we weigh the changes to the welfare system and the reductions in the welfare budget against the extra measures to get people into work, the help that we will give people who are already in work, such as the new national minimum wage, which I welcome, the reduction in corporation tax, the new tax threshold and the measures to help small businesses, as well as the tax evasion measures announced by the Chancellor, we can explain that these were essential changes in the interests of Britain’s maintaining its growth and prosperity. Above all, they will help those people who are in work and encourage more people to get into work, providing a big incentive at a time when jobs are becoming ever more available.

On tax more generally, I certainly welcome the changes to corporation tax and I greatly welcome the increase in the basic tax threshold and the target of £12,500, as well as the increase in the 40% threshold. That is incredibly important, but we cannot be in any way complacent about taxes. If we look at higher rates of tax elsewhere in the world, we will see that this country’s top rate of 45% does not compare favourably with the global average of 31%. It is 41.6% across the OECD, 31.8% across Europe and 37% across the European Union, and in the US it is 39%, so we compare very unfavourably with all those countries. In fact, the only countries in the world with a higher high tax rate than us are the Nordics, a few small economies such as Austria and Belgium, and a few unknown economies such as Aruba and Saint Martin, with great respect to the Dutch and the French. I say to the Exchequer Secretary that more work needs to be done as we get the economy under control, as growth progresses and, above all else, as we start to live within our means. We must look at the competitive position of Britain, and our high rate tax is a very important part of that.

I certainly welcome what the Chancellor had to say about trying to make tax more simple. Indeed, my right hon. Friend the Member for Chichester (Mr Tyrie) has pointed out that Tolley’s tax guide is, for the first time in a long time, going to get slightly smaller after this Budget than it has after previous Budgets.

The Chancellor referred to Britain’s productivity challenges, and many people have described our productivity puzzle. It is staggering that on average the UK produces 30% per hour less than workers in Germany, the US and France. The key to that is to look not only at those areas that the Chancellor has made clear that the Government are looking at, including education, skills and training, but at technology and research and development.

In what was an excellent speech until its last few minutes, the SNP’s economic affairs spokesman, the hon. Member for Dundee East (Stewart Hosie), referred to some of the changes needed to sort out the productivity puzzle, one of which relates to technology. As a nation, we must spend more on technology and R and D. In Germany, there are 1,034 R and D staff for every 100,000 people. In this country the figure is 800. We need to be

[Mr Henry Bellingham]

aware of that and do more. Perhaps we should look again at the R and D credits referred to by the hon. Gentleman.

Infrastructure is another key part of increasing our productivity. I welcome what the Chancellor said about infrastructure spending, particularly his commitment to maintaining expenditure on trunk roads. The reform of vehicle excise duty and the launch of a new roads fund will help guarantee that. I say to the Exchequer Secretary that in East Anglia we are really keen for the dualling of the A47 to be brought forward, and for the different programmes and schemes on that essential east-west trunk road to be given maximum priority.

On exports and trade, we are a great mercantile nation and we have always taken a lead in opening up new markets in the world. In fact, we were the first country to liberalise our own trade. Of course, in the 18th and 19th centuries we not only liberalised our own trade, but sent the Royal Navy to force others to do the same, even if they did not want to co-operate. It is absolutely essential that we do more to liberalise world trade.

In our renegotiations with the EU we should be not just asking what more the EU can do for Britain in terms of the repatriation of various competences—that is essential—but telling the EU that, in certain areas of activity, it could do more to help wealth creation, productivity and growth across Europe. It is essential that the EU completes the free trade agreements with the US and China as a matter of priority, because if we do not do that, there will be no significant improvement in either the EU's or our wider trade. Trade has slowed down, so it is absolutely essential that it is given a kick-start.

In conclusion, this is a very bold Budget and a number of very imaginative and impressive measures have been announced, particularly with regard to wealth creation and small and medium-sized enterprises. Obviously, it is the first Conservative Budget for 20 years, as a number of my colleagues have pointed out. It spelled out above all else that Britain must now be really serious about living within our means. I ask right hon. and hon. Members on the Opposition Benches who are challenging our welfare alterations and changes what they would do about the ongoing budget deficit. According to our plans, the deficit will come down and we will reach a budget balance by 2019-20. If they are not prepared to support us in making those changes, we will not hit such a target. In a world where—

**Clive Efford** (Eltham) (Lab): Will the hon. Gentleman give way?

**Mr Bellingham:** I will not give way, because I am concluding.

As my right hon. Friend the Member for Chichester pointed out, dark clouds are blowing in over China and Greece. The parallels between China and Wall Street in 1929 are incredibly scary. In Greece, the oxi to austerity has already triggered a bond rout, to which Britain—with only 1%—is not overexposed. On the other hand, our much larger exposure to other economies on the periphery in relation to our banks' capital buffers is hugely more

worrying. Above all, the UK must continue to manage the economy prudently, and this Budget is a vital step in that direction.

3.35 pm

**Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): May I start with an unusual and perhaps uncharacteristic thank you to the Chancellor, on one issue only? I thank him for his commitment to a memorial to the victims of the Tunisia bombing. Three of the victims—Adrian and Patrick Evans and Joel Richards—are constituents of mine, not, as the Prime Minister said earlier, of my hon. Friend the Member for Walsall South (Valerie Vaz).

I congratulate the two maiden speakers, the hon. Member for Louth and Horncastle (Victoria Atkins) and the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell); I hope my pronunciation is correct. The quality of their speeches demonstrated that they will be very valuable additions to the House, and I look forward to listening to them on many occasions.

On the substance of the Budget statement, I could not help but remember the last one we had in March, less than four months ago. The Chancellor told us in his introduction that

“Britain is walking tall again”,

and he concluded that it was

“the Budget for Britain, the come-back country.”—[*Official Report*, 18 March 2015; Vol. 594, c. 765, 779.]

I did not realise at the time that the March Budget was designed just to win the election, and that he would be coming back to deal with the unpopular decisions that it had so obviously evaded. I know that many Members will want to analyse and discuss the impact of this Budget in this and subsequent debates, but I want to concentrate on the central economic issues that it has failed to address.

After five years under his supervision, the economy that the Chancellor has produced is one in which productivity has been reduced, our trade deficit with the rest of the world has grown, our investment has been far lower than what is necessary to sustain the level of growth needed to eliminate the public sector deficit, our living standards have dropped and tax receipts have fallen as a result. That is why we are in a pickle today, and why this Budget is in this form. Our regret is that, in dealing with that, we have more of the same: an attack on the living standards of some of the most vulnerable in our country.

The greatest failure has been in productivity. Amazingly, that issue was not even mentioned in the March Budget. The level of output per worker is the key to expanding our economy, delivering growth rates, and providing increasing standards of living and the tax receipts necessary to eliminate the public sector deficit.

**James Cleverly** (Braintree) (Con): Does the hon. Gentleman concede that the education and training of the workers whom he describes as underperforming in relation to productivity happened almost exclusively when the party that he supports was in government?

**Mr Bailey:** No, I do not. I will address that issue in a moment.

Before the recession, productivity averaged 2% per annum. It fell in the immediate aftermath of the recession, as it does after all recessions. Most significantly, as the economy has seemed to grow out of recession, productivity



has not improved. That is virtually unique in our economic history. If productivity had continued to grow at the average level of the 10 years before the recession, we would not have had to introduce this Budget today, with all the restrictions and cuts that underpin it.

What the Chancellor has done—again, this is almost unique in our economic history—is to initiate an economic recovery that has failed to drive up living standards, failed to generate tax revenues and failed to pay off the public sector deficit. In its March assessment, the Office for Budget Responsibility forecast that productivity would return to normal and estimated that, if it did so, the public sector deficit would be eliminated by 2018-19. Unfortunately, its forecast on productivity has, even as of this moment, been proved incorrect and has been downgraded by the Bank of England. If productivity stayed at its current weak rate, the deficit would increase as a proportion of GDP by 2019-20.

To achieve all the objectives the Chancellor says this Budget will achieve, there has to be a significant increase in productivity. It is therefore perfectly valid to measure the policy initiatives in the Budget against the likelihood that they will deliver that increase in productivity. Will they strengthen the sinews of the economy in the way that is necessary to enable the increased number of people in work to increase their output in order to sustain the level of economic growth that would eliminate the deficit? Those sinews are research and development—I welcome the comments of the hon. Member for North West Norfolk (Mr Bellingham) on that—as well as investment, skills and infrastructure. The hon. Gentleman spoke about how we lag behind. If we are to compete against other countries that are investing far more than us, we will have to raise our level of performance. Nothing in the Budget demonstrated that we would do so.

On private sector investment and business investment, I do not see any improvement in the availability of the much-needed funding for small businesses to expand production. The focus on corporation tax, while not unwelcome, overlooks the fact that for many businesses, things such as capital allowances are far more important in encouraging them to invest than a reduced headline figure of corporation tax.

A number of comments have been made about infrastructure. The Chancellor announced a whole series of measures, just as he has done for as long as I can remember. In the end, we must judge him on performance. What we want is a lot fewer launches and far more starts of infrastructure investment. Government investment in infrastructure is 1.5% of GDP. That is less than the 3.5% that is recommended by the OECD, and it is even scheduled to fall to 1.4%. Private and Government investment in infrastructure is still considerably lower than the pre-recession level. The cancellation of the projects on the midland main line and the trans-Pennine line demonstrate that this is a Government who talk the talk, but do not walk the walk.

**Jonathan Ashworth** (Leicester South) (Lab): The Red Book describes the midlands as the “engine for growth”. When the Chancellor visited the midlands before the election, he gave a cast-iron commitment to the electrification of the midland main line. Is it not hugely disappointing that there was no progress on that electrification in today’s statement?

**Mr Bailey:** Absolutely, and what the Chancellor said before the election, and what he does afterwards, is always revealing. For all the announcements, there is no indication of what the Chancellor will spend through this Government on investment in public sector infrastructure.

My hon. Friend the Member for Birmingham, Perry Barr (Mr Mahmood) mentioned most of the issues that I wish to raise, so I will make only brief remarks on those topics. The Government have increased the number of apprenticeships, but often they have been poorly focused. After all the investment, companies are still complaining that they cannot get the sorts of apprentices they want. The measures that the Chancellor announced may or may not improve that, but to attack funding for further education colleges, which are the most strategically placed to address the skills problem that the Chancellor says he is trying to solve, is counterproductive and likely to be self-destructive.

In conclusion, productivity is key to eliminating the deficit, raising standards and getting the sort of economy that we need to compete in the world. It is reasonable to judge this Budget on its ability to do something about that, and on that basis and measurement I think it fails miserably.

3.46 pm

**David Rutley** (Macclesfield) (Con): It is a pleasure to speak in this debate. It is an even greater pleasure to speak with you in the Chair, Madam Deputy Speaker, and I welcome you to it. I also express my support for those who have given their maiden speeches today. My hon. Friend the Member for Louth and Horncastle (Victoria Atkins) gave a fantastic speech, and I also congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on his splendid speech. No doubt he will be a great champion for his constituents.

Let me start where I finished at the end of my speech after the last Budget in March, when I noted that a lot had been done and that there was a lot more to do. I hoped that the voters of Macclesfield and across the country would vote for the Conservatives to carry on and do that important work. The good news from my perspective and that of Conservative Members is that voters delivered an historic victory for us. It is now down to us to deliver the long-term economic plan that those voters want us to deliver.

This Budget certainly delivers: spending is being controlled, the deficit is being reduced, taxes are being cut, and we are ensuring that work pays, as it must. Yet again we have a record overall employment rate—now at 73.4%—including a record employment rate for women at 68.6%. Two million extra jobs have been created under this Government. Our unemployment rate is half that of France—the socialist alternative that the Labour party presented as the blueprint for its plan B. We stuck with plan A, and—this is difficult for Labour Members to believe—the electorate stuck with us.

This Budget again shows the positive approach of Conservative Members. We are moving the British economy forward with more jobs and ever-greater success in creating the right economic conditions for balanced growth. Our GDP growth is leading the way in the developed world. Household spending is increasing, which I welcome. Even more welcome is the increase in

[David Rutley]

business investment, which is up by 5.7% over the same year. Gross fixed capital formation in quarter 1 of 2015 was at its highest level ever recorded since the sequence was developed in 1997.

The right balance of policy measures is being put in place, from deregulation and incentives to work, to help to set up and grow a business and tax allowances for capital investment. All those things are creating the foundations for sustainable economic growth—something that the Labour party should learn more about.

There are now 4.5 million self-employed people in the UK. In Macclesfield, we have one of the highest levels of self-employment anywhere in the country. Those self-employed people are being supported and encouraged by the Government. I have worked with the Royal Society for the encouragement of Arts, Manufactures and Commerce and Demos to highlight the issues around self-employment. I am greatly encouraged that the Prime Minister recently announced—with Julie Deane, the founder of the Cambridge Satchel Company—that there will be a full review of self-employment under this Government. Many of the self-employed are first-time entrepreneurs. I hope they can be encouraged to go on to become first-time employers and first-time exporters, further boosting the enterprise culture that we on the Conservative Benches cherish and want to foster. The enterprise Bill will help us to go further in that direction.

We are making progress and we are continuing to make progress. We want to do so by trusting businesses, trusting local enterprise partnerships and trusting local civic renewal. In the north-west, we look to Manchester to see what lead it is taking. Sir Howard Bernstein, of Manchester City Council, recently called for

“giving...the local control and might that a powerhouse needs.”

It is the northern powerhouse, in which the Chancellor has invested so much time, on which I would like to address the remainder of my remarks.

It has been a long journey from the great recession, but at the end of the tunnel we can see the northern lights of the northern powerhouse ahead of us. The lights are so bright, in fact, they have attracted so-called prince of darkness himself. Peter Mandelson, no less, put himself forward as a prospective chancellor of the University of Manchester. These are not my words, but Lord Mandelson’s:

“something very exciting is happening in this region as part of the Northern Powerhouse”

and

“the Labour Party, I’m afraid, has a long way to catch up.”

I wonder whether the Labour party is in the mood to listen to him. I do not think so, judging by the comments made today.

We are making great strides in the north-west, particularly in terms of gross value added per head, which has grown by an annual 3.4% according to the Office for National Statistics, a record unsurpassed by other regions in the country. On a sub-regional basis, Cheshire is the only county in the north of England to have higher GVA per hour than the UK average, outperforming such sub-regions as what might be called “Greater Bristol”.

We in the north-west accept there is a long way to go if we want to be the economic equal of the southern powerhouse, London. As Sir Howard Bernstein has said, there is an £8.2 billion productivity gap between Greater Manchester and the rest of Great Britain on a per capita basis. Correcting that gap, as our policies are designed to do, matters for Britain. It matters to the market towns around Greater Manchester, too, the most important of which is, of course, Macclesfield.

**Stephen Pound** (Ealing North) (Lab): Maiden speech!

**David Rutley:** It is well beyond that, thank you.  
[Laughter.]

These towns play a key role in the future productivity of the north-west.

I want to focus on science. On 10 June, the Prime Minister said that we needed to increase our productivity “by encouraging entrepreneurship, by making sure we invest in success”—

and, I wish to emphasise this bit—

“by investing in science—these are the things that we have been doing as part of a long-term economic plan, mostly opposed by the Labour party.”—[*Official Report*, 10 June 2015; Vol. 596, c. 1187.]

Science, and in particular life science, is critical in our part of the world. Alderley Park, now owned by Manchester Science Partnerships, is key. AstraZeneca’s Macclesfield site alone accounts for 1% of UK goods exported; a driving force behind high-value, high-wage growth in Macclesfield, north-east Cheshire and south Manchester.

To play our part in future success across the north, we need to ensure that the Chancellor’s ambitions for science in Greater Manchester and beyond are fulfilled. Manchester has been selected as Europe’s city of science for 2016. There is plenty to showcase to academics and investors, not least Jodrell Bank Observatory, which is in part in the Macclesfield constituency. I am delighted that it has secured the Square Kilometre Array telescope project, and an additional £12 million of lottery funding to recognise the important and unique science heritage of the site.

In his speech on 14 May, the Chancellor said that Manchester was not yet as great as the sum of its parts, and the “Exploiting the Excellence” report by the very good North West Business Leadership Team supports that view. I am delighted that having recognised the problem, which Labour failed to recognise and act on, he is determined to do something about it. The Budget puts in place the conditions and key ingredients necessary for the northern powerhouse to evolve: leveraged investment in infrastructure, increased investment in science and other key industry sectors and a transfer of power away from Whitehall to the northern powerhouse itself. This is an important combination of factors and will have a multiplier effect.

In fact, we are seeing that already, with the promise of additional investment in the northern rail hub, HS2, HS3 and now the proposed £1 billion investment and 10-year transformation in Manchester’s international airport. Today, we also welcome the establishment of Transport for the North, a statutory body, and the £30 million of additional funding made available to assist with its duty of delivering a long-term transport strategy for the north. That is exactly what we need.

It is not just about the north or north-west, however; there are now devolution deals across the country, including in the Leeds city region, West Yorkshire, the Sheffield city region and Liverpool. Of course, success breeds success, and there are now reports of a powerhouse in the midlands too—the “midlands motor” or perhaps the “Mercian dynamo”. Whatever it ends up being called, I wish it every success.

I wish the Budget every success as well, because it is working to balance the books, to rebalance the tax burden, to rebalance the economy towards the enterprise economy we hold so dear and to rebalance our economic geography. I back that balance and I back this Budget.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Natascha Engel):** Order. Quite a number of people have dropped out of the debate, so the limit, which is not a fixed limit, is now more or less 12 minutes—*[Interruption.]* Members do not have to speak that long, but the limit is roughly 12 minutes. I call Sammy Wilson.

3.56 pm

**Sammy Wilson (East Antrim) (DUP):** I think this is the first time I have spoken while you have been in the Chair, Madam Deputy Speaker, and given your generosity, I am glad you have taken the Chair. I wish you all the best for the future and look forward to your future generosity—and that is the end of my crawling.

I congratulate the two Members who have made their maiden speeches today, but I say to the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) that he need not have this Jimmy-no-friends paranoia about this place. We in the DUP are the cousins of Scottish Members. Only 20 miles of water separates my constituency from Scotland, and although we do not share their desire to break up the Union, nevertheless we regard them as cousins, so he should not feel loathed by everyone in the House.

We welcome many of the aspirations in the Budget. We welcome the Government’s commitment to growth and balanced growth across the United Kingdom. We welcome the measure designed to increase productivity, because that is one way to raise living standards for those in work. We welcome the commitment to making work pay, because I do not want my constituents confined to a life of no work without the dignity and esteem it gives them. It is important, therefore, that we make work pay and get people into jobs. Also, given the threats to the United Kingdom, and indeed the world in many theatres of war, and given the demands we make upon our armed forces, we also welcome the 2% commitment on defence spending.

I have a number of concerns, however, about the Budget. While I hope the Chancellor is right in his growth forecasts, he himself raised several warnings about the situation in Europe and Greece and the potential impact on a major export market and about the situation in China. Yet despite that, part of the growth forecast in the Budget is based on exports growing on average over the next five years by seven times more than they grew this year. If that is one of the components of economic growth, we have to say that there is a huge risk factor.

The Budget is also based on consumer spending being the main driver of growth. Of course, consumer spending is the main part of GDP, but, against a period of wages not growing and so on, that increase in consumer spending can be achieved only through increased borrowing, and we have seen in the past the impact on the economy of unsustainable domestic and private borrowing.

So there are warning signs, and even when it comes to some of the incentives for industry to grow—a number of Members have mentioned this today—there is no great mention of what we do about energy prices. It really does not matter whether we are talking about what people would call old industries—whether steel manufacturing or whatever—or even the modern data-processing industries, all of them are huge energy consumers. Yet the environmental taxes, which are one of the things that have been driving up energy prices, are set to grow over the next five years by three times, from £5.6 billion to £16.1 billion. There are therefore a number of factors in this Budget that cause concerns about the Chancellor’s predictions.

There is another concern I have. I welcome the fact that the Government believe that

“the only way to secure a truly national recovery is through a fundamental rebalancing of the British economy based on investment across the regions...driven by the private sector, and further devolution to increase local decision making.”

That is a great sentiment, but for Northern Ireland I see nothing new here. The Chancellor has said that he is committed to the delivery of the Stormont House agreement. The Stormont House agreement is now nearly nine months old. It has not been delivered on—I have to say, that is not the fault of the Government, but the fault of the Social Democratic and Labour party and Sinn Féin in Northern Ireland—but if that is what the Chancellor is relying on, then there is nothing new in this Budget. Indeed, the growth in Government investment, which is one of the potential drivers, is set to fall by 50% over the period of this Budget. Already we know that in Northern Ireland that means there will be a cut in capital expenditure for this year and subsequent years, the details and timing of which the Treasury is still to tell us, including in negotiations with the Department of Finance in Northern Ireland. So there are worrying factors about this Budget.

The other issue I suppose I have some concern about is the proposed change in tax credits. It is one thing to say that we want to shift the burden of paying for workers from the state to employers—and that is good—but there is no point in saying that we will make the state reductions immediate, but then rely on employers to fill the gap in the longer term. All that does is leave people poorer. Given that we are usually talking about the low paid or unemployed, there is another downward factor. Taking £1 off them probably has a downward multiplier of about five times, because they tend to spend all their money on things that are produced locally and in local shops. They do not spend it on expensive imported luxury goods, so this change could have a downward effect on the local economy. I would like to hear from the Chancellor what assessment he has made of the impact the change is likely to have in the short term. In the long term it may well shift the burden to employers, but in the short term I suspect it will shift it to the worker. That is morally not right, and it is economically not right either.



[Sammy Wilson]

I welcome the decrease in corporation tax rates. Once we get around to delivering on that part of the Stormont House agreement in Northern Ireland, it may well make the delivery of the corporation tax reduction that we have proposed in the Northern Ireland Assembly that much cheaper. Indeed, it may even enable us to lower the tax to 10%, and thus to become more competitive with our neighbours in the Irish Republic.

I am, however, very concerned about the welfare reform changes. We do not disagree with all of them, but we disagree with some of them fundamentally. While we support a reduction in the cap, I think that Members representing the north of England, Scotland and Wales ought to be concerned about the proposal to operate a different cap in areas outside London. I believe that it is the first step towards a regionalisation of benefits that would be detrimental to many of us who represent poorer regions of the United Kingdom. Once that foot is in the door, the door will be pushed further. Had there been a universal reduction in the cap, along with the rationale that the Government have given, we might have considered supporting it, as we did in the last Parliament, but we certainly cannot support this.

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): Is the hon. Gentleman aware that, at about the time of the referendum in Scotland, the Secretary of State for Work and Pensions gave a guarantee that there would be no different regional rate?

**Sammy Wilson:** I was not aware of that commitment, but I do see the danger in the proposal that is before us today. Even some Conservative Members who represent less well-off areas that are heavily dependent on welfare payments ought to be concerned about it.

I want to send a message to people in Northern Ireland, and also to the Chancellor. I believe that the additional welfare reform changes which must be implemented at Stormont will continue to be resisted by Sinn Féin and the SDLP, which, unfortunately, have a blocking mechanism. That may bring an end to the Stormont Assembly, because we will be left with an unsustainable budget. There will probably another gap of £300 million to £400 million. My message to the Government is this: they cannot continue to pussyfoot around with those who refuse to do the job that they are meant to do in Northern Ireland, which is to introduce legislation which, in any case, they promised to introduce more than seven months ago. The Labour party agrees with us about that, and so does the Conservative party. If no action is taken, I believe that it will be essential for the Government to step in and save the devolved Assembly.

**Mr Nigel Dodds** (Belfast North) (DUP): My hon. Friend has raised an important point. Is not the irony that those who shout loudest about resisting welfare cuts are those who are inflicting more pain on vulnerable people by taking money out of other budgets? Moreover, members of Sinn Féin are not here to take their seats, represent their people, and vote against measures where it matters. It all amounts to no more than hot air.

**Sammy Wilson:** That is the final point that I was going to make. There are those who complain that we are in the pockets of the Tories, but we actually come here to raise our concerns. We will be here to exercise

our votes while those who are putting the institutions in Northern Ireland in jeopardy are absent, silent, powerless and ineffective on behalf of the vulnerable in Northern Ireland.

We accept the good parts of the Budget, and we will support the Government on those, but we will, of course, argue against the parts that cause us concern and that will, in our opinion, have a detrimental impact in Northern Ireland.

4.9 pm

**Mr Robert Syms** (Poole) (Con): I welcome today's Budget. The coalition Government inherited an awful economic legacy in 2010—the largest recession, a banking system still in a pretty bad state, a general fear that unemployment was going to shoot through the roof—and at about the time they started to get on with the job of tackling it, the eurozone started to blow up and get into difficulty, and clearly that is still a problem today.

The Government took the right decisions in 2010. First, they nursed back the real economy, so jobs could be created, people could keep their homes, and businesses could invest. Their second priority was to reduce the deficit, which they did at a slower rate than originally intended mainly to help the real economy recover, but they still managed to halve the deficit over that period. They used as the crutch a rise in the national debt, which was a sensible policy decision, as we could then borrow money at very low rates and we started off historically, as we normally do in the UK, with a very low debt. As a result, 2 million jobs were created, investment started to increase and the British economy started to recover.

The public finances have moved in the right direction, but we still have a very large national debt; it is not large by continental standards, but it is by British standards. It is right that in this Budget we start to close the gap still further, from just under 5% down to a balanced budget and we top off the national debt and start to reduce it. I am pleased that the Chancellor has set out a plan to both balance the budget and start reducing the national debt, from about 80% of GDP back down to 70% and all points lower. That is good news.

We have been through a difficult period, but our hard work over the past five years as part of the coalition has clearly paid off, because we now have rising tax revenues and an economy that is starting to perform.

Tax credits are probably one reason why unemployment did not rise as much as might have been expected, because to some extent the subsidy of employment helped employers keep people on and meant people stayed in work, but the fact that we are spending so much on welfare shows there is clearly a welfare issue. At a time when we have falling unemployment and rising pay levels—they are now starting to pick up—it is perfectly sensible that we should try and float people off tax credits. I take on board the points Members have made and we will have to look at the detail carefully, but if we can reduce tax credits at a time when people's pay is going up, the national debt and the national deficit can be reduced and people will become less state-dependent. It is right and proper that, if profits go up and corporation tax is cut, employers take the strain now and the taxpayer does not have to, because there is a limit to what we can do in terms of national borrowing.

I think that the outlook is pretty good. Chancellors always do too much and always mess about with too many taxes and, like his predecessors, my right hon. Friend the Member for Tatton (Mr Osborne) has a habit of doing that. Our tax code is far too large and there is a very good argument for tax simplification, but nevertheless the priorities that the Chancellor has set in his Budget are right: increase incentives to work; increase incentives to invest; and increase incentives to save.

There has been some criticism of the northern powerhouse proposal, but, as somebody from the soft south, I think that it is vital that we balance our economy. The parts of our nation that generated the industrial revolution have some first-class universities and a great resource of people, and we should use that to balance against London, because London's economic impact on the UK is too great. If we can do that, it will lead to much more sustainable growth rates. We do not want to get into a situation where just at the point when parts of the north start to feel things are improving a little bit, London starts overheating and suddenly economic policy goes into reverse. For a one nation Chancellor with a policy of trying to get growth in all the regions, that has got to be right. I therefore welcome what the Chancellor is doing to try to have a more balanced approach to our economic growth in the UK.

I also welcome what the Chancellor has said about inheritance tax. It always seems to most of my constituents, who have paid an array of taxes over their lifetime, that when they die the state will jump in and take their house, which may be an expensive one, rather than letting it go to their children. These days, it is not difficult, particularly in London, to have a house worth £1 million—it does not have to be very big. As we have often seen, someone's castle in Scotland can be worth less than an ordinary terraced house in London. The issue has to be addressed, and I am glad the Chancellor has done that.

It is good that we have addressed corporation tax and are continuing to bring it down. Southern Ireland has clearly benefited from very low tax rates, and making ourselves tax competitive is the most effective way to stop major corporations landing profits in other low-tax areas, because the incentives for doing so are much reduced.

I understand the concerns about productivity. Education, training, apprenticeships and investments in science will all make a difference. Ultimately, as wages go up and as the cost of employment goes up, employers will start to invest in many areas which will start to put productivity up. One reason why our productivity is lower is that the two sectors where we were the most productive—North sea oil and gas, and the financial sector—have taken a knock over the past few years. I am a sceptic about some of these things. There are things we can count, such as unemployment, but other things are formulae made up by statisticians, and I do not think they always get it right. An economy such as the British economy, growing at this rate and with relatively full employment, is a good place to be. I do not think that we need to worry too much about some of these things, which I am sure economics will put right as the economy goes forward.

In 2010, the right choices were made and today's Budget has continued to do the job we started then. As a consequence, we will end up with a stronger, more employed, more flexible and more successful economy. Of course, some challenges remain—we see the challenge of Greece. Although I do not think that Greece will

affect us, we must remember that French banks have loaned heavily to the Greeks and that very big figures are involved that could have an impact on the European banking system.

There are problems now in China, as its economic model is not as fit for purpose as it was. The BRIC countries—Brazil, Russia, India and China—have gone into reverse. If we look around the world, we see that the countries that are often written off are those that are still doing pretty well: the United States, Canada and Britain. In Europe, the Germans and the Dutch still have formidable economies. We have to stick with the policy we have, as it is the right policy. Not only is it a good long-term economic policy, but its resilience has meant that, despite all the storms and the difficulties of the world economy, Britain has managed to make progress.

Clearly, we have a trade deficit—that was one of our biggest difficulties to worry about—but it is not surprising, given that 50% of our exports go to an area that has had recurring financial problems, that it is difficult for us to export. We should not get too upset about that, as it will sort itself out. If the Greeks' problems blow up, things may well sort themselves out in the right ways, because people will actually have to take actions to make a more sustainable European Union and euro.

I therefore fully support what the Chancellor is trying to do. We have made progress. There is more progress to be made, but I am proud of what the Government have done. Clearly, we have to look at a lot of detailed things, but over the next five years, Britain should continue to make progress and show that world that it has a lot of good things going for it. The British economy is growing in size and influence, and its people will benefit from that.

4.18 pm

**Jeremy Corbyn** (Islington North) (Lab): I pay tribute to the two Members who have made their maiden speeches today, the hon. Members for Louth and Horncastle (Victoria Atkins) and for Coatbridge, Chryston and Bellshill (Philip Boswell). I mean no disrespect to the hon. Member for Louth and Horncastle when I say that we are all going to miss Sir Peter Tapsell and his view of history. I hope that all his recordings have been kept for posterity so that we can understand what a catastrophic mistake we made in Afghanistan—I agree with Sir Peter Tapsell on that.

The Budget we have just received today is the first Tory Budget for a very long time, but I have been here long enough to remember the last one. It is as though this is the land that time forgot, because this Budget is exactly the same. It has exactly the same narrative of cutting taxation for the very richest, making life worse for the very poorest and selling off state assets to pay for it all along the way.

It is time for the Conservatives' strategy to be significantly challenged, and there are a number of points on which I wish to challenge them. The first is the Chancellor's really strange statistic that Britain spends 7% of the world's welfare budget, which is, he said, way above the average of every other country. He may be unaware of it, but many countries in the world have no welfare budget of any sort. In large swaths of Africa and Latin America, there is no public assistance for people in poverty or desperation. It is a ludicrous statistic plucked out of the air and used to justify a quite appalling attack on many of the poorest people in this country.

[Jeremy Corbyn]

I long for the day when a Chancellor of the Exchequer introduces a Budget, in a way that very few have done in the past, and says, “The priority is to have an expanding and sustainable economy with sustainable jobs in an environmentally friendly way and to eliminate poverty and destitution at the same time.” We had none of that. We had all this anti-benefit narrative as though nobody was sleeping on the streets of Britain, as though the number of children growing up in desperate poverty was not increasing day after day, and as though there were no young people who are unable to do their homework because their bedrooms are too crowded with their siblings.

**Chris Philp** (Croydon South) (Con): The hon. Gentleman is extremely kind to give way. [Interruption.] Yes, I wish him extremely well with his Labour leadership bid. I would be happy to support him were I a member of the party. Will he join me in welcoming the fact that the number of children in relative poverty declined by 300,000 over the past five years?

**Jeremy Corbyn:** I welcome the fact that the Chancellor has changed the method of calculating poverty to produce the statistics that he wanted in the first place. He is doing extremely well on statistical changes, and I admire his gymnastics in that regard.

This Budget, with its benefit changes, is essentially an attack on the poorest and on young people. What do the Conservatives and the Chancellor have against young people? We start off with a third child onward policy. What is that about? If the Chancellor is saying that children deserve to be supported through child benefit—I guess we all agree on that—why does it stop after the second child? If a family happens to have four or five children—some of us come from families of three, four or five children—is he saying that the third, fourth and fifth children are less valuable than the first and second? What has been suggested is outrageous.

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): Does my hon. Friend agree that this Budget is particularly bad for Londoners? Two thirds of Londoners on tax credits are actually working, so, far from encouraging people to go back to work, this Budget is a particularly cruel attack on working Londoners.

**Jeremy Corbyn:** Indeed; my hon. Friend is absolutely correct. Although London has very high property prices and a number of extremely wealthy people—it is the centre for some of the world’s wealthiest people—it also has appalling levels of poverty. Some of those people in desperate poverty are being forced out of London by a combination of the high rents and the benefit cap, and the proposal now is to reduce the benefit cap. I am not pleased that we have to spend £25,000 or more on supporting some families, but from the way that this statistic is presented by the Chancellor, one would imagine that the entirety of that £25,000 went immediately to that family. Well, it does not; it goes straight into the pockets of a private landlord, just as the in-work benefit often goes to subsidise low wages. I am pleased that we are getting something approaching a living wage, though it is not very different from what the minimum wage would have been by that time anyway. We must look very carefully at the issues surrounding this Budget.

There are also other problems for young people, such as cuts in benefit, their inability to access housing or to get a reasonable level of room rate if they are single, the continuation of the low wage rates and the conversion of all grants into loans for those from poorer backgrounds who were hoping, planning and aiming to go to university. What is it that the Conservative party has against the young people of this country? I find it very strange.

I represent a constituency that, in housing terms, has about 40% council tenancies, about 30% social private rents and about 30% owner-occupation. Because of the benefit cap and the very high rents in the private rented sector, many people are being forced out of the community. The same thing is happening all across central London. Those who say that it does not matter because they do not represent a London constituency should think on: this principle could apply everywhere else. The Chancellor’s proposals on housing are very interesting.

**Chris Philp:** Will the hon. Gentleman give way?

**Jeremy Corbyn:** No, I will not give way a second time.

First, the Chancellor does nothing to address the housing shortage—not the lack of council housing being built, not the lack of sufficient housing association properties being built, and not the lack of sufficient places being built for reasonable sale. The Chancellor’s solution is to force councils into right to buy, with a discount of up to £100,000—£100,000!—so that the councils are forced to sell off what is called high-value property because such property should not be owned by local authorities. The council in my borough is, to its credit, building homes. It has just completed a development of 25 new flats, but if the Chancellor’s proposals go ahead, we will have the ludicrous situation whereby nobody on the borough’s housing waiting list—nobody in housing stress—will get one because they will be sold on the open market to anyone who is able to buy them. What does that say to those people in desperate housing need who want to maintain communities in London or any other part of the country?

There is also the sale of housing association properties. Housing associations are quasi-independent, and their properties are not the Government’s to sell. I am concerned about the financial model of housing associations, which has gone down and down from having almost 100% public investment in the construction of new properties at the time of their foundation, so that they have effectively become building companies using private finance. There is no problem in borrowing private finance to build, but there is a problem if the rent model or building for sale at the end of the process does nothing to address the housing needs of the most desperate people in this country. What we are doing by stealth is privatising housing associations by forcing them to sell off their properties.

What happens to young people who cannot afford to buy—who have no bank of Mum and Dad—and who cannot afford to rent? Where do they end up living? Why is the age at which people here are able to leave home and live independently the highest in Europe, and why is it getting higher and higher? This Budget offers nothing to those people in housing stress.

The Chancellor is very keen on regulating local authorities, by increasing the rents for those on higher earnings and decreasing them for others, with no remarks



about compensating the housing revenue account for the income lost, but he says nothing about regulating the private rented sector and tackling the astronomical rents being charged in some parts of London. In my constituency, it costs at least £350 a week to rent a two-bedroom flat; a house costs between £500 and £1,000 to rent. It is completely off the scale in terms of what most people can even begin to think about being able to afford.

Levels of tax evasion in Britain are high, and I am pleased that the Chancellor is prepared to address the issue, but why have the 15-year rule for non-doms? Why not abolish the non-dom status altogether? Why not, as part of the EU negotiations, consider the tax-evading loopholes that exist all over Europe? We have islands around our shores where tax rates are remarkably low. Switzerland manages to charge remarkably low rates of corporation tax, as do Luxembourg, Liechtenstein and Monaco. Should we not be looking to close all those loopholes? Instead, the Chancellor proposes yet another cut in corporation tax and says that the way forward is to continue the race to the bottom in lowering corporation tax.

The Budget reflects the long journey from the Prime Minister's hug a husky days and the promise of being the greenest Government ever to the sale of the Green Investment Bank to the private sector—with what sort of requirements for its future performance, I know not, because nothing is made clear in the Red Book—and the cancellation of at least two major rail electrification projects, which were trumpeted before the election and used as part of an election-winning strategy to show that the Conservatives had really got it on railways and really wanted the railways to expand. Instead, they have cancelled the electrification of the midland main line and the Manchester to Leeds line. Is the western region electrification safe? There are many other projects one begins to worry about because of those announcements.

At the same time, the Government are investing a huge amount of money in road building. It is as if the whole transport strategy has been turned on its head, so that instead of going for the more environmentally sustainable rail transport, particularly for freight, we are once again on a road-building binge in a country that is already polluted and has too many vehicles on the roads. Surely we should be trying to rebalance our economy in favour of sustainable transport. I am not saying that we have to get rid of all cars—obviously not—but our transport policies have to be more sustainable.

**Callum McCaig** (Aberdeen South) (SNP): On the subject of the Budget's green credentials, the Red Book also sets out that renewable energy will be subject to the climate change levy. Does the hon. Gentleman agree that that is utterly perverse from the point of view of reducing carbon emissions?

**Jeremy Corbyn:** Well, indeed. I hope there will be sufficient opportunity to question the Chancellor on the whole environmental strategy behind this Budget, because I really wonder if there is one at all. We live in an era when climate change is a serious problem around the world. Air pollution is a very serious problem, particularly in India and China, but it is also a growing problem in London and other cities. Surely we need to think hard about the health effects and the role that a financial strategy can play in improving our environmental standards.

Asked how all this would be paid for, I turn to pages 28, 29 and 30 of the Red Book, where we see all the public assets that are to be offered up, totalling £30 billion in this financial year—the largest ever sale of public assets in the history of this country, and almost double what Margaret Thatcher achieved at the height of her privatisation mania. *[Interruption.]* Conservative Members say, “More.” Of course they do, because the only economics they can think of is getting rid of public assets to fund tax cuts for corporations and to pay for the inheritance tax cut that will largely benefit the wealthiest in our society.

**Richard Fuller** (Bedford) (Con): Will the hon. Gentleman give way?

**Jeremy Corbyn:** No. I am conscious of the time and want others to be able to contribute.

The BBC has been persuaded, willingly or unwillingly, to pay £150 million for the over-75s licence fee concession. There will be a £40 billion sale of shares in Lloyds Banking Group and £20 billion in fees from Lloyds, RBS and UK Asset Resolution. There is the sale of Eurostar, Royal Mail and remaining shares in Lloyds bank, and the sale of the Green Investment Bank, which I mentioned. There is even, for goodness' sake, the sale of the King's Cross property development, which did such a great job of developing King's Cross into a wonderful place. And, of course, there is the sale of the remaining RBS shares—at a loss.

This Budget is a trick—a trick of smoke and mirrors. It hits the poorest, it does nothing to solve the housing problem, it creates greater inequality in our society, and it is paid for by the sale of public assets from which we should all be able to benefit. I hope that one day there will be a Government in this country that set as their priority a commitment to reduce inequality, to get rid of destitution and poverty in our society, and to bring about a society that is more at ease with itself. Inequality is the only message the Chancellor seemed able to offer today.

4.34 pm

**Mrs Maria Miller** (Basingstoke) (Con): It is a great pleasure to follow the hon. Member for Islington North (Jeremy Corbyn). Perhaps that was one of the many leadership speeches that he is going to make in the next few weeks. He spoke powerfully about the importance of young people. If the young people of this country had the opportunity to speak to the young people of Greece and of Spain, they would be very reassured that we have in this country a Government who take seriously the level of debt that we hand on to the next generation.

It is a great pleasure to speak in this part of the debate, having heard such brilliant maiden speeches from my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) and from the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell). Both were accomplished speakers who, I am sure, will make a tremendous contribution to the House in the coming years.

We cannot overestimate the importance of this Budget speech. It represents a new settlement for Britain. It is about a country living within its means, moving from a culture of welfare dependency that was propagated too much under the last Labour Government to what I felt

[Mrs Maria Miller]

many people were speaking about at the last general election—an aspiration nation, with a Government who do not give with one hand to take back with the other, but who believe in the prosperity of this country for the long term.

Many families who I talk to in my constituency, Basingstoke, see that now there are more jobs on offer. We hear in the Budget today that when somebody works hard they can keep more of that money for themselves and their family, because of the increases in the tax thresholds, and that it is not just a dream for people to have a home of their own, because Right to Buy, which will potentially support up to 13,000 people in my constituency, and Help to Buy are practical ways of helping families get the start in life and the security that they want for the long term.

This Budget is built on authentic Conservative principles: lower taxation and making sure that people can get the sort of wages that they can live on. A new national living wage is a great example of that. Because we have a stronger economy, we have seen stronger support for and investment in the NHS and education. I want to pick up one of the smaller elements of the Budget today—the expansion of the number of cadet units in state schools to 500 by 2020. I am fortunate in my constituency to be able to pay tribute to the Vyne school, which is a trailblazer in this area, being one of the very few state schools that already have a cadet unit in place. I know how much that means to the young people who are able to take part in the unit, and I am sure this extra investment and support will spread that good practice elsewhere. I am sure many of my constituents will be reassured to hear the Chancellor's commitment to the 2% pledge in respect of defence budgets.

There was much talk today about welfare reforms. There will be some reassurance after some of the headlines that we read in the newspapers over the weekend. I think particularly of assurances that disability benefits will not be means-tested. It is important that we make sure that disabled people receive the support they need, and I was reassured by the comments of my right hon. Friend the Chancellor earlier.

This Budget sets out a clear objective for our nation: that we want to be the most prosperous major economy; that we have sustainable welfare plans in place to make that work for the entire nation; and that we tackle and boost productivity. That will resonate in my constituency, which is one of the top 10 centres of employment in the south-east. We have one of the best local enterprise partnerships in the country, and businesses in my constituency will welcome the cut in corporation tax, the increase in employment allowances and the setting of the annual investment allowance at a new permanent level. All these things will help create certainty, because we need more jobs not just in the south-east but throughout the country. If we are to see that productivity boost, it is vital that we have the right conditions for helping businesses to grow.

I was interested to read in the Red Book a little more detail about the transport proposals that the Chancellor outlined today. I know that the Government are committed to spending around £56 billion on transport in this Parliament. The creation of a new road fund and a new investment strategy for roads is vital for constituencies

such as mine, as we have endured massive underinvestment, despite the very high house building targets set by the previous Labour Government. Funding the new road fund through the changes in excise duty that the Chancellor outlined will help to ensure that we have a sustainable way of investing in that vital infrastructure for the future.

I note that my hon. Friend the Exchequer Secretary, whose constituency neighbours mine, is sitting on the Front Bench. He and I have had conversations about the importance of trains in our transport strategy. I was delighted to hear earlier this week that the refranchising of the south western routes will be brought forward to 2017. That is an important part of improving the trains offer to my constituents. I hope that my hon. Friend will also be mindful of the need to continue to invest in the hardware, particularly the investment that Network Rail needs to increase the capacity on the Wessex line, which runs through my constituency, by 60% over the next two decades. That will require considerable investment, either by the Government or by other means. It is important investment that needs to happen.

The Chancellor set out an exciting new opportunity to increase skills in our country through the apprenticeship levy on large firms, which will provide the opportunity to upskill even more of our young people. I know how important this Government's commitment to apprenticeships has been for young people in my constituency, and also for older employees. With many employees going through a number of career changes, the ability to upskill or reskill through an apprenticeship is not appropriate only for young people. I once again in the House applaud the work of Basingstoke College of Technology, which will now offer graduate-level apprenticeships as a result of some very innovative work with local businesses.

The Chancellor talks eloquently about the northern powerhouse, but I always want to remind him gently about the southern engine room. Having been born and bred in the midlands, I am glad that a significant part of the Red Book is devoted to the importance of growing the midlands, but we must ensure that the south-east remains competitive. Part of that is by investing in infrastructure of the sort I have been talking about—trains and roads—and, I hope, through continued interest in the importance of city deals for southern towns and cities. There is a great deal of talk in my county about the importance of devolution to the shire counties. Hampshire County Council, which is one of the best run county councils in the country—[HON. MEMBERS: "Hear, hear."] A number of hon. Members clearly support that. I know that the county council would be very interested in talking about the devolution of further powers so that we can maximise efficiency in the south-east engine room, which is so important to the future of our county.

I will close by focusing on one final point: the importance of maximising the contribution of all members of society and all people in this country, particularly women. Many women listening to this debate will applaud the increase in the threshold for the personal allowance and the national living wage. They will welcome the 30 hours of free childcare for parents with young children. They will welcome the work that this Government have already done to modernise the workplace. They will note that the gender pay gap for the under-35s has all but disappeared for people in full-time work.

**Alison Thewliss** (Glasgow Central) (SNP): Does the right hon. Lady really think that women will applaud paragraph 2.103, at the top of page 88 of the Red Book, which reads:

“The Department for Work and Pensions and HMRC will develop protections for women who have a third child as the result of rape, or other exceptional circumstances”

when calculating their eligibility for child benefit? That is appalling.

**Mrs Miller:** The hon. Lady is picking up on a very small detail that I have not yet had a chance to go through. It is important that we ensure that support is there for people who have suffered the trauma of rape or domestic violence. I also draw attention to the additional support that the Government have pledged in the Red Book for victims of domestic violence to ensure that they get the support they need.

I realise that I have only a minute or so left, so let me return to my point about the importance of maximising the role of women in the workplace. Lord Davies showed what could be done by focusing on tackling the question of the importance of getting more women into non-executive directorships. We still have an unacceptable situation in this country as fewer than 9% of women take executive jobs in our top companies. By having so few women involved in the management of our companies, we cannot deal with some of the practice and culture problems we still have in firms in our country. It is important that we have in place support for those who need more flexible part-time working, particularly older workers, and that we ensure we have support for those who have caring responsibilities at all points in life, not just when they have young children. By tackling some of these problems, we can help encourage more women to take more of a long-term role in the workplace at the highest levels. The Budget will build the foundations on which we can have the sort of successful companies in which they can work.

4.46 pm

**Tom Brake** (Carshalton and Wallington) (LD): I enjoyed the speech from the hon. Member for Islington North (Jeremy Corbyn). I am not making a leadership speech myself tonight, because nominations for the Liberal Democrat leader closed some days ago, but I agree with much of what he said about housing. Before the general election, there was an agreement from all political parties that something very substantial had to be done about that. Figures of 200,000 or 300,000 new homes were proposed, but I am afraid that what we have before us today will achieve nothing on that scale. The sort of people who come and see me, the hon. Gentleman and other Members who have problems with overcrowding or having to stay at home, often with three generations in the same house, will remain with us.

In May 2012, the Prime Minister gave an interview to the *Daily Mail* in which he complained that he would have governed like a true Conservative had it not been for the Liberal Democrats in coalition. Today, his Chancellor has set out what that means: attacking opportunity and entrenching the divide between the young and the old. This is the first real test of what happens to the Budget when the Liberal Democrat stabilisers are off; it lurches very heavily to the right. The Chancellor said today that the British people trusted his party to finish the job,

but let us be clear that this Budget does not live up to the trust that the public placed in him. It does not continue on the path set out by the coalition Government but instead pursues an ideological approach that requires young people and the disabled to pick up the tab.

If we are to be a society of opportunity for everyone, surely we can all agree that investing in future generations is fundamental. That means supporting parents to meet the costs of their children, helping the poorest students get to and succeed at university and, when they look for a job, ensuring that they receive the same support as others. The message from the Chancellor is clear: those who are looking to get ahead and make a start in life are on their own. The Budget seeks at every turn to make it harder for the next generation to succeed, to get into work, to get a good education and to get back on their feet when things go wrong.

Let us consider a child's path through life under the Government's proposals. The Conservative party has made a great play of its increase in support to cope with the costs of childcare, enabling working parents to get 30 hours a week of free childcare. The Liberal Democrats support that, yet the decision to reduce the starting point for working tax credit and universal credit withdrawal will all but wipe out the benefits of this policy for those on the lowest incomes with children. What assessment has been made of the impact of those changes on the benefits accrued by low-income working parents from childcare support?

Of all the difficult decisions the Liberal Democrats took in government, it is fair to say that the decision to reform tuition fees was one of the hardest. Yet our decision was based on ensuring that young people wanting to go to university would have clarity about what they would pay back, and that those who earned the lowest incomes would pay back less. The Chancellor's announcement today on a consultation on freezing the loan repayment threshold for five years would undermine the protections that the Liberal Democrats fought to put into the system.

Martin Lewis, who was asked by the coalition to head the independent taskforce on student finance information, undertook that work based on the principle that the £21,000 threshold would increase with inflation and he has publicly said he was promised that that would be the case. Why are the Government even considering such a change? Can Ministers assure us that, if experts who acted in good faith for the coalition Government are clear in their opposition, any consultation will take that into account?

It is clear that, for children and young people, this Budget is a bust, but it gets even worse when they enter the world of work. We welcome the decision on the living wage. It is right that people should receive through their pay packet the money to support themselves and their families, but we are astonished that that only applies from the age of 25. Why do our young people not deserve the same support? This decision opens the gulf between the minimum wage for younger people and the wages of others. What encouragement is that for those who really want to “work hard and get on in life”?

Even where young people are not deterred, this Budget introduces measures that will make it harder for those in areas of low employment to seek out jobs. The decision to abolish housing benefit for young people will mean that people cannot move to find work. What message



[Tom Brake]

does that send out to young jobseekers? The attack on housing benefit will hurt opportunity and young people's employment prospects. It is not fiscally tough; it is simply wrong. What assessment have the Government made of the impact of these changes on the ability of young people to take up the chance of employment, and what assessment have they made of the risk of a serious increase in homelessness among young people?

The most worrying changes are for those who fall on hard times who do not have the same advantages as many of us. The majority of employment and support allowance claimants in the work-related activity group have mental health conditions. The decision to slash support for that group—who, let us be clear, have been medically assessed as currently unable to work—will destroy their chances of looking for work in the future. It means an annual cut of £1,500 for sick and disabled people who are trying to get their lives back on track. People with conditions that have affected their ability to work, such as depression and bipolar disorder, need support. They face additional costs in order to get their lives back on track. That they are being abandoned shows clearly where the Chancellor's priorities lie.

This Budget not only hurts young people and the disabled; it also means four more years of pain for public sector workers. They have clearly been very hard hit in the past five years as a result of pay restraint—which the Liberal Democrats supported in coalition—but in the next couple of years the budget deficit will have been addressed and the debt will start to fall, so why are those public sector workers going to suffer the same restraint over the next five years as they have suffered for the previous five years?

If this Budget abandons our young people's future, it also abandons our planet's future. In government, Liberal Democrats fought hard to protect our environment, and today the Chancellor has shown just how little the Conservatives care about the future of our planet. By stopping the coalition proposals increasing the proportion of revenue from environmental taxation, the Chancellor has, indeed, got rid of the green crap. He talks about a security budget, but the greatest threat to our national and global security—climate change—is clearly not of concern to a Government who have abandoned the coalition goal of being the greenest Government ever.

Conservative Members may feel that I have been too churlish in what I have said so far. Clearly, we agree with some areas, such as the £8 billion funding commitment for the NHS. We are fully behind that, and I hope that it will help to fund the redevelopment of St Helier hospital in my constituency. We are fully behind the proposal to increase the tax allowance—it was of course Liberal Democrat policy, but before the last general election the Prime Minister said it was unachievable—and I hope that it will indeed hit £12,500 by the end of this Parliament. We also fully support getting another £5 billion through tackling tax avoidance. Finally, 2% for defence was delivered under the previous Government, and I welcome the fact that it will be delivered by this Government as well. I did not want to conclude my remarks without at least stating that there are areas in which we are supportive of what the Conservative Government are proposing.

This Budget is supposed to be for working people—a “We are all in it together” Budget—but instead it is a “You're on your own” Budget that abandons young people who want to get into work and start a family, but who fall on hard times. That shows just how clearly millions of people will miss the Liberal Democrats.

4.56 pm

**Craig Mackinlay** (South Thanet) (Con): I want to declare an interest. I have one very small buy-to-let mortgage that ought to be brought to the House's attention.

I pay tribute to the two Members who have made their maiden speeches, my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) and the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell), whose constituency name is very long.

Many of my comments will be on the tax and tax credits side of the debate, but I want to start with the budget deficit. I am very pleased to see from the Red Book that Government spending is currently 39.6% of GDP, which will fall to 36% by 2020, when we will have a surplus. A surplus is what we need, and we were elected as the responsible party to deliver it. I am proud that we will have a fiscal responsibility charter so that the disaster, frankly, that we inherited in 2010 will not happen again.

I have always agreed with having a degree of hypothecation in our tax code, so I am very pleased that the road fund licence will be used for road funding, as it was always designed to be used. I certainly hope that it will generate a larger fund. I already have my eye on the dualling of the A256 so that we can have a proper east Kent highway from Ramsgate to Dover. It is to the credit of car manufacturers, which now make such low CO<sub>2</sub> vehicles, that we have got to the stage of needing to look again at the road fund licence.

The freezing of fuel duty is a particularly pleasing facet of the Budget. Many thought that the duty might be subject to an increase. I am glad that it has been frozen once more. It now represents up to £10 per tank-fill compared with what might have been the case had we continued with the fuel tax escalator imposed by the Labour party some years ago. That is particularly relevant for those on low pay. In my constituency, we suffer from lower rates of pay than in the rest of the south-east. It is mostly the low-paid who suffer from higher fuel taxes, as fuel represents a high proportion of their disposable income.

Another hypothecation of tax is the apprenticeship levy on large employers. There has been a similar form of levy in the construction industry for some years, the construction industry training levy, and I am very happy that it will be extended so that all youngsters can have a proper opportunity to get a real apprenticeship, which will give them a really great future. I am very pleased to see that the number of proper apprenticeships in South Thanet increased from 300 to 720 in the past five years, and I certainly hope that the new fund will enable that number to more than double again.

**Alison Thewliss:** Does the hon. Gentleman accept that the apprenticeship rate is currently set at £2.73, as part of the minimum wage regulations? How does he expect young people to live on that while serving their apprenticeship?

**Craig Mackinlay:** I think the hon. Lady will find that good apprenticeships become very good jobs. I always said, as an employer in my former life, that I was keen to see people with something on their CV, because they had the best chance of having a job into the future.

For far too long, there has been fiscal drag in the inheritance tax system. The £325,000 threshold, which is doubled for a couple, has been in place since 6 April 2009. One reason for that drag is the increased value of the family home. I am therefore pleased that the family home has a place in the proposals. There will be a £100,000 rate from 2017-18, which will rise by 2020-21 to the full £175,000 that has been proposed.

I had concerns before the Budget about how the downsizing relief would work. I thought that it might just cover people moving to a smaller home, but I am pleased to see that it will be available to those who simply cease to own, perhaps because health problems mean that they have to go into long-term care. There is nothing in the Red Book about how long the relief will be in place. It may be perpetual, which would be good, but many of us are familiar with the seven-year rule that applies to many inheritance tax proposals.

I am very much in favour of the simplification of the UK tax code. It is out of control and now runs to some 17,000 pages. When I was a councillor on a unitary authority, we managed to create 265 pages of local council legislation merely for the localisation of council tax, whereas the entire tax code of Hong Kong runs to only 235 pages.

The need for simplification leads me to ask why we do not just raise the threshold in general, rather than apply it to a house. There may be people who have chosen, for whatever reason, never to own a home. They may have decided that renting is for them, that it suits their lifestyle and that they can save money in their own way. Under the proposals, the home must pass down to children or grandchildren. There is a degree of discrimination against the childless in that. Such people may have family members who fulfil many of the functions of love and care that other people expect from their children.

Whenever I think about inheritance tax, I go back to the Burden sisters, who took their case to the European Court of Human Rights back in 2008. They were spinsters who faced being unable to pass assets between each other upon the death of one of them. They lived in the family home and, on the death of one of them, the other would have faced an inheritance tax bill that there was no money to pay.

I have come across other people who live in the family home that they received from their mothers and fathers, who have never married and who lead a prudent lifestyle. One man in particular has assets of approaching £500,000, but will face an inheritance tax bill because he has no spouse and no children or grandchildren. I have always maintained that it would be simpler for every person to have a nominated inheritance tax recipient, rather than it having to be a spouse or civil partner.

I welcome the increase in the employment allowance that is available to every employer to £3,000. The £2,000 level has been very welcome, and has encouraged and enabled many smaller employers to take the first step towards putting people on the payroll. The anti-avoidance measure that means that sole directors will not benefit from that is well made, because there has been use of that—dare I say it—loophole.

I will move on to the proposals on buy-to-let landlords. Obviously, the Conservative party has a strategy to ensure that as many people as possible in this country have the opportunity to own their own home. That is a fundamental part of what we stand for. People who have a stake in their home have a stake in society. We have Help to Buy, the right to buy, a mortgage market that often helps first-time buyers, and many housing providers have numerous shared-equity arrangements. It is clear that the buy-to-let market has had a distorting effect, and those with good credit have been able to get on to what seems to be a one-way bet. That bet continues while we have housing shortages and a growing population, and it is right to address that.

I have no fundamental objection to the restriction of tax relief, which will be phased down to basic rate relief only over four years from 2017. I am, however, concerned that we risk creating a new anomaly that goes against the concept of “wholly and exclusively” that underpins our whole tax system. If taxpayers enter into a transaction with no surplus cash arising at the other end, normally there would be no tax to pay. Under the proposals so far, however, a taxpayer could make no surplus or even a loss, and that would result in a tax bill. That seems to be an anomaly. I would rather address the problems of the buy-to-let market with an increased rate of rental tax for higher rate taxpayers, as a surplus to the current 40% rate, or even the 45% rate for what I call super-tax payers. We should either use that type of tax system to change and skew behaviour towards the public good, or we should implement greater regulation of buy-to-let mortgage providers. I worry about introducing a precedent of behavioural skewing into our tax system, and it is unusual to encourage behavioural change in that way through the restriction of a deductible expense.

The changes to dividend taxation are to be welcomed. We must look back to changes by Gordon Brown and the advance corporation tax system that caused the destruction of a proud and well-financed pensions system and turned it into one that today has extreme difficulties. I am sure we will get details of how that will work—perhaps I will work it through myself later today.

The corporation tax reduction is welcome. I am not sure that big or even smaller businesses were clamouring for it, but it is certainly simpler now we are down to 20% and do not have to change rates and amounts if there is a multitude of companies—a good simplification. The main driving force of the measure is that it offsets any additional cost to companies as they implement the welcome and increased national living wage.

We had a debate on tax credits yesterday—I would like to have taken part but I was elsewhere. It speaks volumes that the UK has 1% of the global population, 4% of its economic output, and 7% of global welfare spending. I have said this before on other platforms, and I will say it here in the House: we have created the most expensive system of keeping people in poverty that has ever been invented. We now have a tax credit bill that approaches £30 billion.

One feature I am grateful to see is the prior year income disregard going down to £2,500. Back in 2009, the income disregard on prior year income was £25,000. That meant that somebody's income could be £6,420 in year 1, £31,420 in year 2, yet they would receive full and complete tax credits. That much-needed welfare was frankly going to the wrong place. There are other failures

[Craig Mackinlay]

with the tax credit system that I am confident universal credit will solve and replace. For example, the system has had no capital element. I have known of instances where people have more than £1 million in various assets but no great income, yet they are still claiming tax credits of upwards of £18,000 per year. Far from the dire pronouncements we heard during the previous Parliament that our proposals would somehow create a disaster for those on lower pay, what we have created is common sense, greater hope and a desire to get on. We are seeing an increasing number of people getting back to work and fewer workless families.

I very much welcome the increases in personal allowances, which were manifesto commitments, and the increase in the national living wage. There is now a better chance than ever to get a good job or a first-class apprenticeship. There will be 29 million people in this country with lower tax bills and 4 million out of tax altogether. That amounts to £5,000 extra to the low-paid over the Parliament. This is what counts. This is what matters. This is what we intend to deliver for this country: a country of opportunity where everybody gets on.

5.10 pm

**Clive Efford** (Eltham) (Lab): I pay tribute to the hon. Members for Coatbridge, Chryston and Bellshill (Philip Boswell) and for Louth and Horncastle (Victoria Atkins), who made their maiden speeches earlier this afternoon. I hope that they enjoy their time here representing their constituents.

The Budget was heralded as the first blue Budget for 18 years, but it certainly was not worth waiting for. Like my hon. Friend the Member for Islington North (Jeremy Corbyn), I heard echoes of previous Tory Budgets under Margaret Thatcher and John Major, particularly in relation to housing and the social rented sector. There was a certain irony in the big crescendo being about the national minimum wage. Those of us who were here in the first Labour Parliament will remember that we had to sit all night to force through the national minimum wage. The Tories fought against it tooth and nail, yet here we are with the Tories claiming to be the guardians and supporters of the national minimum wage. How right can we be? We were told that it was going to cost jobs and wreck the economy. None of that came about and the Chancellor is now increasing it substantially, which I welcome. I will come back to that.

My concern about the Budget, and the reason I wanted to speak today, relates to the proposed changes to welfare, particularly in relation to housing and the benefit cap. They will have a major impact because of the cost of housing in London. Only a few days ago, it was announced that there should be a higher income cap for people in social housing, who would then be forced to pay a market rent. I am concerned that what we are seeing, much as the Chancellor tried to portray this as a one nation Budget, is a division opening up between those who have property and those who do not. That causes me a great deal of concern.

There was very little, in what the Chancellor said, for the next generation. I am living in a house that, in the past 14 years, has more than doubled in value. I have not earned any of that money. Housing costs are leaving the next generation behind. What chances are we creating

for the next generation? My right hon. Friend the Member for Wentworth and Dearne (John Healey) spoke very early in the debate. He undertook an excellent piece of work, which I encouraged the Labour Front-Bench team to adopt before the general election, outlining the “benefits to bricks” argument. If we invest in social housing at 50% or lower of market rents, the taxpayer actually saves money. We can chart the ballooning of the housing benefit budget right back to Sir George Young. When he was Housing Minister he said let housing benefit take the strain. Since then, we have seen a mushrooming in the cost to the taxpayer of paying for people to live in private rented accommodation.

At the time of the 2010 election, economic growth was 1.7%, owing largely to the action of the Labour Government to address the deficit and economic downturn that resulted from the international banking crisis—I wish they had had so much power that they could have created an international banking crisis, because then we might have changed much more, other than what we did do, such as introducing the national minimum wage.

When they came to power, however, the last Government removed all the stimulus from the economy, much of which involved housing. In spite of the depth of the downturn, we had managed to keep the number of repossessions resulting from the downturn lower than in the 1992 recession. We also created the home start scheme to support and keep going construction schemes that were faltering because the banks were not providing credit—we supported the supply of housing—but the last Government scrapped those schemes.

Incidentally, the last Government also scrapped the biggest council house building programme in 20 years. We can calculate the savings that that programme made to housing benefit. The Conservatives will claim credit for building more council housing than the last Labour Government—

**Chris Philp** *rose*—

**Clive Efford:** Oh God; it’ll be a good one, I know.

I admit that we did not build enough houses. I was here, firmly on the Back Benches, when we were in government, and the lack of house building, particularly social rented housing, was one of the big issues I that argued for, but right at the end we did invest a lot of money in building social housing, and the last Government scrapped it. The only social housing they have built and claimed credit for in the past five years was funded by my right hon. Friend the Member for Wentworth and Dearne when he was Housing Minister. I know that because I was his Parliamentary Private Secretary.

**Ms Margaret Ritchie** (South Down) (SDLP): Does my hon. Friend agree that investment in affordable housing, particularly social housing, has a multiplier effect on the economy because it boosts construction and creates jobs in that sector, as well as providing an important stimulus to people who for whatever reasons—mainly economic—cannot provide housing for themselves?

**Clive Efford:** That is absolutely right; it gets the supply side going as well.

The OBR figures in this booklet show that house prices are due to rise by 34.1% by 2021, so a considerable increase in house prices is still being predicted, but people’s ability



to buy housing will only fall further behind. The Resolution Foundation states that 2.2 million households on medium incomes spend one third or more of their disposable income on housing, leaving an average of about £135 a week for other things. If they even attempt to buy their own home, they do not have enough income. The National Housing Federation's report, "Broken Market, Broken Dreams", states that the average first-time buyer needs a £30,000 deposit—10 times the amount needed in the 1980s—and to borrow 3.7 times their annual income now compared with just 1.7 times their income in 1979.

Two thirds of home buyers now use the bank of mum and dad. They are getting support from the baby boomer generation—I am one of them: those born between 1946 and 1964. Our generation are sitting on the best pensions any generation has had, the windfall from our house prices and the greatest ever increase in the quality of life—and what has the Budget done? It has protected pensions for that group, who are already wealthy, and allowed them even greater opportunities to pass on their housing to their children, further opening up the divide between those who have houses and those who do not. That is completely and utterly unfair.

Let me turn to the benefit cap. I do not support reducing the benefit cap from £26,000. I will look carefully at the impact assessment that the Government produce to show us that it is justifiable in London—we are going to see a proposal for a £23,000 benefit cap in London. I want to see how that will impact on people in central London, because we are seeing a combination of the cap and the highest-value social housing having to be sold off, as my hon. Friend the Member for Islington North (Jeremy Corbyn) said. We are seeing housing association properties forced to be sold off, and we know that for every 10 houses that are sold, we get only one house to replace them—that is the woefully inadequate record that we have seen in the past.

The expensive houses are going to be in central London. They are the ones that are going to be sold. Even in my constituency—which is an inner-London constituency, albeit towards the outer part of that area, so we do not have the sort of high-value properties we see in places such as Camden, Islington, Kensington and Chelsea, and Hammersmith and Fulham—there will still be high-value houses that must be sold. That will reduce the availability of affordable rented accommodation for people in London. What will happen to those communities? Where will those people go? Where are the opportunities for the next generation? What this Budget is doing is removing whole sections of our communities that perform lower-paid jobs and live in social rented accommodation in large parts of London. Those communities are just being wiped out, and this Budget has moved that forwards in ways that Margaret Thatcher could not even dream about.

I want to turn to the national minimum wage. Based on what I heard from the Chancellor, I think that he has redefined the living wage and claimed it for himself. He has put the minimum wage up to £9, when the living wage is actually £9.15 and £7.85 outside London, not £7.20. Therefore, he has rewritten the living wage to start with, but also the living wage is calculated by including the rate of tax credits, which have just been massively reduced, so if I am not wrong, it will not be a living wage and we have had a little con trick. It was the big end for the Chancellor—"We've got a new living

wage"—but we have not got a new living wage; we have got a Tory living wage. Again, it will impact on those with high housing costs, particularly in London.

**Chris Philp:** Will the hon. Gentleman give way?

**Clive Efford:** Yes, I will; I cannot resist.

**Chris Philp:** The hon. Gentleman is very kind indeed. I find it slightly difficult to believe that he is complaining about such a massive increase in the minimum wage when it is set at 60% of median earnings, which is the level suggested by the Resolution Foundation.

**Clive Efford:** Other benefits such as tax credits are taken into consideration in calculating the minimum wage. That is how we arrive at the living wage, so we cannot cut tax credits and, using the previous living wage, say that it is the living wage. It has to be completely recalculated.

Back in 2012, the London School of Economics did a study of the impact of the £26,000 benefit cap and concluded that, after all other bills were paid, households with children in some of the less desirable parts of London would be left to bring them up on 62p a day. I read an article the other day about Ban Ki-moon launching the new millennium development goals. He said that expenditure of \$1.25 a day is not enough and that the target should be increased. Sixty-two pence a day is about half that. What we are saying therefore is that families with children in a capital as wealthy as London should have that much income to provide for them and to live on.

This Budget is not fair; it is completely unfair. It is very divisive between those who have and those who have not, in terms of property. As for the increase in the minimum wage, welcome though it is, it is not a living wage, and we must continue to campaign for an improvement in that regard.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. Before I call the next speaker, I must draw attention to the rule that, for reasons of courtesy, it is essential for a Member who has just spoken to remain in the Chamber during the two speeches that follow his or her own speech. My criticism is obviously not aimed at any Member who is sitting in the Chamber now, as, by definition, the Members who are present are courteously sitting through the debate. However, I have observed that several Members have spoken and then left the Chamber before the end of the two speeches following theirs. I hope that those to whom I am addressing this criticism will pick it up by some means or other. They may think that it has not been noticed and that there will be no price to pay, but I can assure them that any discourtesy to the House is observed by the Chair, and will be noted and acted upon. As I have said, though, I have no criticism whatsoever of any colleagues who are currently in the Chamber and who are behaving most courteously.

5.26 pm

**Chris Philp** (Croydon South) (Con): I join others in congratulating the Members who have made their maiden speeches today: the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell), and my hon. Friend the

[Chris Philp]

Member for Louth and Horncastle (Victoria Atkins). I believe that my hon. Friend's predecessor served in the House for 55 years, and I wish her well in her possible attempt to emulate that phenomenal record of service.

I also pay tribute to my right hon. Friend the Chancellor of the Exchequer for an excellent Budget statement—all the more so when we cast our minds back and consider the very difficult circumstances that he inherited when he first came to the Dispatch Box in 2010.

**Christian Matheson** (City of Chester) (Lab): I thank the hon. Gentleman for giving way so early in his speech. Can he point to any measures in the Red Book that the Chancellor will be introducing to prevent a further crash in the American sub-prime mortgage market, which was, of course, the cause of the circumstances to which he has just referred?

**Chris Philp:** I thought that the former Prime Minister, Gordon Brown, had abolished boom and bust, but he had clearly failed to do so. Moreover, I note that the last Labour Government had been running a deficit since 2002. Had they not been so grossly irresponsible as to run a deficit during the good years, the country would have been better prepared when the bad times came, and we would have been able to weather the storm. The blame is entirely to be laid at the door of the last Labour Government.

**Sir Peter Bottomley** (Worthing West) (Con): My hon. Friend may wish to remind the hon. Member for City of Chester (Christian Matheson) that the last Labour Government did pretty well on the economy between 1997 and 1999, because they stuck to the Conservatives' spending plans. When they stopped doing that, things went wrong.

**Chris Philp:** My hon. Friend is right to draw attention to the success that the Labour Government enjoyed while sticking to the economic plans of my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke).

Let us return to the legacy with which the Chancellor came to office. GDP had contracted, employment had fallen, the number of housing starts had fallen dramatically—we have heard a lot about housing today—and the deficit had mushroomed to a gigantic 10% of GDP, partly because we were already running a deficit when the recession hit. All those matters were tremendously difficult to deal with.

Let us now look at what the Chancellor has achieved. Over the last five years, we have seen an impressive turnaround. Last year, GDP grew at a rate of 3%, the highest rate in any G7 country. Employment grew by a staggering 2 million over the last Parliament, a greater increase than was achieved in all the other European Union countries put together. As I mentioned in the House yesterday, the county of Yorkshire alone created more jobs than France. That is a record, and I note that the Under-Secretary of State for Transport, my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones), is particularly pleased to hear about it. The deficit came down from 10% to 5% of GDP, and even the cost of living issues experienced in the last Parliament have begun to ease. Wages are now rising at

3% but inflation is zero, so there has been tremendous progress over the last five years, and I am delighted to have heard today that the Chancellor has resolved to finish the job.

**Jim Shannon** (Strangford) (DUP): I do not think anyone in the House would disagree with the hon. Gentleman's interpretation of how the economy has boomed with job opportunities and with unemployment decreasing. We in Northern Ireland have seen the advantages of that as well. However, does he share my concerns about how the changes to welfare reform, tax credits and benefits will impact on economic growth over the next few years? Rushing forward too fast, as the Chancellor said today, would be detrimental to the economy of the whole of the United Kingdom of Great Britain and Northern Ireland.

**Chris Philp:** I thank the hon. Gentleman for raising that point. I am afraid I disagree with his concerns and I will address these matters in more detail shortly.

I was endorsing the Chancellor's plan to continue deficit reduction and to eliminate the deficit by the end of this Parliament. If this country is to have a stable economic future, and if we are to be in a position where we can weather anything the future throws at us—there may well be further economic turbulence from overseas in the years ahead—it is essential that we have a balanced budget, and the Chancellor is right to aim to achieve that.

I note, however, that the Red Book tables C.3 and C.5 forecast significant increases in tax revenue over the next five years, which are essential if we are going to balance the books. Revenue over the next five years is forecast to increase by £168 billion, an increase of 26% from today. At the same time, expenditure is going to increase by £69 billion, an increase of 9% from today. If for any reason that 26% increase in revenue does not materialise, the Government will have to look again at their expenditure plans. I am sure Members will watch very carefully to make sure that those revenue assumptions do indeed come to pass over the coming five years.

I commend the Chancellor for his work on fairness over the past five years and in this Budget. He has taken action to make sure that the wealthiest in our society pay their fair share and the poorest are given the most help. The top 1% of earners pay as much into the system as the 9 million poorest people in our society. If any Member suggests that the richest are getting an easy ride, they are quite wrong; the richest are indeed paying their fair share. Measures were announced today to clamp down on corporate tax avoidance, which have been welcomed from all parts of this House, and to limit the scope of people using non-dom status to avoid paying their fair share of taxes. I am sure Members on both sides of the House will be quick to welcome that, too.

There has also been a continuation of measures designed to help the poorest in our society, such as further increases in tax allowances, which disproportionately benefit the poorest; and one of the heaviest taxes of all, the tax on fuel, which bears down proportionately most heavily on small businesses and people on low incomes, has once again been frozen. Had that freeze not started some years ago and been continued, each time we filled up our car the petrol tax would be about £10 to £11 higher.

We should thank the Chancellor for alleviating that heavy burden that falls on the shoulders of those who can least afford it. This is therefore a Budget that has fairness at its heart, with the richest paying their fair share while those on lower incomes are protected, which is right.

I shall now turn to the issue raised in the last intervention: the reform of benefits, and in particular the reductions in tax credits. We had an Opposition day debate yesterday on tax credits, when many Conservative Members pointed out how staggeringly expensive tax credits are, at a cost of £30 billion a year, and how they often serve to—*[Interruption.]* Sorry, my voice is going a bit; I was cheering so loudly earlier that it not as clear as normal—I hope the Chief Secretary's Parliamentary Private Secretary takes note of that.

Tax credits reduce incentives to work, so it was right that the Chancellor today moved to reduce the cost of tax credits to the Exchequer, but it was equally important that that reduction was accompanied by such a significant increase in the minimum wage, introducing the new concept of a living wage—it will rise to £7.20 an hour next April and will continue up to £9 an hour by 2020.

**Alison Thewliss:** I shall help the hon. Gentleman out a little. Does he accept that the cuts to tax credits are going to have a disproportionate effect on women? The Fawcett Society says that the freeze in working-age benefits will disproportionately affect women, with one fifth of women's incomes coming in benefits compared with one tenth of men's.

**Chris Philp:** The benefits of people who are not working are unaffected, and people who are working will have the opportunity, via higher wages, to more than recoup the effects of the tax credit move that the hon. Lady just described. I strongly welcome the fact that the increase in the minimum wage will more than offset the effect of the tax credit reductions.

**Jim Shannon:** Again, the issue of tax credits worries me greatly, as my constituents have contacted me over the past few days intimating their concerns. In Northern Ireland, the figures from charities show that many children will be pushed into poverty as a result of the changes to tax credits. No matter what way the hon. Gentleman may put this forward, that is what the experts and the charities are saying. How can he answer that point?

**Chris Philp:** I thank the hon. Gentleman for his intervention. The number of children in relative poverty—this was before the definition was changed—was reduced by 300,000 over the course of the last Parliament. As I mentioned in response to the previous intervention, although families on low incomes will receive less in tax credits than they currently do, that will be more than made up for by the increase in the minimum wage, and it will, therefore, be fair to people on low incomes. I do not think that the issues the hon. Gentleman just raised will come to pass in the way he described, although I am sure that further analysis will be done on this topic.

Ultimately, tax credits are a subsidy paid to employers who underpay their staff, and Members on both sides of the House will deplore employers who pay their staff less than is required to live on. A combination of reducing tax credits while increasing the minimum wage

will end this abuse by some employers who do not pay their staff properly. A reform such as this is long overdue. For far too long, the general taxpayer has been subsidising employers who underpay their staff, and I am delighted that today's Budget has taken a step towards ending that.

We have heard a great deal from Opposition Members about productivity, and it is right to say that productivity in this country needs to improve. I am delighted that somebody as distinguished as Jim O'Neill will be leading on that. I say to Labour Members who have raised this issue that the biggest fall in productivity in recent history—2.6% in a single year—occurred in 2009, on the Labour Government's watch. They should therefore be a little careful when they seek to lay the blame for the productivity level on Conservative Members.

One contributory factor to low productivity is low wages, which are fuelled by tax credits: if employers can pay their staff very low wages, there is very little incentive to invest in IT, training, equipment or machinery because they can simply hire very low-paid staff. One side-effect of today's increase in the minimum wage may be to increase productivity, because companies will be paying higher wages and so will be further incentivised to make sure that their workers, who will be costing them more, really are productive.

A second reason behind the relatively flat productivity figures is the relative decline of the oil and gas sector and the financial services sector after the recession. Both sectors had very high productivity, so if their participation in the economy is reduced, there will naturally be a bit of a drag on productivity. I am sure that the productivity plan, which will be published shortly, will go a long way towards addressing many of the issues.

The Chancellor mentioned aggressive claims management companies, which I do not think anyone has picked up on so far. He said that those companies are targeting people who have been involved in accidents and inducing them to make fraudulent claims. I had that experience a year ago, when my wife and I—I do not wish to pin the blame on either of us—had a small bump on the motorway. *[HON. MEMBERS: "Ah!"]* It was nothing too serious. But in the year after that, my wife and I were inundated with phone calls on an almost weekly basis. Goodness knows how these people got our phone numbers. The insurance company or the accident pick-up company must have given them to this ambulance-chasing law firm. The firm phoned us up on a weekly basis, trying to persuade us to pretend that we had some sort of injury, such as whiplash or backache. No matter how many times we told them that we had no injury of any sort, they continued to try to persuade us fraudulently and falsely to claim that we were injured, which we obviously did not do. Some people may be tempted, and that would be outright fraud. Anything the Chancellor can do to stop this outrageous abuse is very welcome. Personally, I advocate an outright ban on payment protection insurance—PPI—or personal injury cold calls because people are being induced to make fraudulent claims, which act as a drag on the entire economy. I welcome the fact that the Chancellor made reference to this in his Budget statement.

Finally, I wish to touch briefly on housing. The timing is appropriate as the Minister of State for Housing and Planning is now in his place. I congratulate the



[Chris Philp]

Government and him on the national planning policy framework, which was launched in the previous Parliament, under which housing starts have significantly increased. In fact, the number of housing starts per year is around 50% higher than it was in 2009 and 2010. The Government can be very proud of the action they have taken so far to encourage house building. In my borough of Croydon, the number of housing starts increased fourfold in 2014 compared with 2013—they went up from 500 a year to about 2,000 a year. The Government have a good track record of making progress in this area. I have every confidence that the housing Bill, to be introduced in Parliament in October by the Minister of State, will put in place further measures that will increase house building even further. As we increase supply, affordability will improve as well.

On the subject of council housing, to which a previous speaker referred, we should note that over five years the coalition Government started more council houses than Labour did in the previous 13 years put together. That is a record of which the Government can be proud.

**Clive Efford** *rose*—

**Chris Philp:** As the hon. Gentleman gave way to me, I shall do the same for him.

**Clive Efford:** The hon. Gentleman just cannot get away with what he said. That money was left over from the Labour Government. The house building programme that we started was scrapped by the Conservative Government when they took office. More houses could have been built if they had not done that.

**Chris Philp:** As Labour's outgoing Chief Secretary to the Treasury pointed out in his very helpful note, there really was not much money left when the Labour Government quit office. Council house building continues to this day. Even the hon. Gentleman cannot claim that council house starts today can in any way be attributed to a Government who left office five years ago. This Government have a very fine record on house building, and I know that they will continue with it in the future.

At its heart, this Budget does something profound and important: it shifts the balance in this country's economy from welfare to work. The only real way to fight poverty and to create prosperity is through hard work and earning a living, not through state handouts. This Budget tips the balance back in favour of hard work and away from state handouts, and I heartily support it.

5.44 pm

**Barry Gardiner** (Brent North) (Lab): I start by welcoming the announcement about the living wage. I would feel a good deal happier about doing that if I had not noticed the guilty, sideways glance that the Chancellor gave immediately after he had made his announcement. It reminded me too much of Draco Malfoy. It set me thinking: what is the living wage in London at the moment? It is £9.15. The Chancellor said that it would be £9.35 by 2020. I thought, "Hang on. Is it really going to increase by only 20p in the next five years?" Then I realised what is really going on: one calls the thing by the same name, but changes what it is.

We have been there before. We know very well that the practice exists. We remember the Chancellor's colleague used it when we were given academies. Of course, those academies were not academies. What we called academies were those schools in difficulty, which were not doing well by the children that they were serving, and we put extra money into those schools and allowed them the freedom to try to do better. What the Conservatives called academies were excellent schools doing tremendously well, which were allowed to have that freedom and leave the system, taking with them money that was in the pot for those needing special educational assistance or free school meals. It is the opposite of rebranding: something different is called by the same name as something else. It does not fool people for long.

The Chancellor hit the wrong people, and he did so because of a genuine political problem that faces all modern Chancellors. Public demand for better services requires increased revenue, but international market competition for capital and labour drives down the ability of any country to raise either corporate or personal income tax. For any political leader, the issue of tax rates has become a straitjacket. The obvious answer has to be to raise revenue some other way. What is needed is a commodity that cannot be concealed or moved offshore. If it could help to establish a political narrative around fairness and equality, so much the better. Instead of hitting the working poor by removing working tax credits, perhaps the Chancellor should have considered taking a leaf out of the SNP's book and taxing land, the possession of which is one of the defining indicators in our country of the divide between rich and poor, and between powerful and powerless.

Land is a very odd commodity. Take an unattractive piece of agricultural land worth about £5,000 an acre and give it planning permission. Suddenly one has an asset that is worth more than a hundred times that amount. An acre of development land can fetch between £500,000 and £1 million. Of course, we all know that land is scarce on this crowded little island of ours—only we are wrong, and it is not. In fact, of the UK's 60 million acres, only about 4 million are actually used to house our 61 million-strong population. It is true that about 15 million acres could not be used—not everybody wants to live on top of Cadair Idris—so we have to exclude the forests, lakes, rivers and mountains, but that still leaves 41 million acres of good land.

Most people are surprised to find out that the myth of the crowded little island is just that—a myth—but not as surprised as when they find out that the people who currently pay land tax, some £35 billion of council tax and stamp duty, are the 99.4% of us crowded on to the 4 million acres, while the 160,000 families who own the remaining 41 million acres receive from the public purse a subsidy of about £3.5 billion every year. That is about £83 an acre every year from us, their fellow citizens. Yet these fellow citizens are the very ones that my hon. Friend the Member for Eltham (Clive Efford) was talking about, who cannot afford to buy a home of their own because land is released slowly and selectively on to the market precisely to restrict supply and artificially inflate prices. The landowner benefits twice over. The current system subsidises a tiny elite, precisely encouraging them not to make their land available for housing until public demand has ramped up its price. Breaking that perverse cycle is a key way of resolving the problems of

“generation rent”—the housing problems my hon. Friend was speaking about—but it is also a way of raising significant revenue.

A land valuation tax is a levy on the value of the land unimproved by buildings or other enhancements. The principle is simple: that because the value of the land has been created by its proximity to the infrastructure paid for by the community—the schools and hospitals, the roads and railway stations—that value should be captured by the community to be reinvested in public good, rather than appropriated for private profit. And if that sounds like a Labour policy, then so much the better!

**George Kerevan** (East Lothian) (SNP): The hon. Gentleman may know that, under the original planning Acts introduced by the Labour Government in the 1940s, the uplift in land value did accrue to the public sector and the taxpayer. That changed when the incoming Conservative Government under Winston Churchill changed the law.

**Barry Gardiner**: I am so glad I took that intervention, because the hon. Gentleman makes an extremely important point—one that I totally agree with.

The amount of tax raised could be substantial: an annual tax of just £200 per acre could raise £9 billion—more than by putting an extra penny on income tax. The unpopularity of raising corporate or personal income tax has been a straitjacket. If the Chancellor feels comfortable wearing it, he may be madder than I think.

For 10 years, I ran my own business in the City of London. I focused on two things: first, manage your assets; secondly, manage your risks. The same is true for Government. One would not—should not—have any confidence in a management team that did not know the value of its asset base, and one would not have any confidence in a management team that either failed to properly quantify its strategic risks, or that, having quantified them, failed to take appropriate action to mitigate them. Yet we have a Government who have no proper account of their natural capital asset base, and although they have identified the risk of climate change and the linear economy as a real threat to growth, they are failing to take the necessary steps to mitigate those risks adequately.

Dr Richard Spencer of the Institute of Chartered Accountants in England and Wales has put the case for valuing our natural asset base most succinctly:

“The argument for natural capital accounting is that measuring nature makes its contribution to the economy and our wellbeing visible and allows for effective decision making.”

Global businesses extract an estimated \$7 trillion from the environment each year. That \$7 trillion does not appear on balance sheets; it consists of free goods—externalities as classical economics prefers to call them. No Government account exists that charts their contribution to the national wealth. Globally, they represent the annual income from a gigantic asset base that is, quite simply, the precondition of all other economic activity. What sort of economic managers do we have who fail to quantify an asset base of such magnitude and such importance?

The IMF has calculated the cost of the financial crisis at \$11.9 trillion. Each year, the degradation of natural capital around the globe erodes our natural asset base

by more than that. Our natural environment as represented in our natural capital stocks and flows faces a bigger crisis every single year than the world faced in the 2008 global financial crisis, yet the crisis of the environment is invisible. We were prepared almost to bankrupt ourselves to save our economic system. Our natural capital debt is, arguably, a much more urgent issue than our financial debt, yet this Budget does nothing—nothing—to reverse the decline of that asset base. Natural capital valuation is a powerful tool for policy making and policy delivery, and it is entirely absent from this Budget. So much for managing the assets.

But what about managing the risks? This Government have identified the risk of climate change. With considerably less clarity they have identified the risk of a linear economy. However, as Peter Young, the chair of the Aldersgate Group, said only a few weeks ago:

“The UK is a world leader in environmental science and in writing policy; it is not a world leader in taking subsequent action.”

Just over a week ago the Government’s independent advisers on these matters, the Committee on Climate Change, set out the key actions that Government needed to take if they were to respond appropriately in managing and mitigating the risks. The committee criticised the fact that many low-carbon policies have no investment certainty beyond the next few years. That, it says, is preventing efficient investment in low-carbon technologies and their supply chains, which often have long lead times. To bring those investments on stream the Government should give policy certainty and clarify ongoing funding commitments beyond the cliff edge that is currently 2020.

What did the Chancellor announce? He removed the exemption for renewables from having to pay the climate change levy. Instead of incentivising investment and stabilising the low-carbon industries, the Chancellor put a £3.9 billion tax on renewables. It was very softly spoken in the Budget, but at a stroke he killed off our chances of developing this growing green economy. The jobs, the growth and the international exports that could have come from it have just been thrown away to raise £3.9 billion for the Exchequer. It is a dereliction of duty as a manager of risk.

The Committee on Climate Change says that the Government must do much more to support private innovation to develop the future technologies that still need research, development and demonstration. These are technologies such as electric vehicles, carbon capture and storage, and offshore wind turbine technology, that can help us meet our 2050 targets. They are also the new green industries that can bring growth and high-skilled jobs.

Specifically, the committee’s report called upon the Government to

“ensure the power sector can invest with a 10-year lead time”.

To do this, they need to set a clear carbon target for the power sector by the end of the next decade, and extend the funding under the levy control framework to match project timelines out to 2025 with annual rolling updates. In his Budget speech today the Chancellor steadfastly refused to do so, against his own independent advisers.

In the built environment the report calls on the Government to

“develop plans and policies that deliver low-carbon heat and energy efficiency”.

[Barry Gardiner]

Nothing! A strong Budget would have strengthened and implemented a zero carbon homes standard. It would have driven investment in low-carbon heating. A strong Budget would have provided increased support for electric vehicles, as well as pushing for stronger 2030 EU CO<sub>2</sub> targets for cars and vans. The Economic Affairs Cabinet Committee, which the Chancellor chairs, received a report over a year ago saying that the cost to our economy of air pollution from existing vehicles from the 29,000 premature deaths it causes, was between £9 billion and £20 billion lost to our economy each year. A strong Budget would have mitigated those costs by tackling the problem at source.

The Chancellor talks about hypothecating vehicle excise duty to a road building programme, but he does nothing to put any money behind the electrification of those same vehicles to deal with particulate matter and nitrogen dioxide, which the committee says is costing so much every year. In this Budget the Chancellor failed to manage the natural asset base and failed to manage the environmental risks.

Several hon. Members *rose*—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. There is one hour left for this debate and I notice that there are six Members trying to catch my eye, which makes my arithmetic very easy indeed. I do not believe there is anyone here who cannot calculate that if everybody takes approximately 10 minutes out of courtesy to their fellow Members, everyone who wishes to speak will have an opportunity to do so, without the need for a formal time limit.

5.59 pm

**Tom Tugendhat** (Tonbridge and Malling) (Con): Thank you, Madam Deputy Speaker; I will stick as closely as I can to your request. I would first like to congratulate my hon. Friend the Member for Louth and Horncastle (Victoria Atkins) on her maiden speech. Her fantastic tour de force as the champion of her constituents was quite something. I was also grateful to hear—sadly by television, rather than in the Chamber—the maiden speech of the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell).

This is the first Budget that I have had the honour of hearing in this House. It is a delight to be able to support my right hon. Friend the Chancellor, because he has done some fantastic things for our country. The three that I will focus on are not exactly the same as those that have been extrapolated by so many of my right hon. and hon. Friends, which I will allow to stand on their own.

The first measure is the drop in corporation tax, which is linked, brilliantly, to the rise in the national living wage. That is an absolutely essential part of any Conservative manifesto, and it is absolutely right that my right hon. Friend has made it such a priority. Tying the amount that a company pays in taxation to the amount that a worker can earn is essential if we are to break the moment at which the state puts its hands in their pockets and, in so doing, merely adds grit to the engine of the economy. That is important because when taxes are taken the state charges for the privilege, and when it hands out benefits it does so again. By removing the state, all that happens is that both sides benefit.

The reduction in corporation tax will have a further effect: it will spur industry and help to spur international competition. The United Kingdom already has one of the lowest rates of corporation tax in the European Union. I welcome it falling down that list. As it falls and moves towards the rate that Ireland has adopted, we will have a greater ability to compete with others, and we will do better because of the industry of our people, not because of the intervention of our state. I am confident that that, in turn, will lead to an increase in revenue. That increase in revenue is absolutely essential for the things that we need as a nation.

We need one of those things very much. I am very glad to welcome my right hon. Friend the Chancellor's decision to link defence spending to the UK's GDP. By making that 2% commitment, he has effectively guaranteed an extra £6 billion of defence spending a year by the end of this Parliament in 2020. That is a very important sum not only because of what it will contribute to immediate defence, by which I mean the purchase of ships and aircraft and the hiring and training of soldiers, but because of the message it sends to our friends and allies. By tying ourselves to NATO's 2% target, we are stating very clearly that we are a committed member of NATO, that we will face the aggressions we see around the world, and that we will face them squarely. We will stand with our allies and face our enemies. I am very proud that this Government have made that commitment.

**Bob Stewart** (Beckenham) (Con): I thank my hon. and gallant Friend for allowing me to intervene. The commitment also sends to our armed forces the incredibly important message that this Government will be steadfast in their support, which will be very good for morale.

**Tom Tugendhat:** I welcome my hon. and gallant Friend's comment. In fact, he pre-empts the next part of my speech. The amount we spend also points to our priorities as a nation, and he is right that this is vital for our future. It points to the importance of readiness. The amateurs always talk about numbers; about kit and money. The professionals talk about readiness, and they do so because that is what we get with those numbers. It is the morale that he talks about. It is the training and preparation that mean a group of young men are not a rabble, but an army; that a bunch of steel is not simply a welding exercise, but what my gallant friends in Her Majesty's Royal Navy often refer to as Her Majesty's sleek grey messengers of death. I am very pleased that the things I have described are what our soldiers, sailors, airmen and marines will be getting. This welcome increase comes as we are reconsidering our priorities as a nation at the time of the strategic defence and security review. I must declare a slight interest as my wife is working on it on behalf of the Foreign Office.

As the decisions are being made, I urge her and the Ministry of Defence to think hard about where they allocate this money. It could go to various areas. It could go, rightly, into a lot of the ship purchasing being done, whether that means the two carriers that are being built in Scotland, the submarines being built in Barrow or the equipment programme for the Army. But I would I urge that they put this money into the things that are so often overlooked: training and ensuring that our soldiers, sailors, airmen and marines are properly housed and that their families are cared for.



I also welcome the joint security fund, which is a fantastic development that puts into the defence budget the flexibility that has so often been lacking. Those of us who have worked in defence know that very often the size of the budget is a fiction, not in the sense that it does not exist but in the sense that it is unusable in any flexible sense. It is so committed to a carrier or a submarine programme that when we suddenly need money for something else we do not have it. The joint security fund is a brilliant development that will inject that flexibility.

For example, today it could be used to fund GCHQ, the Royal Navy or our Border Force to deal with the scourge of people traffickers and that vile crime, which exploits the poorest and most vulnerable across the world. In a few years' time, perhaps it could be used to hire cyber-experts to address the threats that are already coming from China and Russia, attacking our NATO allies and our own businesses. In the future, who knows what it could be used for? It could be used to develop technologies to put spy cameras into the small brooches that some people wear, Madam Deputy Speaker. All those things are possible, as the fund is entirely flexible.

**George Kerevan:** One of the problems in our reconnaissance capability, particularly our maritime reconnaissance and drone capability, is that we have to import the equipment. When there is a recognisably a gap, we will have to import it and that will add to our budget deficit. The OBR report accompanying the Budget statement shows a deterioration in the current account deficit to record levels. All that the hon. Gentleman is showing is the weakness in our manufacturing capability, and that has not been resolved in all the years of his Government.

**Tom Tugendhat:** The hon. Gentleman's point is interesting, but I would argue that the manufacturing capability in our country for the defence technology we are talking about is largely there. The problem is that we are not bringing it together in a suitable manner. I urge the hon. Members from the Scottish nationalist party to support the development we need in the maritime patrol aircraft field and I would agree entirely with some of the comments made by the SNP that we must fill this gap with some urgency. I urge the Ministry of Defence to look hard at the money it will be getting and to use some of it to fill that gap.

Sadly, as there is a gap, I would urge the MOD to fill it with something that is more off-the-shelf than bespoke because of the urgency of the requirement, but if we look at the manufacturing capability across our islands, we will see that the technology required for the type of sea-penetrating radar and other such elements is completely available in the United Kingdom. We have a great series of businesses from the north of Scotland to the south of Cornwall, and some in west Kent, that can totally satisfy that requirement. I urge them to support us in ensuring that this capability comes about.

**Alison Thewliss:** Given the budget constraints the hon. Gentleman is talking about, does he consider Trident renewal to be a good priority in the defence budget?

**Tom Tugendhat:** Yes, I do, and on the same basis that I believe that insurance is not something that should be cut in good times.

The final element of my right hon. Friend the Chancellor's speech that I welcome is the extension of the scope of the investigation into the Lewes-Uckfield line. I realise that this is a local priority, but, for those of us in west Kent, the ability to develop a rail link to the south coast will make the coastal powerhouse just as important as the northern powerhouse.

This Budget does many things to help the people of the United Kingdom and those of Tonbridge, Edenbridge and Malling. In my own constituency, 839 people have been lifted out of tax and nearly 50,000 will benefit from the increase in the personal allowance. Along with the fuel price freeze, this is going to be one of the most important and welcome Budgets in west Kent. I welcome the Chancellor's commitment to fairness and to the principle that he has made very clear today, namely that work will always pay and that the state will stop creaming off the labour of the people only to give them their own money back.

6.10 pm

**Rob Marris (Wolverhampton South West) (Lab):** I welcome parts of this Budget, including the announcement on vehicle excise duty; the reduction of buy-to-let mortgage interest relief to the basic rate; the restriction on higher-rate tax relief on pension contributions, which will pay for the changes to inheritance tax; the increase in the employment allowance from £2,000 to £3,000; and the apprenticeship levy.

I also welcome, if the Government can get it right—it is a big “if”—the changes to what the Chancellor is now pleased to call the national living wage. However, as has been pointed out, there is a sleight of hand—in terms of incorporating tax credits into it—with regard to how what Labour has always called the living wage will be calculated.

I welcome the increase in employment in the past two years, although too much of it is low paid, and I welcome the return to some growth in our economy, which was blown off course when this Chancellor sucked money out of it in 2011 and 2012 before he returned to classic Keynesianism, with counter-cyclical deficit spending at a huge level. That is what he has been doing for the past five years—more of that later.

Conservative Members and the Chancellor himself keep talking about the long-term economic plan, but I am a whole lot more worried about this Government's short and medium-term economic plan, because this is an over-optimistic dash-for-growth Budget. Those of us who listened to several of Gordon Brown's Budgets when he was Chancellor of the Exchequer will remember how over-optimistic they could be, and some of what he did did not exactly end well.

This Chancellor has taken steps to increase Government income with some of his policies, such as the restriction on non-dom status; the increase in the insurance premium tax; the increase in the cost of buy to let as a result of the restriction on relief; the restriction on tax relief on pension contributions; the abolition of the climate change levy exemption, which I am not wild about, but it will increase Government revenue; and the selling of some more family silver and assets.

There is also some revenue-neutral stuff in the Budget, such as the proposal on vehicle excise duty. However, I caution those Conservative Members who were jumping up and down about how wonderful that is, because if

[Rob Marris]

they read the policy, they will see that the proposal to spend VED on roads—which is hypothecated—will not kick in until 2020. That is the long-term economic plan we should be worried about, because we should be doing more of that now.

The dividend changes will, as far as one can tell, be tax-neutral. The apprentice levy is very welcome, but it will be tax-neutral in the sense that the money will come in from the levy and then be spent on apprenticeships. That is great, but it will not raise any more money for the Government. We have heard the usual stuff about tax evasion and tax avoidance that has been trotted out by every Chancellor back to Gordon Brown and beyond: sometimes it produces a bit of money and sometimes it does not.

We have also had the Chancellor tying his hands on other sources of revenue, with no increase in VAT, income tax or national insurance contributions, and a cut in inheritance tax, corporation tax and income tax through personal allowances going up and the thresholds to the higher rates going up. There will be a cut in the bank levy, because I do not think that that will be offset by the surcharge on bank profits; it may be, but I cannot see the figures. The annual investment allowance changes will cut revenue. A cut that was not highlighted by the Chancellor—unsurprisingly, because it was in his Budget earlier this year—is the cut in the tax on North Sea oil and gas. The Chancellor is tying his hands on Government revenue, so I caution Conservative Members that quite a lot of this stuff is about a dash for growth that I suspect will end in tears.

Then we have what Labour Members see as the nasty stuff. It has not been much remarked upon in this debate, but for four years there will be a further cut, effectively, in public sector pay—pay restraint of 1% for another four years—as if public sector workers have not had their pay restricted enough. If inflation is higher than that, they will have a pay cut. We also have the slashing of tax credits. I understand the theory of that, but it is putting the cart before the horse, because incomes have not yet gone up enough to counterbalance the cut in tax credits. Tax credits will be frozen, as will other benefits, and that has also not been remarked on in this debate. There will be a freeze on working-age benefits, including tax credits and local housing allowances for four years, from 2016 to 2020, to save £4 billion a year. That will hurt some of the most vulnerable in our society.

I have said this in this House before, but it bears repeating: the Government are trying to cut the deficit because of their fear about the intergenerational transfer of debt and, as is reinforced by this Budget, they are privatising that debt. We have had private borrowing at very high levels during the past five years. We have had the privatisation of debt through rising house prices, because of the restriction in supply. The Government introduced Help to Buy on the demand side of the equation, which has driven up prices but it has not increased supply by anything like the amount that we all know is needed.

We have had further privatising of debt through the abolition of the student maintenance grant. There was a significant privatisation of debt when the coalition Government said that the state would not take on debt for post-secondary education in England, but would get

students to take it on with fees of £9,000. This Budget pushes that further by saying that students from the poorest backgrounds will no longer even get maintenance grants; they will have to take on debts. The irony about the privatisation of debt, as every Member of this House and his or her dog knows, is that the majority of that debt—I use the word “majority” advisedly—will never be paid back. Rates of applications to universities in England have not gone down, despite the tripling of tuition fees, because 17 and 18-year-olds are smart and know that they will never have to pay it back. Does it matter whether the debt is of £20,000 or of £50,000 or £60,000? No, because they will never have to pay it back. Who will pay it back? The state, so it is even a failed privatisation of debt.

The economy has not been rosy during the past five years, as the Chancellor and Conservative Members like to believe. There have been some good things, to which I have pointed, but we have also had a huge problem with productivity. There were jokes earlier about the socialists in France, but if we look at the Red Book, we find—surprise, surprise—that output per hour is 27% better in France, which means productivity is a whole lot better there. GDP per capita has stagnated, and half of our anaemic growth has been driven by immigration. We have a continuing problem, which has become a structural one, with the balance of trade being way out of kilter. We have had a lack of infrastructure spending. This week, we have already seen the Government cutting back on rail investment, and in the vehicle excise duty proposals in this Budget—with none of that recycled, hypothecated money until 2020—we see a cutting back in road investment.

During the past five years, the national debt has gone up by 55%. So much for getting the deficit down. Yes, it is almost down to 5% of GDP, but that is still enormous. It is actually far higher than Greece’s deficit. The Greek Government do not have a day-to-day deficit; they have accumulated debt, but no deficit. We are still running a deficit of 5% of GDP, and the national debt is up 55%, which is a terrible economic performance. As with the stock market, let us be careful, because this Chancellor’s past performance might well be a good indicator of the future performance of his long-term economic plan.

6.19 pm

**Huw Merriman** (Bexhill and Battle) (Con): I warmly support the Budget that the Chancellor delivered today. I hope that the House will permit me to consider how the Budget will impact on my constituents in Bexhill and Battle. Indeed, I contend that my constituency contains many of the attributes and challenges that other hon. Members find in their localities. I will reflect on three key areas that were addressed by the Budget.

The first area is work and welfare. I am pleased that the number of my constituents claiming jobseeker’s allowance has decreased from 1,400 in 2010 to 613. Those aged 18 to 24 account for just 135 of that number, which is down from 385 in 2010. Those figures demonstrate that some of the 2 million new jobs that have been created in the UK have certainly been delivered in my constituency.

I was pleased to hear from the Chancellor that the Government will continue to protect those who, through disability, cannot work and will never be able to do so.

Those individuals deserve our care and compassion, and I am pleased that the Government continue to focus their energies on that. I am passionate, however, about giving people the opportunity of work and equally passionate about ensuring that there is not a choice between work and welfare. I am therefore pleased that the welfare cap in my constituency will be reduced to £20,000, which will ensure that work always pays.

**Bob Stewart:** In my constituency, which is relatively rich, many people go to work and raise a family on well under £20,000.

**Huw Merriman:** I thank my hon. Friend for making that point. It applies to my constituency, too, which is just further south than his.

It has to be right that those who work should not feel disadvantaged and as though there is no incentive to work. The cap of £26,000 has been a great success. Indeed, the Labour party has adopted that policy, too.

I support the withdrawal of housing benefit from 18 to 21-year-olds. It cannot be right that people of that age who are in work are required to save up for a home of their own or to pay rent, whereas those who are not in work are able to move out and reside in housing that is paid for by the state.

In pledging to deliver a balanced economy that will permit the creation of a further 1 million jobs, I believe that we can help the 613 jobseekers in my constituency to find work and give them a fairer future than the downward spiral that benefits and welfare inevitably bring.

The second area is productivity. I welcome the Chancellor's commitment to improve Britain's productivity, particularly his recognition that investing in transport infrastructure will help towards that end. Bexhill and Battle has poor transport connections to London and beyond. Trains from Bexhill take almost two hours and spend more time going backwards or on pause than moving forward.

The Chancellor has brought the news that the Government will support a new high-speed rail service that could take my constituents from Bexhill to London in 78 minutes. Indeed, I noticed a typo on page 79 of the Budget report, where it speaks of the line going just to Hastings and Rye. I hope the author will ensure that that says Bexhill as well, which is planned to be on the route. The new rail link will help us attract new employers to the constituency.

Thanks to the Government, a new link road is being built from Bexhill to Hastings, which will deliver thousands of houses, a 42-acre business park and a country park, all of which will attract high-skilled jobs and boost our economic regeneration and productivity.

In addition—this is still linked to productivity—I welcome the commitment to freeze fuel duty for a further year. In a rural constituency such as the one I represent, a saving of £10 a tank will continue to remain a huge boost. I welcome the commitment to road building and the improvements via the next vehicle excise duty that—when it is introduced—will ring-fence motoring taxes on roads. I would be delighted if the Chancellor wished to spend some of that money on dualling the A21. The productivity gains from new roads, rail, housing and jobs will be immense in my constituency, and I welcome Government spending in that sphere.

My third point is about making work pay. Increasing the tax allowance will take more than 800 of my constituents out of the tax system altogether in 2016. A further 50,000 of my 80,000 electors will benefit from having their tax allowances increased. Those changes show that the reward for those who work and move off benefits will be given to the worker, not taken back by the Government and merely recycled or wasted. To that end, I spoke yesterday in this House, and in urging a reform of tax credits and encouraging employers to pay their staff more, I suggested that

“there is a case for the Government sharing the cost of this reduction with employers...with some of the savings being recycled as further corporation tax...reductions.”—[*Official Report*, 7 July 2015; Vol. 598, c. 274.]

**Jake Berry** (Rossendale and Darwen) (Con): You got in the Budget!

**Huw Merriman:** Indeed. I was therefore delighted that the Chancellor may perhaps have watched my speech on the television, and I certainly welcome his commitment to reduce corporation tax to 19% in 2017, and to 18% in 2020. With that cut in corporation tax and the increase of the employment allowance to £3,000, funding should be in place to ensure that the new living wage of £7.20 in 2016 and £9 by 2020 will not penalise employers—a vital requirement if we are to continue to encourage employers to expand and create more new jobs.

Let me highlight three further measures that I believe will help my constituents in Bexhill and Battle, due to its demographics. First, we have an ageing population and the increase in the inheritance tax threshold to £1 million will be welcomed by those who have worked hard and want to leave a legacy to their children. Secondly, my constituency contains a number of small businesses and a farming industry, and my constituents will welcome the proposal to keep the annual investment allowance at £200,000 per annum. Thirdly, my constituents regularly let me know that they are concerned about the UK potentially not meeting its commitments to NATO's 2% spending pledge. My postbag will be all the lighter for the Government maintaining that commitment.

As with any Budget, there is a balance to be struck and the measures must be reviewed to assess impact. I am passionate about building new houses for constituents, particularly at an affordable level. Reducing housing rent by 1% at a time when we are rightly promoting the right to buy for housing association tenants must not cause house building to slow down in that sector due to the inability to tap markets for finance. This Government built more council houses in five years than the Opposition did in 13.

**Harry Harpham** (Sheffield, Brightside and Hillsborough) (Lab): The hon. Gentleman mentioned affordable housing. Is he aware that the Office for Budget Responsibility forecasts that a 1% reduction in rent will lead to 40,000 fewer affordable homes being built over that period? Does he think that his constituents will welcome that?

**Huw Merriman:** That brings me to a point raised by the hon. Member for Eltham (Clive Efford). The Government aim to encourage people to buy their social housing. Once they do that, resources will be freed up to build more housing stock. It will also cause house prices to come down, making it easier for all to rent and buy, so, no, I do not agree with that statistic.



[*Huw Merriman*]

I am passionate about giving those from disadvantaged backgrounds the opportunity of a university education. This Government have delivered more students from disadvantaged backgrounds than ever before, and I hope that those from poorer backgrounds are not put off going to university following the announcement that the student maintenance grant will be replaced by a loan. They should not be put off; it is the best investment that a student will ever make, as I know to my benefit.

In conclusion, I wholeheartedly commend this Budget. It rolls back the state and rewards those who make brave decisions and work hard. It maintains our commitment to look after those who cannot look after themselves, and it encourages those who can look after themselves to do so. In bringing them the path to work and prosperity, I believe that this Government will help my constituents and those of all Members.

6.29 pm

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): I am afraid that I have to start by disappointing you somewhat, Madam Deputy Speaker—and no doubt the whole House—but because of a throat infection, I am unlikely to last 10 minutes.

I will come on to say a few words on productivity, but I was stunned by the comments made by the hon. Member for North East Somerset (Mr Rees-Mogg) earlier this afternoon. He talked about the Budget being a highly moral one, with a great moral imperative behind it. His comments reminded me that today is the 131st anniversary of the formation of the National Society for the Prevention of Cruelty to Children, the very day the Government are bringing in a Budget that attacks tax credits for children.

I was going to leave my remarks on that there, but I will refer to something my hon. Friend the Member for Glasgow Central (Alison Thewliss) raised. I will re-read, for those who were absent at the time, a small sentence on page 88 of the Government's Budget. It read thus:

"The Department for Work and Pensions and HMRC will develop protections for women who have a third child as the result of rape".

Where is the morality in that? What on earth is moral about dragging women in to talk about the fact that they may have been raped, so they can get some decent treatment from the benefit system? What can possibly be moral about that? I appeal to the Government: for goodness' sake, they may seek savings in many other parts of welfare, but they should not punish children and not force women, who have gone through the trauma of rape, to have to justify themselves to the taxman.

I shall move on now to productivity. The Government make great play that they have a plan for productivity, but any search for it in the Red Book will be in vain. Let me pick up on one or two matters that have been referred to by Members who are no longer in their place. Mention was made of science. Why is science and research important? If we are to stimulate investment, innovation and enterprise, one of the key things we need is the production of knowledge. In 2010, the Government chose to freeze the budget—or ring-fence it, as they grandly called it—for science and research at £4.6 billion a year. By the time we got to the Budget of

March 2015, it had degraded in value by £900 million in the succeeding five years, yet they still proclaimed in the Budget that they had ring-fenced the budget for science and research. When I received the Red Book for today's Budget, one of the first things I did was to search for the core budget for science. Surprisingly, the table produced in the March Budget is entirely missing. There is no comment about the retention, even in cash terms, of the core science and research budget. Perhaps that was a slip, but surely it cannot be justified in any way by any Government who claim they have a strategy for productivity.

Let me pick up one other matter—I am pleased that my throat is holding out. Mention has been made of a return to the 1950s by the bringing back of a levy for apprenticeships. Of course I welcome employers making a bigger contribution towards skills and development, but the problem in terms of productivity is not a general one about access to apprenticeships. We have had a structural weakness in the UK for more than 20 years in intermediate and higher intermediate skills—in other words, the technicians in science laboratories and the manufacturing sector, for example. I am not so much talking about the people at what might be traditionally called the pure craft end or at the higher professional end; OECD figures tell us that we have a worse record on producing higher intermediate skills than most of our competitors. I see no mention of that in either this Budget or the March Budget, so what are the Government going to do about it?

Madam Deputy Speaker, I feel myself in need of a Macallan 12-year-old, because of my throat, so I shall have to leave it there.

6.35 pm

**Louise Haigh** (Sheffield, Heeley) (Lab): Today's Budget is the final act in a financial crisis that has seen debts moved from the financial sector to the public purse and piled on to individuals who will be comprehensively unable to foot the bill for the Chancellor's raid on tax credits, housing benefit for under-25s and families with more than two children.

I shall deal with this before hon. Members leap to intervene. The living wage is not set at a level that would permit households to cope without in-work support. The Resolution Foundation, which the Chancellor referenced, has said:

"If in-work support is cut then, as night follows day, the Living Wage will rise."

Excluding in-work support raises the London living wage to £11.65, revealing the Chancellor's announcement as mere rhetoric. As my right hon. and learned Friend the Leader of the Opposition said, it is giving with one hand and taking with the other.

The Budget serves notice that we have a Chancellor steadfastly refusing to tackle fundamental issues in our economy that are causing rising levels of household debt. It is ominous to listen to him talk with such confidence, given that significant underlying weaknesses in the economy that have been causing serious concern for some time are completely ignored. He might have wanted a rebalanced economy and a recovery built on rising incomes, but that is simply not happening. High debt, low pay, an economy based on credit and a housing bubble, a deregulated financial sector—back to business as usual.

What was wrong in 2007 remains wrong to this day. It is that we do not have a resilient financial system. In the recently published “Financial System Resilience Index”, the UK ranked lowest of all G7 countries. It is that household debt is rising to levels not seen before—higher even than at the peak of the crisis. Last year alone, it grew by 9%, which was an increase of £20 billion on households’ credit cards and other debts. It is that the housing bubble continues apace and markets are overheating. Exhortations from the Governor of the Bank of England have been ignored. He warned:

“What happens if households are borrowing at high multiples is they have to economise on everything else in order to pay their mortgages. And if enough people are highly indebted, that has a big macroeconomic impact... There is the possibility that currently responsible lending standards become irresponsible to reckless.”

These issues are all interlinked. We have shifted the debts of the financial sector on to the public balance sheet, and now, in the final act of the financial crisis, the Chancellor is shifting it on to individuals. Ours is an economy built on the same old mistakes. I do not think that anyone in this place would care to suggest any longer that we are beyond the days of boom and bust—we are witnessing this in the international markets as we speak. While the world is understandably focused on Greece, China’s markets are in little short of meltdown. Unfortunately, crashes are far from being a thing of the past, and I would suggest that in the UK we are closer to the next one than we are to the last.

Before I entered this place, I worked in the City of London, and I can report to the House that the culture of risk taking, short-termism and excessive pay and bonuses remains as prevalent today as it was before the crash—although I hasten to add that I was not privy to such excessive pay.

**Huw Merriman:** Does the hon. Lady not agree that segregating retail banks from investment banks makes it less likely that if the investment bank collapses, it will contaminate the commercial bank? I declare an interest, having worked on the unwinding of the Lehman Brothers estate.

**Louise Haigh:** I absolutely agree that separating the investment arm from the high street banking arm was one of the answers to the cause of the financial crash, but we have not had an update recently, and as I understand it, the banks are not co-operating on this issue—either with each other or with the regulators. It would therefore be very helpful to have an update on that from the Minister.

The financial sector heaped masses of debts on to ordinary people—our constituents. We do not want it to pay; we are not vengeful sorts in this House—we want it to reform so that what happened can never happen again. However, instead of learning from the mistakes that I accept the last Labour Government made—mistakes that would have enabled the Government to build a sustainable economy in which everyone can share—the Conservatives have imposed their ideological agenda on a terrible crisis in order to shrink the state and entrench inequality. That is why the UK’s recovery was delayed by three years after America’s and Germany’s, squandering billions of pounds in lost output. However, what matters now is what the Government will do about that. The problem is that the Government are not merely acting with intransigence; they are exacerbating the problems.

The measures in today’s Budget on tax credits may take debt off the Government books, but they heap it directly on to some of the most low-paid and the most vulnerable and those who can just about afford their mortgage, if they have one at all. Fourteen-hundred pounds for a working parent who lives on their own—that is what the Government have saved, but do they think that a lone parent can afford to lose £1,400 a year? He or she will take out credit cards to pay for their children’s school trip, clothes, the rent or the mortgage, and household debt will rise and rise. Turning maintenance grants into student loans, passing debt straight off the Government’s books on to those who can least afford it and who are the most adverse to debt—a generation of young people is being created that is not just accustomed to personal debt but reliant on it.

The Chancellor said today that he wanted to move away from an economy based on debt, but he made no mention of records of household debt. Indeed, some of the OBR’s forecasts were not mentioned by the Chancellor today—for example, the forecast that the ratio of total household debt to income will rise by 26% by 2020, most of it unsecured debt, an additional £48 billion of which the OBR expects to be added by 2020, compared with the March outlook. Overall household debt is now expected to reach 167% of household income by 2020, while household disposal income will be down by 1.5% in 2020, compared with the estimate at the previous Budget.

Private debt turned into public debt and put on to the backs of individuals, and the same mistakes being repeated: if this were a Budget genuinely designed to help working people, we would have seen measures to tackle the inherent issues in our economy. We would have seen genuine ambition on lifting wages, not mere rhetoric. We would have seen action to lower housing costs, commitments to increase social housing, and measures to militate against spiralling household debt. Instead, we have seen yet more tinkering around the edges, just like in every Budget in the last five years. Not only does this Budget hurt working people; it stores up yet more problems for the future that it will take at least a generation to fix.

6.43 pm

**Sir Peter Bottomley (Worthing West) (Con):** I welcome the chance to contribute to this debate. On 16 March 1944, Mr Henry Willink—later Sir Henry Willink—moved a motion:

“That this House welcomes the intention of His Majesty’s Government...to establish a comprehensive National Health Service.”—[*Official Report*, 16 March 1944; Vol. 398, c. 427.]

I think there is a lot to be said for having one day each year in this country for the national health service and one day for health. I welcome the Chancellor’s commitment to meet the request of NHS England for funding of the health service and I hope the same will apply in other parts of the United Kingdom. Others have welcomed the commitment to the NATO target of 2% on defence; if I may, I shall speak about the health service for a time.

Henry Willink talked about the importance of ensuring that what we had to pay for the health service, which in those days was going to come from taxation, the rates and social security contributions, would provide a service that was comprehensive and free at the point of use. I think we are maintaining that. We need to go further to

[*Sir Peter Bottomley*]

see that the funding keeps increasing and that the staff in the health service—those who support the clinicians, the nurses and the doctors—get the support they need, but we also need to be more imaginative in trying to ensure that people live healthier lives and in trying to reduce the demands of visits.

We could have a national health service day and, separately, a health day—one might be on 17 February, for example, which is the day Henry Willink put forward the White Paper, following the Beveridge report of December 1942, and the other might be, say, on 16 March, when the motion was put to this House.

Too often, people with short memories, or political bias, claim that the national health service was created by the Labour party. It was actually created after the Liberal Beveridge published his report. The first party leader to welcome the proposal was Winston Churchill, who was the leader of the coalition Government but, in party terms, the leader of the Conservatives.

The Labour Government did a lot of work on it when they came to office in 1945, but, as in the case of steel, electricity, gas and so many other things, they made the mistake of nationalising the hospitals. I think that if they had left us with a diverse collection of hospitals, including those run by volunteers and local authorities, we would have avoided many of the problems that we have faced over the last 50 or 60 years.

Organising the nation's finances is never easy, but I believe that the Government are beginning to reach the stage that was achieved by the person from whom I was supposed to have learned economics. He won the Nobel prize for demonstrating mathematically something that is blindingly obvious—namely, that the rich will not pay tax, the poor cannot pay it, and the people in between cannot avoid it. He did not believe in going much above 27% in real terms, although he may have become soft by now and made it about 33%. It was certainly nothing like the amount—over 40%—with which I believe we shall still be left, or the 45% or more that applied when this Government came to office. We must go on finding ways of reducing what is necessary from tax spending, and some of that is going to involve transfer payments.

Let me return for a moment to the demands on the health service. If it is true that most people my age—and, indeed, those 20 years younger—should be taking statins, why on earth do we still have a system that requires me to go my doctor and obtain a form that will enable me to have my blood tested in another part of the health service, in order to establish my cholesterol level, and then requires me to go back to my doctor to find out whether I should be taking statins? We are told that virtually everyone should be taking them anyway.

Why is it impossible to obtain birth control pills, which are needed by many people during their active reproductive years, without having to bother the doctor so often? Obviously nurses can deal with more of that, and there are other ways of arranging things. I have encountered some GPs' surgeries where, in order to be given a flu injection, people had to ring up, or else go to the surgery and book in advance so that they can go there at a particular time. In others, people were told, "It is open house: come on Saturday morning", and were

processed in about two minutes, without the need for administration and without burdens being placed on the surgery.

Let me now turn to the subject of the economy itself. When I was knighted, the economics supervisor whom I mentioned earlier wrote to me saying that I was the fourth of his pupils to receive a knighthood, and that, having shared the credit with the first three, with me he shared only the pleasure. That was fair enough, as I was probably his most useless undergraduate student. I was certainly the laziest.

In economics, there must be people who are willing to take risks. I am glad that the House now contains—especially among the new intake—people who have been entrepreneurs, handling serious issues involving distribution, manufacturing and the like, and who can contribute their wisdom and knowledge. I think that that matters. I have been incredibly impressed not just by the way in which Members in all parts of the House have spoken, but by the kind of people who are now in the House. When I spoke just after the first speech of an SNP Member, I said I thought that what she had done in the past was an example of a useful qualification.

Of course, some Members arrive here almost by mistake. They may have said when they were selected, "Darling, I promise you that I will not be elected", and then had to go back after the election and say, "I apologise; I was elected." However, even if Members are here for only one or two Parliaments, their contributions will matter. I think that in future we shall be grateful to the new Labour, SNP and, certainly, Conservative Members. I am not sure that the Liberals had new Members this time.

I think we shall have a Parliament the quality of whose membership will match the intake of 1945. I am talking about people with experience not just of war, but of helping to run the country and keep the factories going, including those on the trade union side. I am talking about the contribution of people who have been foremen, people who have been owners, and people who have been salaried managers.

The House of Commons benefits when people can bring their experience to it. Too often, we come out with a straightforward "We were better than you", or "We are going to be better than you." What we ought to do is try to ensure that when parties lose elections, they say, "We were wrong, and we will now adopt some of the policies that the people have preferred."

It is remarkable that, within a week of the general election, when the people—unexpectedly, in the opinion of some—put the Conservatives into government without the need for a coalition, it was being said that what the Conservatives proposed had been right, and that the people were right to trust the Conservatives to govern alone. We will not get everything right, but this Budget has shown that it is possible to trust the Conservatives, and I think many people will be grateful that this has happened. I believe that when we have an election in five years' time—if Parliament lasts that long, which it probably will—people will say this Budget was a good foundation for the economy and an even better one for society, and gave hope to all kinds of people.

I shall end with some remarks on minimum wages. I once went to see a Secretary of State for Employment and said, "Do you know what your Department has agreed with the trade unions to pay employees aged 17,



18, 19 and 20?" He said, "No." I said, "Here's the list"—I had looked it up and found it. I said, "Do you know how many people aged 17, 18, 19 or 20 you employ in this Department?" He said, "No." I said, "One. You've agreed a rate of pay at which you will not employ people, not a rate of pay at which you will employ people. I suggest you start a cadetship, because if people can come into the civil service aged 17, 18, 19 or 20 and spend a year or two with the excellent training the civil service provides, you'll find that they can go on either in the civil service or in outside jobs with the qualifications and the reference and the opportunity to move forward."

Whatever our achievements in school, college or university, all of us deserve the chance to show what we can do, learn from others at work, and get into the kind of habits that will make us valuable to others and give ourselves a more productive life. I suspect that that way we will leave fewer people behind and we will work together for a better future for us all.

*Ordered*, That the debate be now adjourned.—(*Jackie Doyle-Price*.)

*Debate to be resumed tomorrow.*

## Business without Debate

### COMMITTEES

**Madam Deputy Speaker (Natascha Engel):** With the leave of the House, we will take motions 2 to 12 together.

*Ordered*,

#### BUSINESS, INNOVATION AND SKILLS

That Paul Blomfield, Richard Fuller, Peter Kyle, Amanda Milling, Amanda Solloway, Jo Stevens, Michelle Thomson, Kelly Tolhurst, Craig Tracey and Chris White be members of the Business, Innovation and Skills Committee.

#### CULTURE, MEDIA AND SPORT

Bill Wiggin, on behalf of the Committee of Selection That Nigel Adams, Andrew Bingham, Damian Collins, Paul Farrelly, Nigel Huddleston, Ian C. Lucas, Jason McCartney, Christian Matheson, John Nicolson and Steve Rotheram be members of the Culture, Media and Sport Committee.

#### ENERGY AND CLIMATE CHANGE

That Mr Alistair Carmichael, Glyn Davies, James Heapey, Ian Lavery, Melanie Onn, Matthew Pennycook, Dr Poulter, Antoinette Sandbach, Julian Sturdy and Dr Alan Whitehead be members of the Energy and Climate Change Committee.

#### ENVIRONMENT, FOOD AND RURAL AFFAIRS

That Sarah Champion, Chris Davies, Jim Fitzpatrick, Harry Harpham, Simon Hart, Dr Paul Monaghan, Rebecca Pow, Ms Margaret Ritchie, David Simpson and Rishi Sunak be members of the Environment, Food and Rural Affairs Committee.

#### FOREIGN AFFAIRS

That Mr John Baron, Ann Clwyd, Mike Gapes, Stephen Gethins, Mr Mark Hendrick, Adam Holloway, Daniel Kawczynski, Yasmin Qureshi, Andrew Rosindell and Nadhim Zahawi be members of the Foreign Affairs Committee.

#### HEALTH

That Dr James Davies, Andrea Jenkyns, Liz McInnes, Rachael Maskell, Andrew Percy, Paula Sherriff, Emily Thornberry, Maggie Throup, Helen Whately and Dr Philippa Whitford be members of the Health Committee.

#### HOME AFFAIRS

That Victoria Atkins, James Berry, Mr David Burrowes, Nusrat Ghani, Mr Ranil Jayawardena, Tim Loughton, Stuart C. McDonald, Keir Starmer, Anna Turley and Mr David Winnick be members of the Home Affairs Committee.

#### INTERNATIONAL DEVELOPMENT

That Fiona Bruce, Dr Lisa Cameron, Mr Nigel Evans, Mrs Helen Grant, Fabian Hamilton, Pauline Latham, Jeremy Lefroy, Wendy Morton, Albert Owen and Mr Virenda Sharma be members of the International Development Committee.

#### TRANSPORT

That Robert Ffello, Mary Glindon, Karl McCartney, Stewart Malcolm McDonald, Mark Menzies, Huw Merriman, Will Quince, Iain Stewart, Graham Stringer and Martin Vickers be members of the Transport Committee.

#### TREASURY

That Mr Steve Baker, Bill Esterson, Mark Garnier, Helen Goodman, Stephen Hammond, George Kerevan, John Mann, Chris Philp, Mr Jacob Rees-Mogg and Wes Streeting be members of the Treasury Committee.

#### WORK AND PENSIONS

That Debbie Abrahams, Heidi Allen, Mhairi Black, Ms Karen Buck, John Glen, Richard Graham, Mrs Emma Lewell-Buck, Craig Mackinlay, Jeremy Quin and Craig Williams be members of the Work and Pensions Committee.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

### PETITION

#### Closure of Fire Stations in South Staffordshire

6.52 pm

**Gavin Williamson** (South Staffordshire) (Con): I rise to present a petition signed by 2,824 of my constituents who are backing my campaign to keep open the fire stations in Kinver, Brewood, Codsall and Bilbrook.

The petition states:

The petition of residents of South Staffordshire,

Declares that the petitioners note that there have been proposals by Staffordshire Fire and Rescue Service to close fire stations in South Staffordshire; further that the petitioners believe that a reduced fire service across Staffordshire and the closure of the fire stations would impact on the safety of the residents; and further that the petitioners believe that these proposals should be rejected and the fire stations kept open.

The petitioners therefore request that the House of Commons urges the Government to request that Staffordshire Fire and Rescue Service ensures that fire stations in South Staffordshire remain open.

And the Petitioners remain, etc.

[P001533]

## South-west England (Long-term Economic Plan)

*Motion made, and Question proposed, That this House do now adjourn.—(Jackie Doyle-Price.)*

6.53 pm

**Dr Liam Fox** (North Somerset) (Con): Today the Chancellor set out in his Budget a number of measures to help strengthen our national economy and keep the promises we made as a party to the British people in May, but before the general election the Conservatives set out a clear set of aims for the south-west in a speech given by the Chancellor in Plymouth. He outlined six clear strategic objectives.

They were: first, to increase the long-term growth rate of the south-west to at least the expected average of the UK as a whole—although the south-west constitutes 8.4% of the UK population, it provides only 7.5% of UK economic output; secondly, to sustain job creation in the region and have 150,000 more people employed by the end of the decade; thirdly, to transform connections, both in transport, via a £7.2 billion investment plan, and in the crucial area of digital connectivity; fourthly, to ensure that the large defence assets in our region support the local economy, high-tech manufacturing and high-end skills—we will have been heartened indeed today to hear the Chancellor commit to spending 2% of our GDP on defence; fifthly, to boost science, and support tech clusters and green energy to promote skills development and an innovative rural economy; and, sixthly, to make the most of the region's outstanding natural beauty and unique cultural heritage as part of a boost to tourism.

To those aims, we, the south-west Members, would add one of our own: a fair and equitable funding settlement across education, health and local government, redressing the current underfunding in these largely rural areas. Not all those strategic objectives are of equal importance to all our constituencies. For example, the economic situation in Cornwall is quite different from that in North Somerset, which has the lowest unemployment of any constituency in the UK.

**Mrs Sheryll Murray** (South East Cornwall) (Con): Small businesses are a key part of the economy in my constituency. Does my right hon. Friend agree that we need to ensure that information is made available to them so that they do not miss out on any opportunities?

**Dr Fox:** My hon. Friend is right about that point, and I am sure the Minister will want to address it. Transparency and information are key to people being able to take the opportunities that the Government are making available by their economic approach.

**Anne Marie Morris** (Newton Abbot) (Con): Does my right hon. Friend agree that growth in our Devon and Somerset area in the items he has listed is very important? Does he also recognise that the Government have already done substantially good things and have demonstrated their support in the settlement on the growth deal funding for 2016 to 2021? The Heart of the South West local enterprise partnership got £130 million in growth

deal 1, which was in the top 10, and in growth deal 2 we got £65.2 million, which is the highest award of all the LEPs across the country. That is a sign that the Government are serious about supporting the south-west.

**Dr Fox:** My hon. Friend makes an important point. One thing we will all have to do, if we are to get the best out of the opportunities being made available by the Government, is to work with these emerging groupings, especially the LEPs. Those of us who have worked with these organisations where they are at their best can see the benefits they can bring. If Members of Parliament, as well as local authorities, can co-ordinate with the LEPs, we will get so much more from them.

**Steve Double** (St Austell and Newquay) (Con): Jobs are always welcome, and it is really good news that the Government are backing job creation across the south-west, but the type of jobs we will create is also very important. That is especially the case in Cornwall, where the average wage is 30% below the national average—indeed, in my constituency, the average wage is only £14,500 a year. It is vital that we create better jobs and invest in the economy to grow the average wages for our residents.

**Dr Fox:** I am sure that is absolutely right. One thing we have to do across the region is ensure that the prosperity in the wealthier parts of the south-west is more evenly spread across the region. I am thinking, for example, about the tech clusters around Bristol. In my constituency, unemployment is now below 0.5%, and we need to ensure that many of the high-tech jobs we have are spread more widely, right across the south-west peninsula, rather than being concentrated around the big cities.

**Simon Hoare** (North Dorset) (Con): Does my right hon. Friend agree that there is a key role to play for local government and our district councils, through the planning process? If they can speed up decisions on planning applications that create jobs and opportunity, the growth will come faster.

**Dr Fox:** Indeed, and I would add that we need co-operation among local authorities. Where we can get good, functional local government clusters, things work well. The one thing I would say to the Minister is that we do not want to push our luck where we have local authorities co-operating and working well together; we do not need to see a change in the organisational structure that would only be expensive and bureaucratic. Where it is working already, we should leave well alone—that is a very good Conservative principle.

One common thread that runs between us is that the economic welfare of the south-west is very closely linked to the transport infrastructure. The new large group of Conservative south-west MPs will be putting that transport infrastructure at the very front of what we intend to do.

**John Glen** (Salisbury) (Con): Does my right hon. Friend acknowledge that one of the key decisions of the previous Government was the welcome investment in the A303—

7 pm

*Motion lapsed (Standing Order No. 9(3)).*

*Motion made, and Question proposed, That this House do now adjourn.—(Jackie Doyle-Price.)*

**John Glen:** Does my right hon. Friend acknowledge that one of the key decisions of the previous Government was the vital investment in the upgrading—the dualling—of the A303, particularly the contentious but much-needed investment in the Stonehenge tunnel in my constituency? That development will be pivotal in opening up the road to the south-west, which will be of vital significance to the whole region.

**Dr Fox:** The tunnelling to which my hon. Friend refers is a big improvement not only in the transport infrastructure, but in the tourist infrastructure, which go hand in hand. I will come back to that point in a moment.

Such transport infrastructure issues are to be found right across the south-west. Those of us who have campaigned extensively on these matters know all too well how two points on a map, which might look pretty close, can, in effect, be a long way apart. A very good example of that is getting to Barnstaple. On that point, I will give way to my hon. Friend.

**Peter Heaton-Jones** (North Devon) (Con): That seemed almost planned. Will my right hon. Friend join me in welcoming the announcement made by the Chancellor today in the Red Book of £1.5 million to start planning work for the North Devon link road? Will he join me in hoping that we can push that ahead, because it is a vital piece of infrastructure for economic development and tourism in North Devon?

**Dr Fox:** The North Devon link road is a vital piece of infrastructure. If we are serious about spreading prosperity throughout the region and if we are able to get those with capital to invest and to create the jobs, they must be able to get there. One problem that we have, even in the more affluent parts such as around the southern part of Bristol, is the fact that our transport infrastructure is very poor. We may have low unemployment in my constituency and we may be able to provide many jobs, but where do we get the labour from if people cannot travel from a relatively close conurbation such as Bristol and Weston-super-Mare to get to where the jobs can be provided?

**Neil Parish** (Tiverton and Honiton) (Con): I thank my right hon. Friend for giving way and for securing this Adjournment debate. The south-west is the milk and honey of this country. It is a marvellous place to be. I welcome what the Chancellor said today, but there is still the Waterloo to Exeter railway line, the rest of the A303 from Ilminster to Honiton that needs to be finished, and the electrification and other work that needs to be done to the Great Western railways. As much as Bristol is important, there is a lot of west country beyond Bristol as well. I very much welcome this debate.

**Dr Fox:** Rail electrification will be key to what we are able to do. If we are able to get the investments that we want, we need to get that central Government investment as well. What we are seeing in the House tonight are the very first stirrings, politically and economically, of the south-west powerhouse. I hope that the Treasury notices how many south-west MPs, compared with some of the other groups in this Parliament, have come to the Chamber to talk about their long-term economic plan.

**Kevin Foster** (Torbay) (Con): My right hon. Friend is right to outline our issues with infrastructure. One of the most visible problems with our infrastructure was identified last year in the constituency of my hon. Friend the Member for Newton Abbot (Anne Marie Morris) when we literally had the hanging rails at Dawlish. Does my right hon. Friend agree that a key part of the investment plan is securing a more resilient and modern railway for those communities such as Torbay, which are west of Exeter St David's?

**Dr Fox:** It is understanding distance and the need to be able to connect the most far flung parts of the region. It is also understanding that people who live in rural areas require a different type of transport infrastructure to that which occurs in the cities. In funding decisions, we must take account of issues of rurality. Not everyone in Britain lives in Islington. We have to understand that there are different needs, and to meet them different solutions will have to be applied by central Government in conjunction with local government.

**Rebecca Pow** (Taunton Deane) (Con): We have talked about the powerhouse of the south-west, but I see Taunton Deane as the gateway to the south-west. We need much investment in our transport network, but in particular junction 25 on the M5 needs investment in new roads and an upgrade. On that hinges the development of a new business park that will bring high-tech jobs to the area. Does my right hon. Friend agree that we need to put that into our plan as well?

**Dr Fox:** The M5 is key, and we need to ensure proper investment in it all the way down, including at junction 19 where we have experienced problems, and at junction 21, where there will be new development. It would be very nice to have a motorway running all the way down the peninsula, to ensure a proper route down the spine for road traffic. We can give the Chancellor some very good candidates for the road investment that he announced today. I say to my hon. Friend, however, that one would not want to introduce a note of discord among the group by arguing about exactly where lies the point of entry to the powerhouse. It will be a multi-nodal powerhouse, and I am sure that there will be plenty of entry points to be mentioned in everyone's press release.

**Michelle Donelan** (Chippenham) (Con) *rose—*

**Dr Fox:** I give way to my hon. Friend because I know that she has taken a particular interest in different parts of the railway infrastructure.

**Michelle Donelan:** Does my right hon. Friend agree that our transport links are vital to advancing the south-west's economic growth, and that new stations, such as Corsham in my constituency, will be a huge boost for the economic growth of not only Chippenham but the entire region?

**Dr Fox:** If we are to have railway infrastructure, it is very important that we have access to the railways, and the new station at Corsham is very important in that, as is wider access to the rail network for disabled people. When we are talking about developing a transport infrastructure, we have to remember that we must be able to give access to all the citizens in the region, not just those who are able-bodied. In my constituency we had to wait a very long time to get disabled access to



[Dr Fox]

one of our busiest stations. In this day and age, that is simply not good enough, so the sort of infrastructure that my hon. Friend mentions is vital.

The other common factor affecting all of us throughout the south-west, to one degree or another, is the health of tourism. That industry takes many different forms across the south-west but is important to the income of those who live and work there.

**James Heapey** (Wells) (Con): Of course it is not just the rich heritage, the stunning countryside and our rugged coastlines that bring people to our region; it is the fantastic food and drink produced by our farmers and food manufacturers. I am sure that my right hon. Friend will want to join me in emphasising to those on the Treasury Bench the importance of supporting our farmers and our food and drink manufacturers, not only as a driver for tourism in our region, but as something that we export with pride across the United Kingdom and around the world.

**Dr Fox:** Indeed, the maintenance of our countryside and the protection of agriculture is not only important in itself in terms of generating wealth and jobs; it is important in maintaining the visual environment that is intrinsic to the tourism industry. I am sure that all my colleagues will want to thank my hon. Friend for his dedication to the food and drink industry and his single-handed generation of wealth in the region.

Apart from the countryside, our region has cities with many historical attractions that we need to maintain.

**Ben Howlett** (Bath) (Con) *rose*—

**Dr Fox:** I give way to my hon. Friend, who is the one of the best examples, not of ancient relics but of modern thinking.

**Ben Howlett:** I quite agree. As my right hon. Friend will know, one of the key reasons tourists do not return to Bath as a key destination in the south-west is our clogged up transport network and infrastructure. Does he agree that investment in roads and infrastructure in Bath will enable our tourism economy, which is so crucial to our city, to expand?

**Dr Fox:** The only city to compare with Bath in terms of difficulty of getting around, certainly as a driver, is Edinburgh. Anyone who can find a parking space in Bath is doing extremely well. These might seem like minor irritations, but they are major restrictions on a city's ability to draw in wealth and tourists with spending power. The ability to do that is an important part of the wider economic picture.

I want to give my hon. Friend the Minister plenty of time to deal with all these issues, but may I finally raise the issue of fairer funding? It is a very sore point, not only in the south-west but in many rural areas across the United Kingdom. We have been told for such a long time that we are going to get a better formula that will reduce the discrepancy in per capita funding for those who live in the cities and those who live in the countryside. The countryside is not just where people from the cities go for their holidays or their weekends away, and the concept of rural poverty needs to be taken fully into account. There is no point in saying that the cost of

living is lower in rural areas than in cities. We get lower funding per capita for healthcare, education and local government; we pay our taxes, yet our average wages are lower. We are being discriminated against in more than one way. The Government should equalise the formula much sooner than we have been led to expect. That is one of the key elements of being able to bring prosperity to our region.

**Mr Christopher Chope** (Christchurch) (Con): Following that point, would my right hon. Friend give time to developing a Fox formula, to ensure that we can link public expenditure in the south-west to the money that Scotland receives?

**Dr Fox:** I would settle for our fair share of funding in England. I have no intention of allowing my name to be used in a pejorative term, in the way that the Barnett formula has come to be regarded. I shall skip that opportunity.

**Scott Mann** (North Cornwall) (Con): Is my right hon. Friend aware that the cost of delivering services in rural areas is much higher than in urban areas, and in pupil funding there is a huge disparity, with many rural schools getting significantly less than urban schools—half as much in some instances? That is not good enough for our rural schools.

**Dr Fox:** In my view, it is a simple question of discrimination. Why should a child who happens to be born in a rural part of our country get less money for their education than a child who happens to be born, not necessarily a large distance away, but in an urban environment? We are not asking for more than we deserve. We are asking for our fair share of funding for the children in our constituencies.

**Alex Chalk** (Cheltenham) (Con): Of course, it is not just about rural areas. Does my right hon. Friend agree that the time has come to end the historic funding injustice to schoolchildren in Cheltenham, an urban area; and that we need to give schools in effective local authorities, such as Gloucestershire, the fair enhanced funding that is no less than they deserve?

**Dr Fox:** That is exactly the point. One of the things we will be pressing the Government on in the next five years will be ensuring that we get our fair share. We want to make sure that we can reach our full potential economically, and no area in this country can reach its potential economically unless the next generation is given the appropriate education and the tools to advance in a meritocratic, open, pluralistic society.

**Dr Sarah Wollaston** (Totnes) (Con): Does my right hon. Friend agree that when it comes to local authority and health funding, there is not only the higher cost of delivery in rural areas, but the fact that we have a higher age demographic in Devon and much greater need, which is not reflected in the current formula?

**Dr Fox:** My hon. Friend, typically, makes an excellent point. We are a part of the country that is a very attractive place for people to go to when they retire, but that brings its own financial problems for funding our local facilities. My hon. Friend is all too aware of the

fact that as we get a more elderly population, that brings with it more complex medical needs. It is the complexity of the medical needs that adds to the cost, as well as the number of individuals involved, and that will continue to rise, so we must have a proper match between the funding and the demand if we are to be able to cope with the pressures that are coming.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): Does my right hon. Friend agree that, as others have mentioned, in Dorset the education funding formula must be fixed, as well as the funding for our police forces and local authorities?

**Dr Fox:** I hate difficult questions in the Commons. I entirely agree with my hon. Friend, who makes the point very well. It applies to police authorities, education authorities, health authorities and local government. This region has not spoken with a single voice sufficiently in recent times. Tonight we are seeing the beginning of that.

**Richard Drax** (South Dorset) (Con): In the Chancellor's excellent speech today, he hinted at enterprise zones for smaller towns. Does my right hon. Friend agree that the towns that we all represent are perfect locations for such zones to create wealth and jobs?

**Dr Fox:** If the Chancellor is looking for places where it would be appropriate for him to invest the money he has and where he would get a good bang for his buck, my hon. Friend makes a very good point. I am sure those of us here tonight could give the Chancellor one or two pointers.

**Dr Andrew Murrison** (South West Wiltshire) (Con): My right hon. Friend has been extremely generous in giving way. As I sense that he is winding up, I wanted to ask him another difficult question. Has he spotted in the Budget resolution statement that £1.5 billion will be going to intelligence and security services? Does he welcome that, particularly as we in the south-west have a large number of constituents who are engaged in that vital enterprise?

**Dr Fox:** I am extremely grateful to my hon. Friend for making that point. That concentrates our minds in the south-west, but it should concentrate the minds of the whole country because the threats that we face as a nation are increasing. It is therefore vital that we increase the funds available to the intelligence services, but probably and more controversially we will have to give them the powers they require to be able to deal with the threats that we face. That will be a very different argument that we will have in the House in time to come.

At the recent general election a blue tide swept through the south-west, and now every constituency between Bristol and Land's End, with the exception of Exeter—next time—is in Conservative hands. We understand the responsibility and the duties placed upon us by what was a landslide in that election, but we are thrilled at the opportunity it brings to speak as one to our own Government about the issues facing the south-west, and we have seen that unity of purpose tonight. There may be 56 Scottish National party MPs speaking for Scotland, but there are now 51 Conservative MPs speaking for the south-west. If we are the south-west powerhouse, perhaps we are also politically the new Scotland.

We will be constructive and supportive, giving the Government the time and the space to deliver on their promises, but we will not hesitate to hold Ministers to account when those promises do not materialise. This is a once-in-a-generation opportunity and we are collectively determined to take full advantage of it.

7.19 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):** I congratulate my right hon. Friend the Member for North Somerset (Dr Fox) on securing this important debate. I welcome the interest from hon. Friends across the south-west. There is a slight show of strength from the region here tonight—probably the only constituency not represented is Exeter. I very much feel that I have been on a tour of the south-west. I am sure that colleagues in the Department for Transport and the Treasury—the Chancellor's Parliamentary Private Secretary is here—will read *Hansard* intently to see what my right hon. Friend and other colleagues have said. I will try to answer as many of his points as possible in the short time remaining.

The Government's economic ambition is to create a fairer and more balanced economy by supporting policies that grow the economy and generate new jobs and higher wages for everybody. In our election manifesto, we said that by attracting growth and new businesses we will improve connections to the south-west, with major investment in the road network and electrification of the Great Western main line, bringing new fast trains on to the route. We will increase the number of overseas visits to the south-west each year by investing in tourism. We will ensure that the world-class defence assets and cyber-security industries of the south-west benefit the local economy. We will focus on job creation by supporting business and investing in skills.

Employment in the south-west is up by 163,000 since the 2010 election; unemployment is down by 42% over the same period; and some 99,000 new businesses have been started in the south-west during that time. As my right hon. Friend has said, the Chancellor set out an ambitious six-point plan for the south-west earlier this year. It includes £7.2 billion of investment in the transport connections of the south-west, over £4 billion of investment in the electrification of the Great Western main line and a £10 million package of support for coastal towns across the south-west.

The south-west has an average annual growth rate of 4.17%, which is below the UK average of 4.23%. It is a small difference, but over time it leads to a significant difference in prosperity. It is driven by a gap in productivity; although the south-west accounts for 8.4% of the UK's population, it accounts for only 7.5% of total output, as my right hon. Friend pointed out. It is that productivity gap that the Government want to address.

**Mr Ian Liddell-Grainger** (Bridgwater and West Somerset) (Con): We are about to start the largest infrastructure project in Europe: Hinkley Point C. The Minister and the Government have been very helpful in that. One of the most important things we have realised is that "learning and skills" is not synonymous with Somerset, Devon, Cornwall, Wiltshire or anywhere else in the south-west. Surely, we should be spending more in further and tertiary education and in universities in the south-west to encourage people to stay and work in some of our excellent industries. Does he agree?

**Mr Jones:** I thank my hon. Friend for his comments. I am aware that growth deals have been put in place in his area to do just that, which is excellent news.

The employment rate in the south-west is above the national average, with over 35,000 more people in work in the past year alone. If we succeed in maintaining that momentum and in raising the long-term growth rate to the UK average, we could add £6.5 billion in real terms to the economy of the south-west by 2030.

The Government have agreed 39 growth deals across England, in which £7 billion will be invested in a wide range of local projects. The money will go towards providing support for local businesses to train young people, create thousands of new jobs, build thousands of new homes and start hundreds of infrastructure projects. Some of the major projects in the south-west that will be built as a result of these deals include £23 million for a new road tunnel linking Swindon to nearby Wichelstowe, creating thousands of jobs and opening up a new site for thousands of homes; £4 million to create the UK's first robotics institute at Bristol; and £12.9 million to unlock housing and employment sites at junction 25 on the M5 at Taunton, which my hon. Friend the Member for Taunton Deane (Rebecca Pow) referred to.

I was pleased to hear in the Chancellor's Budget earlier the comment that we were making good progress towards a devolution deal in Cornwall, which is an important part of the south-west and of the south-west's potential.

Let me pick up on a couple of the points made by my right hon. Friend the Member for North Somerset. I note what he says about education, which is extremely important. I can empathise with what he says, as in the county of Warwickshire we often suffer from the same funding inequality. I am sure that he, along with other colleagues, will be pleased that in the last Parliament the Government made strides to move that inequality in the right direction and to close the gap. He will know that our party made a manifesto pledge to continue that funding across this Parliament. I am sure that the Department for Education will have heard his comments and those of several other hon. Members loud and clear.

I hear what my right hon. Friend says on local government funding and rural sparsity. Over the next few months, we will be working on the funding allocations for local government. No doubt, during that process, I will receive many representations from this part of the country if tonight is anything to go by. The Government have also provided additional funding this year for rural areas to take the sparsity issue into account.

Another of my hon. Friends mentioned local councils' ability to benefit from business rate retention, the new homes bonus and additional council tax. I am sure that the growth deals that have been put in place across the south-west will be beneficial as regards those additional funding streams. I hear what my right hon. Friend the Member for North Somerset said about council structures. Obviously, we are working towards a devolution deal in Cornwall, but I can reassure him that with council structures, devolution deals or combined authorities there is no Government prescription for how local people should organise their affairs. This is purely a bottom-up process in which local areas can come together and tell the Government what they would like to see. I hope that that gives him some assurance that we will not make any councils go into shotgun marriages, shotgun divorces or any arrangements that local people are not pressing for.

I probably do not have time to go through every comment made by my right hon. and hon. Friends. One big point that came out loud and clear was that the south-west sees infrastructure projects as hugely important in improving the tourism industry, industry in general and the lot for the agricultural sector, which is extremely important in many parts of the south-west. A Transport Minister from the south-west was on the Treasury Bench during the debate, and the Department for Transport will listen carefully to what my right hon. and hon. Friends have said about ensuring that we try, within the difficult circumstances we face, to do whatever we can to support the economy in the south-west.

The Chancellor will probably also consider many of the suggestions for roads, dual carriageways, junctions and so on as bids during the spending review, the next autumn statement and the next Budget. I encourage colleagues to speak to the Chancellor's Parliamentary Private Secretary, as the demands and requests are slightly above my pay grade.

This has been a fantastic debate. The south-west is an extremely important part of our country. The Government are committed to supporting it, and I thank my right hon. Friend the Member for North Somerset and so many of our colleagues for raising issues from the south-west, so that the Government could listen tonight.

*Question put and agreed to.*

7.30 pm

*House adjourned.*



# Westminster Hall

*Wednesday 8 July 2015*

[MR ANDREW TURNER *in the Chair*]

## Southern Railway (Performance)

9.30 am

**Nick Herbert** (Arundel and South Downs) (Con): I beg to move,

That this House has considered the performance of Southern railway.

On reflection, I think I could have tabled a different motion and begged to move “That this House has considered the performance of Southern railway and found it wanting.” I could also have included Network Rail in the scope of the motion that hon. Members and I want to debate this morning: we should all accept from the outset that Network Rail bears its share of responsibility for the lamentable performance of Southern over the past few months. I want to focus on the performance of Southern railway, but I will not speak for too long as I am aware that a large number of Members wish to make points. I hope everyone will have an opportunity to do so.

My right hon. Friend the Member for Mid Sussex (Sir Nicholas Soames) has been assiduous in raising his constituents’ concerns about the performance of Southern; he very much regrets that he is unable to be here today, but I have undertaken to raise many of his constituents’ points for him. My hon. Friend the Member for Horsham (Jeremy Quin) is attending a Select Committee, but he intends to come along to this debate. If there is time, I hope it will be possible to call him to speak, Mr Turner, because his constituents are concerned about what is going on.

The plain facts of the matter are these: according to Transport Focus, which conducts an authoritative survey of passenger satisfaction, 82% of passengers were satisfied with the performance of Southern in autumn 2010. That still meant that about a fifth of passengers were dissatisfied, but let us leave that aside. By spring 2015—these are the latest figures—only 72% of passengers were satisfied with Southern’s performance. According to this authoritative survey, more than a quarter, one in every four, of passengers travelling on Southern are dissatisfied with its performance. That makes Southern officially the worst franchise in England. It has the lowest satisfaction rate of any franchise. The company should hang its head in shame at what passengers are saying.

Southern actually has ratings lower than that. The percentage of passengers satisfied with the availability of staff at the station, for instance, remains at a very low 58%. The figures are simply unacceptable. My first key point is that the one thing that passengers expect and need is a reliable train service to get them to their chosen destinations, particularly if they have flights to catch or if they are going to and from work.

**Tom Brake** (Carshalton and Wallington) (LD): I apologise, but I will not be able to stay for the whole debate. Like me, in the past 24 hours the right hon. Gentleman

will have received in his inbox an update on Southern’s performance improvement plan; it has clearly been a bumpy ride.

Another thing that passengers want is decent compensation. Does the right hon. Gentleman think that paying compensation after a 15-minute delay, rather than a 30-minute delay, would be appropriate? Does he agree that getting the train companies to publicise how people can claim compensation when their train is running late, or at the stations where they are arriving late, might be a good way to improve passengers’ views of Southern and Network Rail?

**Nick Herbert:** I strongly agree with the right hon. Gentleman’s points, which were well made. I will come to compensation—as, I suspect, will other Members. The current compensation arrangements do not properly hold the companies to account, and they need to be sharpened up.

On punctuality, according to the Office of Rail and Road, in the first quarter of 2005, the year in which I was elected to the House, 2.6% of Southern trains were cancelled or significantly late. That is by the official measure, which does not include trains that are just a few minutes late—that is a point on its own: commuters expect absolute reliability and get it from other franchisees and in other countries. In contrast with the 2005 figure, 6.2% of Southern trains were cancelled or significantly late in the fourth quarter of 2014. Over that 10-year period, the number of Southern trains cancelled or significantly late increased by two and a half times. That is an unacceptable deterioration in performance and relates specifically to an important point: neither Southern nor Network Rail can wholly lay the problems at the door of the London Bridge improvements.

**Nusrat Ghani** (Wealden) (Con): My right hon. Friend makes a valid point. My constituents have to put up with delays, timetable changes, short-form trains, extended engineering works and overcrowding far too regularly. Southern seems incapable of communicating effectively with its customers when those problems arise. Does he support my view that the Office of Rail and Road and the Transport Committee should hold inquiries into Southern’s performance and, in particular, into its management?

**Nick Herbert:** My hon. Friend has made her points effectively. She speaks up for a large number of constituents, hers and mine, who are absolutely fed up to the back teeth with Southern’s performance and want to see real action.

In 2010, the figure for trains arriving on time was 90.8%, but this year the average is only 82.8%, although that figure has improved to 86.5% in the second period of 2015-16. There may be some belated evidence of improvement in Southern’s performance. If that is true, it will be welcome, but it must be locked in and sustained.

**Caroline Lucas** (Brighton, Pavilion) (Green): I assure the right hon. Gentleman that Brighton commuters certainly do not see any improvement on the Southern line. They are fed up with the service they are seeing—not least the notorious 7.29 train that did not arrive on time once in a whole year. He is eloquently taking the battle to the doors of Southern and Network Rail, but does he

[*Caroline Lucas*]

not think that the Government have a responsibility to look again at the whole franchise system? We have such a fragmented rail system; time and again, the rail network and the rail companies are not joined up. One problem that that creates is that we are simply not seeing the improvement that commuters and our constituents rightly expect.

**Nick Herbert:** The hon. Lady makes an interesting point. I do not choose to attack privatisation in itself, which has resulted in significantly increased investment in the railways—there has been a huge increase in the number of passengers. However, given the split between the operating companies and the entity that owns the track and is responsible for signalling, effective co-operation between the two and effective communication to passengers are important. The very fact that I secured this debate singling out Southern is a reflection of the attitude that our constituents will have: first, they hold the train operating company accountable. The fact is that we need a joined-up service from the rail industry as a whole.

The hon. Lady rightly drew attention to the train of shame—the 7.29 from Brighton to Victoria, which was late every single day of last year. I think that train ran on 140 days, and it was never once on time. The Prime Minister himself was drawn to criticise that failure, saying that it was completely unacceptable.

**David Simpson** (Upper Bann) (DUP): The right hon. Gentleman's speech has been one of the most fiery we have heard in Westminster Hall for some time, and I congratulate him on it. On compensation, surely the fact is that because it takes so long to get recompense for late trains, the general public do not even bother to claim anymore. We should show them how and encourage them to do so.

**Nick Herbert:** I will see whether I can fire things up further and liven things up for the hon. Gentleman on Budget day.

While we are discussing the Brighton service, I should mention that my hon. Friend the Member for Brighton, Kemptown (Simon Kirby) is sitting patiently behind me listening to the debate. As a Government Whip, he has taken a vow of silence, but he feels equally strongly about Southern's lamentable performance and the service it is delivering for his constituents. He wants to see improvements, and I know that he has fought hard for them.

I have dealt with how important it is for Southern to run a more punctual service. Secondly, there is the issue of overcrowding. It is unacceptable that commuters and others should so often have to endure an overcrowded service and be forced to stand for either part or the whole of a journey. The problems with Southern and Thameslink are exacerbated by trains that stop at Gatwick and pick up a large number of passengers, which overcrowds the trains. In part, that is a reflection of the significant growth in passenger numbers, in which case services must be expanded to accommodate demand. Regular overcrowding is adding to the frustration of commuters and others with the service.

Thirdly, all that is further exacerbated by the absence of timely information when there are problems with the service. The London Bridge improvement works have caused disruption, and some of the consequential timetable changes have been very unpopular. There will be incidents that are beyond the control of the train operating companies or Network Rail.

We all understand that such incidents—such as tragic accidents—will happen, but the travelling public's tolerance for them is completely stretched given that so many other incidents are within the companies' control. When it is clear that the companies could deliver a better service, people's anger about what happens repeatedly is exacerbated by the absence of proper information about what is going on.

It may have been taking steps, but Southern must get better at providing information, particularly when there is major disruption, so that people are able to get home. On 30 April, during the election campaign, my excellent research assistant travelled down from London Victoria to Arundel to deliver some casework to me. The journey took her five hours because of significant disruption on the line. One issue she mentioned was the absence of good information.

Fourthly, the cleanliness of trains is a problem. A lot of the time, Southern trains are filthy, despite the introduction of new rolling stock. It is appalling for commuters and others to have to sit in trains surrounded by discarded food. The loos are often either disgusting or out of service. The cleanliness of trains is, in part, the responsibility of those who use them. Too many people leave litter, food and so on, but other companies are better at collecting it and ensuring that trains are clean. The situation adds to the poor quality of the service, and it is a constant complaint from my constituents.

I pay tribute to the Minister for her work to address the poor historical performance of Southern and Network Rail on the routes we are discussing. Along with other Members, I met her before the election, and she was already in the process of taking action. She chaired a meeting in the House between the Office of the Rail Regulator, Network Rail and Southern, and an improvement plan was put in place. Not content with that, she took further action, convening another meeting immediately after the general election to demand further improvements. No doubt she will tell us about that when she responds.

Nevertheless, those were remedial measures. To return to the point made by the hon. Member for Brighton, Pavilion (Caroline Lucas), we need arrangements in the rail industry that automatically ensure proper performance and do not require Members of Parliament to complain or ministerial intervention, however effective. That is not how the system is meant to run.

That leads us directly to compensation. The right hon. Member for Carshalton and Wallington (Tom Brake) was right to ask whether compensation arrangements are effective. Compensation kicks in only when trains are 30 minutes late, and the arrangements are not very well known by the public. The take-up of compensation is low: according to the ORR, 68% of passengers say that they have never claimed compensation, mainly because of a lack of awareness. In July 2013, Transport Focus found that 88% of those eligible for compensation did not claim. One of the most effective ways in which we could sharpen the accountability of rail operating

companies is by having more effective and automatic compensation arrangements, so that the companies feel pain when they fail to deliver an adequate service for passengers. Compensation arrangements must be improved.

**Caroline Lucas:** Does the right hon. Gentleman agree that there should be some focus on the fact that when a delay is Network Rail's fault, it has to give quite a lot of compensation to the rail operating companies, but only a fraction of that is passed on to passengers? There is a real disproportionality between the amount of money the train companies get and what the passengers get. That ought to be looked at.

**Nick Herbert:** The hon. Lady makes a very good point.

Owing to Southern and Network Rail's poor performance and passenger experience, all the good things that have happened have, in passengers' eyes, been negated. That is a pity. There has been £21 million of investment in new signalling on the Arun valley line, which was meant to improve punctuality. The work at London Bridge will deliver improvements in future—no doubt the Minister will talk about them—and is the result of £6 billion of investment. There are new trains on the line, and no doubt staff are trying hard to improve the service.

None of that, however, will count for anything unless Southern can get its act together and deliver a better service to passengers on a daily basis. The whole concept of the rail industry being in private ownership is being undermined by this company, which is letting down not only its passengers but the very concept that a private company can deliver a decent utility to people in this country. It seems to me that that alone is a good enough reason for Southern to improve its performance.

In conclusion, the number of my constituents who have been complaining about Southern's service has increased steadily over the past few years. People are absolutely fed up with the company's performance, but they are also fed up with excuses. They want real action to deliver a better service. There are signs that such action is being taken, but it must be embedded and sustained. We need better arrangements to ensure that rail companies that fail to deliver pay the price and are held properly to account by the public.

**Several hon. Members rose—**

**Mr Andrew Turner (in the Chair):** Order. I am going to try letting Members decide themselves how much time they take.

9.49 am

**Helen Hayes (Dulwich and West Norwood) (Lab):** I thank the right hon. Member for Arundel and South Downs (Nick Herbert) for securing this debate on an issue that has a significant impact on my constituents. My constituents use Southern railway services to travel into Victoria from Sydenham Hill, West Dulwich, Herne Hill, Brixton and Gypsy Hill, and into London Bridge from East Dulwich, North Dulwich, West Norwood, Tulse Hill, Sydenham, Forest Hill and Peckham Rye. That is the Metro part of Southern's service, which has the lowest satisfaction rate of the three types of service that Southern runs.

Although there have been some improvements in recent reporting periods, average punctuality is still only at 76.1% as at 30 May. That is in large part due to the major changes at London Bridge station, which earlier this year saw passengers vaulting barriers to avoid a dangerous crush and the police called in to manage the crowds accumulating as a consequence of the delays. For any passengers who were disabled, frail, or travelling with small children, the journey to London Bridge station became an impossible ordeal.

There has been a marked deterioration over the past three years, which is a source of misery to many of my constituents, causing people to be late for work and to miss their children's bedtimes. Constituents have got in touch to tell me that the unreliability of the service is making it difficult for them to hold down a job, and they are frustrated that delays are often without any explanation at all. Trains are often overcrowded, and only 64% of Southern passengers are happy that there is sufficient room for all passengers to sit and stand. At most of the stations in my constituency, passengers in the morning peak have no expectation at all of being able to find a seat on their train to work, and often the trains do not have the number of carriages that they are supposed to, which compounds the problem still further.

In return for such a service, regulated fares rose more than 20% during the previous Parliament and are still increasing above inflation at a time when most people's pay has not been increasing. In some cases, journey times have actually got longer. For example, if someone took the 9.20 am service from Forest Hill to London Bridge in 2011, it took 17 minutes; today, the same train takes 21 minutes. It is therefore no surprise that satisfaction levels are low, particularly among commuters, only 60% of whom are satisfied with the service that they receive overall. I suspect the satisfaction rating in my constituency is even lower.

I have read the improvement plan in detail, and there are aspects of it that concern me, not least the very long timescale for improvement and the scenario whereby by 2018-19, the service will have improved to a performance level that is still not as good as that in 2012.

It is clear that the plan for investment in London Bridge station was put in place without any regard for its devastating impact on the Metro services, and all attempts to improve the situation to date have been insufficient in their impact. I should add that not all the dissatisfaction is on lines into London Bridge; there is dissatisfaction on the line into Victoria as well.

Today we will debate the Budget, and the issue of improving productivity in the UK is a key priority. A reliable commuter rail service for south London is vital not only for the comfort and convenience of my constituents but for the productivity of our economy.

The London Overground route, which shares with Southern part of the line into London Bridge through Sydenham and Forest Hill stations, has some of the highest satisfaction rates of any public transport service in London. Transport for London, which has responsibility for the Overground, has recently taken over the running of suburban rail services in north-east London, and I think it should be given responsibility for suburban rail services south of the river as well.

The complexity of London's rail network means that it would benefit from strategic co-ordination by an organisation that is accountable to Londoners. I call



[*Helen Hayes*]

upon the Minister to make the bold strategic intervention that is necessary to address the failures of Southern in my constituency, and hand responsibility for running suburban rail south of the river to Transport for London, which has proved that it can run services efficiently in the interests of passengers and our economy.

9.54 am

**Crispin Blunt** (Reigate) (Con): I congratulate my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) on securing the debate. I am not sure congratulations are in order simply for winning the ballot, though, because I understand he was competing against my hon. Friends the Members for Croydon South (Chris Philp), for Bexhill and Battle (Huw Merriman), for Wealden (Nusrat Ghani), for Tonbridge and Malling (Tom Tugendhat), for Sutton and Cheam (Paul Scully), for East Worthing and Shoreham (Tim Loughton), for Lewes (Maria Caulfield), for Brighton, Kemptown (Simon Kirby) and me. We were all competing for this subject today.

**Nick Herbert:** But I won.

**Crispin Blunt:** As my right hon. Friend says, he won. Given the number of hon. Friends who wish to contribute, I will try to restrain my remarks, despite the immense pain felt by my constituents because of Southern's service. I have been president of the Redhill, Reigate and District Rail Users Association since my election in 1997, and I have never known anything like the situation that we face today. I do not say that Southern has been a beacon of excellence throughout that period, and my commentary on the performance of the company overall is that it seems focused on the interests of its shareholders rather than its customers. When service improvements such as increased train lengths during out-of-peak services are put forward, there is then an issue of cash and cost, and it appears that service levels for customers are a secondary consideration.

We face a company that has managed itself extremely tightly. The disaster over the introduction of the London Bridge upgrade scheme has seen company performance levels totally collapse, to the cost of the people we serve. My right hon. Friend the Member for Arundel and South Downs has already illustrated some of the highlights: the five-hour delay on 30 April and the 230 cancellations and significant delays as recently as last week, on 1 July. Southern's performance in the heat was worse than any other company's.

The daily commute has become a wholly unpredictable experience, with the consequences that the hon. Member for Dulwich and West Norwood (Helen Hayes) mentioned. Too often it is a nightmare for the people we represent, so Southern's levels of satisfaction being at the bottom of the league table are not remotely surprising.

I want to turn to issues specific to Reigate and Redhill, given where my constituents sit on the line.

**Tim Loughton** (East Worthing and Shoreham) (Con): Or stand.

**Crispin Blunt:** My hon. Friend points out that they stand on the line. My constituents are at the point of the service where, if they are taking a busy train—a quarter

of which have been cancelled because of the London Bridge upgrade—and trying to get on at Redhill, which is a significantly longer journey than for the constituents of the hon. Member for Dulwich and West Norwood, the prospect of getting a seat is close to zero. At times, the prospect of getting on the train at all is now in doubt. Hon. Friends from further up the line will no doubt have more to say about the fact that they cannot even get on the trains because they are so crowded.

I stood for re-election in Reigate on a pledge to campaign for fair fares and compensation for rail users. It was a central part of my election campaign. I went to every single station to make the point about the campaign for fair fares and to meet the people getting on trains at 6 o'clock in the morning. There is no point in going at 7 o'clock, because it is far too busy, so people's days have been extended because of Southern's diabolical performance levels, combined with those of Network Rail and the botched implementation of the upgrade at London Bridge.

I want to focus on the milking of my constituents as cash cows for the system. Ours is a so-called negative subsidy area, so the people I represent pay not only for the rail service that they get, but for the rail service in the rest of the country. That adds insult to injury. For example, a Redhill annual season ticket holder who also buys zone 1 to 6 travel in London will pay £1,088 more than someone travelling from Coulsdon South, two stops up the line. Passengers from other stations outside zone 6, such as Dorking, Oxted, East Grinstead and Three Bridges, who have a greater or similar length of rail journey into London, pay less for the service.

Southern has enjoyed the second highest income among train operators, and unlike many other companies it has not received funding from the Government, because it is a negative subsidy area. There is a change to the franchise coming, with Govia Thameslink taking over the management of the contract from 26 July. From that point, unhappily for the Minister and her accountability, the Department for Transport will take the fare box. I strongly appreciate her moves to convene the rail bosses and oversee the implementation of a performance improvement plan, but I am afraid I have to put her on notice that we will expect a meaningful level of effort now that she is effectively taking responsibility, so that commuters will be given a decent level of compensation to take account of the deteriorated services until the London Bridge works are completed in 2018.

The opportunity for my constituents comes with the extension of Oyster to Gatwick, which is part of the requirement of the new franchise. Transport for London has been ready to roll that out for ages, but it is being blocked by the Department for Transport while it and Southern sort out their fare arrangements.

**The Parliamentary Under-Secretary of State for Transport (Claire Perry)** *indicated dissent.*

**Crispin Blunt:** The Minister is now shaking her head, so I am delighted that she will be pushing Southern and Govia to deliver that instantly. Will she intervene so that the Oyster roll-out can go ahead as soon as possible?

Will the Minister also take the necessary steps to extend TFL zone 6 to Reigate, Redhill, Merstham, Earlswood and Salfords, and out to Gatwick, until the London Bridge works have finished? At this point I declare

my interest as a commuter from Horley who, along with the people I represent, would benefit. Some 2,000 people have signed the Reigate, Redhill and District Rail Users Association petition to the Secretary of State calling for zone 6 to be extended as a fair and proper reflection of the poorer service. That zoning could then be reassessed once the London Bridge works are complete in 2018. I look forward to a one-on-one meeting with the Minister to discuss that further.

Finally, I turn to the issue of compensation for delay, which my right hon. Friend the Member for Arundel and South Downs touched on. DelayRepay.net estimates that if compensation were properly claimed, 15% would go back to customers in the form of money reclaimed. That is using a service level whereby a train has to be 30 minutes late for someone to be able to claim, and a 30-minute delay on a 30-minute journey is a pretty shocking level of performance. A 15% reduction would be a return to customers of more than £500 on their season ticket.

If I understand the Minister's private views correctly, she, too, cannot see why customers have to be put through the hoops that they are put through by some of the companies to claim compensation money. It must be possible to make things far more automated—indeed, from her briefings, I know that that is the case in other parts of the country. It is technically possible to use Network Rail data to allow passengers to enter their journey details and to receive the compensation that they are owed. Compensation could even be paid out automatically to those with a contactless card. Has she considered requiring the train operating companies to tender for the technologies available to put that into practice? Will she introduce phased compensation for journeys delayed by more than two minutes, as the data and the technology would now permit?

Southern's performance, and therefore the Minister's revenue when she takes responsibility from 26 July, will be a significant problem for her and the Department given that more than half of trains are late. I recognise that, but it is right that such an incentive is placed on her, so that she can then place it on the rail operating company. The incentive will be to ensure performance levels that secure for the Department for Transport the revenues that it deserves from customers, not the revenue that it can rake in as a monopoly supplier when people have absolutely no choice about how they travel to work.

Passengers using the trains in my constituency are at the end of their tether. I look forward to hearing from the Minister about the actions that she will take to turn that appalling state of affairs around and to ensure that customers pay a fair fare for the service that they receive, which is definitely not the case today.

**Several hon. Members** *rose*—

**Mr Andrew Turner (in the Chair):** Order. If Members allowed themselves approximately five minutes, that would help us no end.

10.4 am

**Tim Loughton** (East Worthing and Shoreham) (Con): I congratulate my West Sussex neighbour, my right hon. Friend the Member for Arundel and South Downs

(Nick Herbert), on securing the debate and on the robust way in which he introduced it. Other hon. Members have given the same reasons for complaint about the appalling service from Southern rail: poor timekeeping; cancellations; diversions; overcrowded trains; poor value for money; the rarity of refunds; the extraordinary coincidence that many delays seem to amount to 28 or 29 minutes, just below the 30-minute compensation threshold; and appalling communications when things go wrong. Problems are compounded for pedestrians as well. In my constituency and in Worthing West, delays while level crossing barriers have been down have meant pedestrians and motorists having to wait for 48 minutes out of every hour in some cases. Commuters on trains are therefore not the only people affected.

My constituents travel along the coastal strip—often having to change at Brighton—come into London and go to Gatwick airport. If that airport is to be expanded, when the issue is finally decided, having a reliable rail service will be an essential factor, but that is another argument for another day. The Southern rail problems go well beyond the ubiquitous, traditional excuse that always used to be trotted out of the signal box fire at Penge or the landslip at Balcombe.

I will not repeat everything that has already been said, but I will quote from two complaints that I have received from constituents in the past week. Last week a constituent left West Worthing at 10.32 am, heading for London Victoria. The indicator board stated that the destination was Haywards Heath, not London, but the train was cancelled due to electrical supply problems in the Purley area. She caught a later, stopping service to Brighton, but it arrived late, and the connecting fast service to London was announced as being delayed due to

“awaiting a member of train crew”.

Eventually she arrived at London Victoria some 23 minutes later than she had intended.

On the return journey, the 15.52 from Clapham Junction to Ore and Littlehampton was delayed because of the incoming journey, which had in turn been delayed by speed restrictions imposed because of the heat—that is the seasonal version of leaves on the line. Departure was at 16.12 and the service was 20 minutes late into Haywards Heath. A problem developed with the doors of the front portion of the train after splitting, so there was a further delay while the driver tried to reset the electronics. The late-running 17.03 Littlehampton and Eastbourne train arrived on the adjacent platform and detached, and my constituent says that

“we were advised to get off our train by our guard and board the Littlehampton part of the other train as that was going to leave first.

As we were boarding the train, platform staff were then telling us to reboard the train we had just got off because THAT one was going to depart first.

We then all reboarded the original train.”

Eventually, my constituent departed Haywards Heath at 17.11 and

“arrived at Preston Park where the driver announced that the Brighton signalman had decided to divert the train to Brighton and terminate it there, and passengers for coastal stations through to Littlehampton to alight at Preston Park and catch the following late running train (ie the one we had got on and got off again).

(How does diverting and then terminating a late service get counted in the ‘performance statistics’, or is it a canny way of not being counted at all?)”

[*Tim Loughton*]

I hope you are keeping up with “this farce”, Mr Turner, because then:

“Four carriages of passengers got off the train.

The indicator board and automated announcement at Preston Park then ‘advised’ us to ‘please stand clear of the platform as the next train will not be stopping at this station’,”

because that service was not scheduled to stop at Preston Park. Fortunately,

“it did, four carriages of people reboarding a train that they had already boarded once and then had to get off earlier in their journey”,

eventually arriving at West Worthing at 18.59,

“48 minutes later than scheduled.

Any apologies/communication etc. from Southern? Why bother asking—the poor guard knew as much as we did! Did Southern care or think about the passengers as we were being told to get off trains, get on others, only to then get off what became a diverted and terminating train, and reboard another, yet again. What about people with children, children in buggies, people with mobility problems, people with cases and large bags? Any thoughts about them from Southern?”

Of course not.

“My overall journey was delayed by more than one hour, and according to the delay repay leaflet I should be entitled to compensation ‘made in respect of the OVERALL delay to the planned UK rail journey’.

Will I actually get that?

I suspect not, because on previous occasions when similar delays have occurred on my daily outward and return journeys, Southern have only compensated me for a single journey delay of over 30 minutes... Over the last few months the 10.30 and 11.06 West Worthing-London services, on the Tuesdays that I have to catch them, have all regularly been cancelled”

or late.

My constituent also asked:

“I would also like to know why the real time train running app from Southern shows those cancelled services as ‘running on time’. Another example of totally inaccurate and misleading information that passengers have to endure from a company that doesn’t know how to provide clear, timely, accurate, consistent information from its staff, indicator boards or announcements.

Southern rail services are beyond a joke for those of us who have to use them regularly and I think my experience from yesterday is a graphic illustration.”

**Nusrat Ghani:** My hon. Friend raises a valid point about customer experiences, which do not seem to be heard about at the top table at Southern or Network Rail. Will he join me in urging the Minister to call on Network Rail and Southern to convene regular meetings with passengers so that they can share their real day-to-day experiences on the line?

**Tim Loughton:** I absolutely urge that. Communication is the heart of the problem. If there were real reasons for the delays, and those were communicated properly, there would be greater understanding, and surely also better ways of getting around the problems.

I will quote one final constituent who wrote to me a couple of days ago:

“I am writing to inform you that I believe that Southern Rail has lost its strategic direction and has lost the respect of both its customers and its staff. The Performance Plan published by Southern Rail clearly shows a continuing and substantial reduction in the quality of service over a three-year period and the management

of changes at London Bridge further demonstrates a lack of planning and the mitigation of risk. Credibility has been further lost by the recent publication of changes to services to improve performance by reducing the level of service being provided.”

Poor communication, poor time keeping, poor value for money and a worsening situation: things are not getting better, and given the rising demands on our rail service and the increasing population in the south of England in particular, they can only get worse. Frankly, the rise in passenger numbers that the rail companies always quote to us as some sign of satisfaction has come about because our constituents have no choice but to catch trains if they are heading northwards into London. The fact that they do not get proper compensation payments only adds insult to injury. This has gone on for far too long, and our constituents deserve better.

10.11 am

**Maria Caulfield (Lewes) (Con):** I will not go over all the issues raised so far, as my experiences of Southern mirror those of a number of Members. Passengers in my constituency of Lewes include those travelling from Wivelsfield, which is not in my constituency but is used by a number of my constituents, Cooksbridge, Plumpton, Seaford, Newhaven, Polegate and Berwick. They are commuters going to London, air passengers going to Gatwick, business people trying to get to appointments and tourists trying to visit the South Downs national park and the coastal strip.

Although it is good news that fares are to be frozen for the duration of this Parliament, a season ticket costs £4,408, so let us not pretend that it is cheap by any means—and the service is poor. Passengers and my residents are fed up of game playing and excuses—national rail issues are often used as an excuse when the problem is actually a Southern issue. A number of Members have mentioned London Bridge station. Although the improvement works there are welcome, they are too often used as an excuse for Southern’s poor service.

There are improvements in the way that we can claim back fares, but that is not what people want. They would far rather have a decent rail service so that they can get to work on time. The delays are so frequent that, as the hon. Member for Upper Bann (David Simpson) said, people are not bothering to claim, because it is too time-consuming. People are missing flights to and from Gatwick, and are late for work. Several key problems are now happening on almost a daily basis.

**Mr Gregory Campbell (East Londonderry) (DUP):** Does the hon. Lady agree that the issue that has come up time and again in the debate is the frequency of lateness, the lack of information for passengers so that they can put complaints in at the time rather than several weeks later, and then the inability of the company to react to complaints immediately and resolve the issue?

**Maria Caulfield:** I absolutely agree with those points, which replicate the experience of a number of my constituents.

On almost a daily basis there is no longer a rush hour, as people leave earlier and earlier for work and then leave later and later to get home, so that they can actually get on a train—never mind having to stand. Train drivers do not turn up on regular basis. As a



commuter myself, I would say it happens almost two or three times a week; certainly I have heard that excuse on a number of occasions. As the hon. Member for Dulwich and West Norwood (Helen Hayes) said, the number of carriages is cut, often at very short notice—almost as people are getting on the train—leading to further overcrowding and congestion.

Southern has recently cut a train from the timetable to try to make the 7.29 from Brighton run on time, meaning passengers are no longer able to get on that service at Wivelsfield. The advice is to travel to Haywards Heath instead, which can take half an hour, and anyway there is no parking at the station for those who travel there. That is not an acceptable way of keeping to the timetable. I have also experienced elderly people, who cannot stand for the hour and 10 minute duration of the journey to London, being ticketed for being in first class. That is completely unacceptable when they have to stand because there are no seats for them in standard.

Instead of campaigning about complaints, I should be campaigning for improvements to rail services for my residents. We are trying to get a second rail main line from the coast to London, and more services for stations such as Cooksbridge, where passengers see the trains go through at high speed and have to wait at the level crossing, unable to get on, as my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) said. I am trying to get better access to platforms and trains for people with mobility needs, whether people with a disability or young mums with pushchairs. I am also trying to get better carriages so more bicycles can fit on our trains and people can commute onwards after they get off their train.

Instead, I am campaigning on a daily basis about the poor rail services my residents have to endure. It is not good enough. It has an impact not only on people's purses, as they have to pay for extra journeys, but on their quality of life. It should not be the case that people experience such a poor rail service just because of where they live. I welcome the initiatives the Minister is trying to take, but we need to see improvement soon.

10.16 am

**Chris Philp** (Croydon South) (Con): I add my voice to those we have heard this morning lamenting the woeful performance of Southern railway over the past year or two. There are four principal problems, which other hon. Members have already alluded to: consistent lateness; excessive cancellations; short trains that lead to the gross overcrowding we have already heard about, which is particularly difficult for pensioners and people with disabilities; and the practice of station skipping, when a station stop is missed out to catch up on journey time. I strongly suspect that station skipping occurs so that services can get just inside the half-hour delay repay deadline. My own local station, Coulsdon South, appears to be a particular victim of that insidious practice.

The figures tell their own story. As recently as three years ago, the performance and punctuality measure on Southern was around 90%—I know there are other measures, but that one is published most often. Over the past two or three years, that figure has consistently declined, month on month, and now sits at only just above 80%. That is far too low. If we compare that with other parts of the railway system we can see how woefully bad it is. For example, London Overground, a

metro railway run by Transport for London, has a PPM figure of 95%. That shows what can be done with a well organised system.

Southern's figure of 80% is the worst in the United Kingdom. We are not complaining about the structure of the railways in general, but about this particular line, which is the worst in the country. My hon. Friend the Member for Croydon Central (Gavin Barwell), a party Whip, is in the Chamber; I know he shares my views on this terrible service, which affects his constituents every bit as much as mine.

I deplore the fact that in the document on improving performance on Thameslink and Southern, published a few months ago, the targets for improvement are extremely unambitious. The 2015-16 target for PPM is only 81%, barely better than what we are experiencing at the moment; it is an unacceptably low aspiration. Even by 2018-19, nearly five years away, the aspiration is only for 87%, still below where the railway system was a few years ago.

The problem is perhaps best illustrated by a few tweets I have recently received. One is from a gentleman I know quite well, who tweets as MaximusThurbon—I think he is modelling himself on the guy from "Gladiator". He says:

"Train late this morning by 10 minutes, train home cancelled. Another normal day on Southern".

Another tweeter said that

"evening rush hour can only mean one thing...Southern network delays and cancellations!"

Another person said that

"Southernrail provides a horrific service".

Another said:

"It's starting to turn into a full time job filling out the delay repay forms".

It is no surprise, therefore, that when rail users are surveyed, satisfaction is very low. The consumer organisation Which? recently found that Southern railway had the second-lowest satisfaction rating of any train operating company in the country and the worst satisfaction rating for delays. Moreover, figures from Transport Focus, which my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) mentioned, have seen Southern's passenger satisfaction rating slump from 82% to 72%—once again, the lowest level in the country. Most tellingly, however, the satisfaction rating among commuters using the line is just 60%. I contrast that with the figures for lines such as the Heathrow Express, which has a 94% satisfaction rating; the east coast main line, which has a 94% satisfaction rating; and a railway system called First Hull, with which I confess I am unacquainted, but which has a 96% satisfaction rating. So why does our local railway have only a 60% satisfaction rating among commuters?

I would like the Minister to reply to two or three points, because I know she is working hard to fix these problems. First, will she confirm that she is chairing weekly meetings of a taskforce with Southern railway and Network Rail to fix these problems? Secondly, will she consider improving the compensation system, perhaps by having better publicity and by reducing the threshold to 15 minutes, as the right hon. Member for Carshalton and Wallington (Tom Brake) suggested? I certainly endorse the suggestion from my hon. Friend the Member for Reigate (Crispin Blunt) that we have an automatic

[Chris Philp]

refund so that, where a commuter says, “I am always on the 8.30 train,” and that train is late, compensation is automatic.

Will the Minister also consider fining the operating company for station skipping—a problem that affects my local station?

**Tim Loughton:** Hear, hear.

**Chris Philp:** Thank you.

Furthermore, if things do not improve in a reasonable time—say, one year—the entire operation of the franchise may need to be looked at again.

**Several hon. Members** *rose*—

**Mr Andrew Turner (in the Chair):** Order. We have about four minutes for each speaker. I call Tom Tugendhat.

10.22 am

**Tom Tugendhat** (Tonbridge and Malling) (Con): Thank you for calling me, Mr Turner. I will be brief, because the points covered by many of my hon. Friends have been extremely clear and relevant to Southern railway users at the stations of Cowden, Hever and Edenbridge in my area, all of which suffer badly from a poorly run service. These people are not, of course, merely using the rail service for the hell of it or for recreation—it is a means of getting to work. People are paying £3,740 for annual season tickets so that they can do the jobs they are employed to do. Yes, some work in the City, but many work in schools and hospitals. I also know of one senior diplomat whose work is often affected by late running and failed trains.

I get a continuous litany of emails and tweets from constituents who are rightly angry. I am adding my voice to those of my hon. Friends and to that of the Rail Minister, who is doing so much to address this issue. I welcome her efforts. I am registering my complaint not so much with her, but with Southern’s operators. The rage they have caused among my hon. Friends and me is so great that they are putting their careers in jeopardy. I urge them to think hard before they continue this failure.

I have been working with my hon. Friend the Member for Wealden (Nusrat Ghani) for more than a year to try to address this issue, and we have discovered time and again that the operators are unwilling to address the basic problems. Working with organisations such as the Edenbridge and District Rail Travellers Association, we have begun to get some changes and accountability. However, there is so much more to do. I will leave it to others to speak now, because I have made my points clearly, and I very much hope the management have heard them.

10.24 am

**Paul Scully** (Sutton and Cheam) (Con): I congratulate my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) on securing the debate. I am pleased he has managed to ensure that things have not been conducted like Southern’s services—otherwise, half of those in the Public Gallery would have missed his speech.

In my area, as in that of the hon. Member for Dulwich and West Norwood (Helen Hayes), punctuality at Christmas was running at less than 50%, which is unsustainable. I am pleased it has now improved, but, at 76%, only three out of every four trains are running on time. For commuters, that is unacceptable.

During my election campaign, I saw one of my opponents tapping his watch in front of an indicator board at a station. I was amazed to see that it was showing that the only two trains running that hour were on time, which is very untypical of what happens in Sutton.

In the same campaign, I talked about extending the London Overground, which is run by TfL; we have heard a lot in the debate about the London Overground having good satisfaction levels and good punctuality and being well thought of. That point was well received during my campaign, and a lot of people said that increasing the capacity and frequency of trains in Sutton was great. However, they also said, “What we really want is to make sure that the trains we have run on time, that we can get a seat and that we don’t pay for something and then see no investment coming back into the south London metro lines.” Those lines seem to be one of the forgotten parts of the network, with satisfaction at 67%.

We need investment at Clapham Junction and in rolling stock in that part of the network so that we can have a service we are proud of and pleased with. I echo the fact that TfL should be well placed to take over the line through Sutton when the franchise is renewed. I say that not because I am harking back to the days of British Rail when everything was centralised, but because TfL has shown it can run a good railway system. In an era of accountability, transparency and rewards for good performance, TfL should be recognised for that. It should be able to improve the lines in Sutton and south London.

In conclusion, it is unacceptable that a train can take up to 50 minutes or an hour to do the 15 miles into central London from south London. That is about the same time it takes to get to the coast. In the modern day, when commuters are paying a fortune, they should be able to get into London in good time. Twenty-five minutes for the fastest train from Sutton is a good time, but 50 minutes to an hour for those taking the Gypsy Hill route is unacceptable. However, I will leave my remarks at that.

10.27 am

**Huw Merriman** (Bexhill and Battle) (Con): Given that the debate is about punctuality and timekeeping, I shall come well within the four minutes; otherwise, I will hand out my own compensation forms, albeit that, using Southern’s own ratio, I shall pay out only at six minutes plus.

I am also a daily commuter on Southern—I have been for the last nine years, and I continue to be one as an MP. I use the Upfield line, which is in the constituencies of my hon. Friends the Members for Wealden (Nusrat Ghani) and for Tonbridge and Malling (Tom Tugendhat). I am also a member of the Transport Committee, so I take very well the suggestion that the matter before us would be a good one for it to discuss.

Perhaps I have become immune to the overcrowding I have suffered for almost 10 years on my daily commute, but my experience is that, although things are difficult,

they are not perhaps as appalling as others may have found on their lines. The Upfield line has one track, and capacity is, indeed, an issue. Twitter messages come through when people are rightly frustrated. I missed my child's last-day-at-school performance, because I was stuck in Oxted for two hours. These things happen, and they are frustrating, but, today, the 6.43 am train came in on time, and I dare say there were no tweets putting that message across. It is important that we also consider the views of the majority who do not get in touch with us.

Capacity is, indeed, an issue, and it concerns me hugely that, as more housing is built in my constituency, the Upfield line and the coastal line will become even more overcrowded. Those lines are served by diesel engines, so it appears that little can be done—certainly on the coastal route—to introduce more carriages.

Southern Rail takes the view that all its revenue goes to the Government, and that anything it adds on has to come out of its bottom line, so it refuses to add anything. I would like further measures and incentives from Government, to make sure that Southern adds those carriages on. The overcrowding that my constituents in Bexhill suffer at rush hour is incredibly difficult. Equally, however, at other times during the day those two carriages are not really used at all; so, again, I take a reasonable view of the circumstances.

The conclusion of the London Bridge building work will be an amazing experience, and I hope that many of the issues will then become a distant memory. The fact that the rail companies and, indeed, Network Rail, have continued to operate in the station during the largest station engineering project in Europe is testament to their hard work. There have been issues; I was there on the day of the overcrowding that was mentioned. It was incredibly difficult and frustrating, although it is fair to say that some people were making a leap for it because, frustratingly, they could see empty trains moving out, rather than because trains were that crammed. I was in the cram and can testify to that.

London Bridge will be amazing, and it is important to be positive. While we chastise where we should, we also need to give encouragement and welcome the work.

**Nusrat Ghani:** My hon. Friend mentioned Uckfield in my constituency; locally, the line is called the “misery line”. He must have heard news of the Southern engineers strike that may be called next week, because they have been unable to negotiate through the union. My hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) and I wrote to the union and to Southern urging a cancellation of the strike. I hope that my hon. Friend the Member for Bexhill and Battle (Huw Merriman) will join me in trying to make sure that they resume the negotiations.

**Huw Merriman:** I happily do so. I note the reference to the “misery line”; perhaps I have become immune through being a daily commuter for 10 years, but I tend to look on the brighter side. Things are sometimes incredibly difficult and frustrating, but for the vast majority of the time they work well. It is important to encourage people to see things that way; otherwise, there is a danger that we will become doom and gloom merchants, and we cannot then encourage people to see better times ahead.

I have now gone over four minutes, for which I blame my hon. Friend the Member for Wealden. I just want to make three points. First, it would be good to have more rolling stock. Secondly, it would be good to have a facility for dealing with the add-ons such as exorbitant rises in parking fees and the charging that now happens for duplicate tickets when someone forgets their season ticket. That is outrageous, in my view, because commuters should not be used as a cash cow. Thirdly, there is the issue of compensation. Why do we still have pieces of paper to get us through? Why can we not tap in with a smart card that tells us when the train should arrive and automatically compensates us when it does not?

10.32 am

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the right hon. Member for Arundel and South Downs (Nick Herbert) for securing the debate and giving me the opportunity to show common purpose with other Members. He has done much to raise the profile of the performance of Southern railway and to call for improvements to the service provision. I note also that Southern is committed to an improvement plan over three periods: May and December of this year and December 2018. Of course, although I welcome the planned improvement periods, it is our job to ensure that we hold service providers to account on behalf of our constituents.

For Scottish constituencies, Gatwick is a main link for tourists and for business and leisure travel. Consequently, many people from those constituencies, including mine in the highlands, use the services of Southern railway—mainly, though not exclusively, the Gatwick Express. From the point of view of my constituency, Gatwick is Inverness airport's main business destination. Gatwick airport is Edinburgh airport's second top destination, and Edinburgh is one of Gatwick's top three UK destinations.

The issue is clearly one of management and accountability. The staff I have met on the services have been exemplary, helpful and pleasant, often working with passengers who are tired, busy, sometimes lost and often frustrated. They do their job well, and none of my comments is directed at the hard-working men and women deployed on the network. However, the management needs to hear the realities of using the company's services.

Having become a regular commuter to London and a frequent user of the Gatwick Express, I know only too well how frustrating and disruptive delays and unreliable links can be. We heard about a “gladiator” earlier; people need to take part in some gladiatorial games to share the service, including the platform shuffle—the game of working out which train standing at Victoria will not leave the station. That usually involves passengers packing an overcrowded train and then, if they are lucky, finding a seat or wedging themselves into a corner. Often they simply sit on the floor or on luggage before the announcement is made that the train will not be leaving the station. The chase is then on to decamp, rush to the adjacent platform and join another train even more jam-packed with passengers. Then there will be the unscheduled stop to accommodate a broken-down train on another line.

Of course, a train and service that work to schedule and a seat are the basics. If I travel between Edinburgh and Inverness on ScotRail, I can at least get some work



[*Drew Hendry*]

done using the free wi-fi on board. There is none of that on the Gatwick Express, which should be a flagship service. I am surprised that hon. Members can actually get tweets from their constituents; I do not know how they get out. If commuters on other parts of the network are sharing my experience, that is pretty desperate stuff.

**Tom Tugendhat:** I thank the hon. Gentleman for one thing: ScotRail has recently handed over some diesel carriages for the Uckfield line. I hope that when ScotRail has had enough of its old rolling stock, he will encourage it to allow our dinosaur of a line, the Uckfield line, to get access to something that the Scots have rightly upgraded from.

**Drew Hendry:** I thank the hon. Gentleman for that worthwhile point. Of course, good rolling stock and engines on the network are important. I am pleased that in Scotland we tend to get good service, although there will always be some complaints and service issues. The hon. Gentleman and his constituents should be able to enjoy good service, too.

Last week I overheard some American visitors—this affects everyone here—sitting on the floor of the train discussing just how much they had paid for this “luxury”. It was not cheap, at least in terms of the cost. That reflects not only on the tourist industry here but on the experience of visiting Scotland. According to a recent House of Commons Library report, Southern railway’s moving annual average is, as we have heard, only 82.8%. That is the lowest of any train operator in the UK, and dramatically below the service levels that we experience in Scotland. That has come as something of a culture shock to me. We might ask what it means for rail users. The most staggering example I found was that the train from Brighton to Victoria was late every day of 2014. Simply put, every single day the poor commuters from Brighton to London did not receive the service they paid for. I do not use that service, but I understand their problems.

I will not go into more statistics, because other hon. Members have already covered a lot of them, but customers are paying for a poor service with their time and their pockets. That is unacceptable. The right hon. Member for Arundel and South Downs mentioned the “train of shame” and we have also heard about the “misery line”. It is too poor.

**Crispin Blunt:** On the subject of fares for an inadequate service, does the hon. Gentleman agree that it is wholly unreasonable that those customers are paying to subsidise services elsewhere in the country, including Scotland?

**Drew Hendry:** I do not accept that calculation for Scotland. I could give the hon. Gentleman a lengthy argument—a treatise—about it, but he will allow the fact that time is limited, and I am sure he will want the Minister to have time to speak. Perhaps we can catch up another day on why that does not apply to the situation.

Rail companies have a duty to ensure that customers are aware of their rights to compensation. I call on the Minister to review rail service compensation arrangements: first, to ensure that all franchised operators are moved to the delay-repay scheme as a priority; and,

secondly, to raise awareness of compensation rights so that rail users know exactly what they are entitled to. It is ludicrous that rail companies can profit from delays caused by Network Rail. They receive compensation but given the lack of uptake in compensation claims made by users they can, as has been mentioned, often profit as a result.

The 30-minute delay rule for compensation is unacceptable, as has been mentioned. Perhaps hon. Members will want to call on the Minister to establish an ombudsman-like body to ensure that rail companies are subject to appropriate scrutiny when they handle complaints. Perhaps it will only be when rail companies pay from their pocket and time that appropriate improvements to services will be made.

10.39 am

**Lilian Greenwood** (Nottingham South) (Lab): It is always a pleasure to serve under your chairmanship, Mr Turner.

I begin by congratulating the right hon. Member for Arundel and South Downs (Nick Herbert) on securing this important debate. As we have heard in a number of powerful contributions, the declining performance of Southern is clearly a cause of major frustration and, at times, real anger for the millions of commuters and occasional travellers who rely on its services. Even after hitting ever lower ebbs, Southern’s performance has continued to deteriorate further.

The facts are stark: just 83% of trains were on time in the past year—the worst annual punctuality rate in 15 years. Only 70% of trains were on time during the morning peak, when thousands of commuters struggle to find a seat on increasingly expensive and overcrowded trains. The 6.35 am train from Caterham to London Victoria was reckoned to be one of the most overcrowded trains in the country at the time of the last surveys in 2013, with more than 200 passengers left standing. One in 20 trains were cancelled or seriously late. The operator reports some improvements in recent months, but overall, Southern missed its punctuality targets by almost 5%—the most significant gap between target and performance of any operator—which helped to trigger the regulator’s current investigation of Network Rail’s performance in 2014-15. Famously, of course, the 7.29 am train from Brighton to London Victoria did not run to time on one single day last year.

It is therefore not surprising that passenger satisfaction has fallen. As the right hon. Member for Arundel and South Downs said, overall satisfaction is down by 10% since 2010. Among commuters, less than a quarter of passengers say that they are getting value for money for their fares, which have risen by 23% on average since 2010, as my hon. Friend the Member for Dulwich and West Norwood (Helen Hayes) noted.

This is a world away from the standards that passengers expect and deserve, and we have all seen the disgraceful scenes at London Bridge station. The closure of tracks and platforms may be an unavoidable consequence of the £6.5 billion Thameslink project, but the poor management of London Bridge station and the lack of information provided to passengers during periods of disruption are inexcusable.

We also have to look at how Network Rail and the train operators work with one another. Even after it was known that tracks would be taken out of service, the

decision was taken to run 22 trains an hour during the peak period. As Network Rail and Govia later admitted, “we have discovered that this number is not feasible.”

At a time when the planning of rail projects is under intense scrutiny, it is clear that that lack of adequate preparation cannot be allowed to happen again. Network Rail and Southern have produced a recovery plan, about which I will say more later. I know that the Minister has been meeting the responsible parties, but the Government’s involvement must be judged on the results that it yields, not just the number of meetings that are held.

**Claire Perry:** As always, the shadow Minister is saying a lot of things that I entirely agree with, and I am looking forward to addressing those points. However, will she join me in condemning the rail unions, who are determined, across London and across the network, to maximise disruption at a time when we all should be working together to deliver the best possible service for our customers?

**Lilian Greenwood:** I agree that it would be very unfortunate if industrial action went ahead, because I know that it would cause extra disruption to passengers. However, as Government Members said, the way to avoid that is to get back round the negotiating table and talk about the issues at stake.

When the Minister replies today, I hope that she will give hon. Members an update on the progress that has been made against the short and medium-term goals in the recovery plan. When we look at the wider problems facing Southern, it is important to identify where responsibility lies. In spite of the best efforts of its engineering staff, Network Rail has not consistently provided reliable infrastructure services on this route over the last year, and indeed the regulator has identified Southern as a franchise where

“punctuality and reliability is below expectations”.

I note, however, that 31% of delays were attributed to the operator during the last year, so it does not escape blame. It is clearly for Southern to address issues such as the cleanliness of trains and the provision of information to passengers—including about delays, cancellations and compensation—but there are also areas in which the Government are directly accountable for the treatment of passengers. I will move on to that issue in the time remaining.

It is often asserted that Ministers exercise influence through the franchising process, but Southern will cease to function as a traditional franchise by the end of the month, when it will join Thameslink and Great Northern under a single, combined management contract. As the hon. Member for Reigate (Crispin Blunt) noted, that contract gives the Department and Ministers significant new powers over the operator, including in relation to the setting of fares. Last year, the Government confirmed their intention to remove gradually cheaper “Thameslink only” tickets on the Brighton main line from 2016. The cost difference for annual season tickets to London was as much as £664. At the time, the Minister said:

“When we move from two operators to one on the line...fares will be gradually equalised.”

Will the Minister confirm that that is still the Government’s position, and will she set out what level of fare rises commuters will face when they return to work in January?

Or has the policy had to be abandoned as a consequence of the Government’s last-minute decision to adopt Labour’s policy of scrapping the unfair flex loophole?

**Claire Perry:** That you introduced—that Labour introduced.

**Lilian Greenwood:** That was introduced under privatisation.

We have heard today that compensation arrangements need to be improved. The Minister has previously indicated that she is willing to consider an automated system for awarding compensation when services are more than two minutes late. That would certainly be welcomed by passengers, but it is worrying that the introduction of such a system appears to be explicitly tied to the franchising process. Does that mean that Southern passengers could have to wait until the early 2020s, when the next franchise will be awarded, before enjoying that benefit?

Equally, the Government could take action now to require train companies to provide cash compensation, in contrast to the inflexible national rail vouchers that cannot be used online. Our understanding is that the Secretary of State could make that change by authorising a revision to the national rail conditions of carriage. Will the Minister confirm that that is the case, and if so, why that authorisation has not yet been given?

Similarly, the Minister’s colleague, the Under-Secretary of State for Transport, the hon. Member for Harrogate and Knaresborough (Andrew Jones), said that part-time season tickets—if they are ever created—will be implemented through franchise awards. Does that mean that Southern passengers could face a wait of at least six years before accessing those products, even though part-time season tickets could save some commuters hundreds of pounds a year?

Another issue, which is clearly of particular interest to a number of hon. Members, is the possible devolution of some routes to Transport for London. London Overground, as has been said today, has transformed services elsewhere in the capital, and significant investment is going into the recently devolved routes to Cheshunt, Enfield Town and Chingford. Southern’s punctuality, as my hon. Friend the Member for Dulwich and West Norwood highlighted, is poorest on its south London metro routes, so there is real interest in TfL taking over management of those services. What consideration has the Minister given to those proposals? Has she had any recent discussions with TfL on the devolution of those routes, either in whole or in part?

If Southern is to accommodate growing demand, further infrastructure improvements are likely to be necessary. The operator is running 700 more trains a day than the route carried 20 years ago, across some of the most complex and congested sections of the national rail network. There appeared to be cause for celebration in March, when the Chancellor promised

“a feasibility study into Brighton Main Line 2, speeding up journeys and relieving congestion”.

However, the Budget document itself mentioned only

“a further study into reopening the Lewes to Uckfield rail line”

and not into the whole of Brighton main line 2. Will the Minister say a bit more about whether the scope of that study will extend to the whole project or not?

[*Lilian Greenwood*]

I come to my final point. The recovery plan that I mentioned earlier stated that the quality of signalling equipment was

“under review, with the potential for investing in enhancements being assessed.”

However, the reality is that the status of Network Rail’s whole investment programme is now unclear and is unlikely to be clarified before the end of the year. Ultimately, better services will require investment in improved infrastructure, but Network Rail is facing enormous cost pressures on its enhancement, renewals and maintenance budgets. Will the Minister confirm today that while passengers face delayed and cancelled trains, rising fares and cramped carriages, essential measures to improve their journeys are now in jeopardy?

10.48 am

**The Parliamentary Under-Secretary of State for Transport (Claire Perry):** It is a pleasure to serve under your chairmanship, Mr Turner, and I am sorry that the hon. Member for Nottingham South (*Lilian Greenwood*) did not adhere to the four-minute rule. I appreciate that she raised a lot of points, many of which I may not be able to answer, but I will write to everyone whose questions I do not cover today.

I congratulate my right hon. Friend the Member for Arundel and South Downs (*Nick Herbert*) on securing the debate. Many people in the Chamber have either been, or have replaced, Members of Parliament who are absolutely assiduous and dogged in their pursuit of a better transport system. It really shows—I extend this point to the shadow Minister as well—the importance that we now place on our national, local and regional transport infrastructure not only as an absolute agent of economic growth, but as an agent of human happiness. I was struck by the point made by the hon. Member for Dulwich and West Norwood (*Helen Hayes*), and I entirely agree. The worst thing about the whole situation would be to be that mother or father trying to get home to pick up their children from childcare, and month after month, week after week, day after day, being unable to say what time you will get home. That is an unacceptable burden on working families.

Sorting out the route will deliver potentially the biggest productivity gain in the UK. The Southern route carries the second highest number of passengers. It is the biggest franchise: it will, as my hon. Friends pointed out, be merging into the GTR franchise at the end of the month. It has some of the oldest and most complicated track layout in the country—there is a reason why the upgrade works have not been done by successive Governments. Some of the track is 176 years old. Doing this work is like doing open-heart surgery on a marathon runner. It creates delay, and misery when that delay becomes too great. There are serious lessons for the railway industry to learn about how works are done. Is it right to keep stations open and running, or is it better to use a blockade and have all the pain at once? Those are very important questions and challenges for the industry.

The work on the route is one of the largest investment programmes in the UK, and it is contributing to the problem—it is not the sole cause. It is not just about London Bridge station. There is the new station at

Blackfriars, which has a wonderful layout and has added new capacity into the system. There is the introduction of new trains, which has started to happen on the route that my right hon. Friend the Member for Arundel and South Downs mentioned. I know that he has seen the 387s already introduced, but equally the class 700s that come in will double the number of people who can be brought into London during peak commuting hours. So much is going on, but it is true that performance is often unacceptable and sometimes inexcusable.

My hon. Friend the Member for Bexhill and Battle (*Huw Merriman*) made the point that the majority of the time—I have the latest right-time performance figures—the trains are on time. It is not all doom and gloom, but we have got to a situation in which passengers have lost their trust in the operator and front-line staff have been left to deal with some unacceptable delay incidents themselves. It is not fun to work at London Bridge and not have the tools and information; to want to help deliver better performance for customers but be unable to do so; and to be spat at and abused. We should recognise that behind all these problems are often good people trying to do their best but lacking the tools to do so. I wanted to say a bit about that.

I have heard consistent themes in the debate, which I will try to address today. I am referring to reliability of service, communication and compensation. The reason why it is so important to get this right is that the Government have an unprecedented investment plan for transport infrastructure over the next five years. It is not jam tomorrow; the new stations and new trains will be delivered. I say to the hon. Member for Nottingham South that it is churlish to suggest that Network Rail’s £38 billion investment programme is in jeopardy. The only part of the programme that has been paused is the electrification programme. All the rest of the works are proceeding as scheduled, and quite right too.

Demand has increased by more than 60% in this part of the country, and of course passengers have expectations of a better service now. People do not want to be shuffled around and not given information. I think that one of my hon. Friends said that the guard had less information than he did, because he was able to dial into social media applications.

There have already been some improvements on this line. I know that hon. Members mentioned this. We have started to see a slow uptick in the various performance measures, whether public performance measures or right-time performance measures. We have seen driver recruitment increase. One big challenge for Southern was that it did not take on enough drivers when it took on the franchise. Its driver recruitment plans are now running ahead of where it wanted to be. It is losing drivers as other parts of the network grow, but it is recruiting. It is 50% ahead of plan, and training is proceeding apace. That is incredibly important.

**Jeremy Quin (Horsham) (Con):** My hon. Friend the Minister talks about the investment programme over the next five years. My commuters from Horsham and elsewhere are already focusing on the control period beginning in 2019 and the pinch points in Clapham and elsewhere. I hope that we will continue to have investment flowing in the next control period as well. I am not asking the Minister to commit herself completely right



now on what will be going on in 2019—other events this afternoon will determine that—but I hope that that will remain a priority.

**Claire Perry:** I appreciate my hon. Friend's comment. I think that on the day of the Budget, it would be a foolish Minister who committed to longer-term spending, but my hon. Friend has my assurance that I will listen to him and his constituents on this important matter.

I thank my right hon. Friend the Member for Arundel and South Downs for his kind comments about my involvement. I think the hon. Member for Nottingham South is possibly the only member of the shadow Transport team who is actually interested in transport. She shows up at every debate; her boss is too busy running various leadership campaigns. She knows the issues on the railways well, and I look forward to continuing to work productively with her, but this is not about the Department getting involved and Ministers trying to drive change. As has been said today, what we want is the industry to be able to do this itself, so what are the levers that we need to use?

It is reassuring, I am sure, for hon. Members to know that the chief executive of Network Rail, when he gave a presentation to the Department for Transport board, said that the recovery of the area of the country that we are debating was one of his top five priorities for this year. It is obvious to everyone that the system is creating millions of hours of misery for millions of people in one of the fastest-growing areas of the country. That is simply unacceptable, and it is not good enough to have one-off interventions, despite the fact that we have unprecedented levels of work going on. The industry has to learn how to do things differently. The challenge, in thinking about Euston, High Speed 2 and connectivity into London, is to learn the lessons now to ensure that mistakes are not repeated.

I think the hon. Member for Dulwich and West Norwood may have made a point about the existence of current passengers not being valued enough in the overall process. I cannot remember whether it was her, but that point came from the Opposition Benches. I agree. Understanding what matters to people now is crucial, so let me outline some of the things that are happening and will happen. I invite my hon. Friends to be part of the process.

The merger is happening, and that will bring in a raft of new performance measures that will hold to account those responsible a fair amount. Hon. Members may know that the franchise is currently in breach of some of its performance measures, and there has been a conversation with the Department about the implications of that. Performance improvement plans were presented back in the spring—I know that hon. Members saw them—and are already starting to be implemented. That is driving the slow and steady improvement in performance.

Beyond that, there are three main problems. The first is that delivering the London Bridge improvement programme will not solve all the problems on the lines in question, particularly the Brighton main line. The second is that although the public performance measure is improving, recovery from delays and the volatility of the service remain real challenges. As was mentioned by the hon. Member for Brighton, Pavilion (Caroline Lucas), who is no longer in her place, some trains are always late, and that is simply not good enough. The third point

is that rail customers—those who are paying for the goods and services—are consistently unhappy. They have lost trust. They do not see the improvements, and they do not think they will be sustained.

So what has happened? Network Rail brought in its chief engineer to do a deep dive on the real, underlying problems on the line, from both an operations and an infrastructure point of view. That has been turned into a short-term and long-term plan for real recovery. I know we talk a lot about plans, recoveries and summits. There is a war room at London Bridge station that all hon. Members are invited to visit with me on the 20th. I would be delighted if the hon. Member for Nottingham South would join us. It is a cross-party invitation, which I believe she has already received, to see the depth of planning and understanding that is going on on a joined-up basis between Network Rail and the operator.

I can confirm to my right hon. Friend the Member for Arundel and South Downs that I chair the weekly meeting. We have also invited in Transport Focus, because I am keen for improvements to be seen and felt by passengers. We are not just telling ourselves that things are getting better. We are tracking social media sentiment and how people feel about their journeys. We are tracking what matters to people and what is actually improving for people.

I want to mention some of the points that have been made about compensation. My hon. Friend the Member for Lewes (Maria Caulfield) made a valuable point. Compensation should almost never be paid, because we should have a system that delivers people to their destination on time. Members are right that it is estimated that only 12% of people claim compensation. We have a manifesto commitment to deliver better compensation—and part-time season tickets—right across the industry. I continue to look at the problem of giving compensation to passengers from London Bridge. It is difficult, because it is hard to target those passengers in a fairly open network, but we continue to work on it.

Of course, there are already companies, such as c2c, that are delivering compensation automatically to people's phones if they are more than a minute delayed. That is the sort of model that we want to see. I will also refer to DelayRepay.net, which is a way to take all the paperwork out of claiming compensation. There are already some important innovations in the industry.

Ultimately, we have to have an unwavering commitment to and focus on passengers—customers—in the industry. The industry does so much right, but when things go wrong, the fact that we have capped fares at RPI for the remainder of this Parliament almost does not matter, because people are frustrated about their journey. So I am determined, and the Department is determined, to hold the industry to account. I am agnostic on the structure—whether this is done through an alliance or in another way. Whatever the structure happens to be, I just want better services to be delivered. I believe that the best way to do that is through transparency, a continued focus on quality in the franchising process and all of us being involved in holding the companies to account.

*Question put and agreed to.*

*Resolved,*

That this House has considered the performance of Southern railway.

## Norfolk and Suffolk Broads

11 am

**Mr Keith Simpson** (Broadland) (Con): I beg to move,

That this House has considered the Norfolk and Suffolk Broads.

It is a great pleasure to serve under your chairmanship, Mr Turner. I welcome the Under-Secretary of State for Environment, Food and Rural Affairs to his ministerial post. I suppose that he is now responsible for, among other things, pigs and poultry. I would like to think that his previous experience dealing with tribal factions in Iraq and Afghanistan was easier for him than dealing with European Union bureaucracy.

I am sorry that the Minister has been unable or unwilling, either by omission or commission, to speak with Rosa McMahon of the *Eastern Daily Press*, who has pressed his office on several occasions for an interview about the Norfolk and Suffolk broads. I hope that as a consequence of this short debate, he might feel able to talk to her about the matter.

I am pleased to see a number of my parliamentary colleagues in their places—my hon. Friends the Members for Waveney (Peter Aldous), for North West Norfolk (Mr Bellingham), for Norwich North (Chloe Smith) and for South Norfolk (Mr Bacon) and the right hon. Member for North Norfolk (Norman Lamb), all of whom have an interest in the matter. As the Minister is no doubt aware, the Norfolk and Suffolk broads comprise an area of 303 square miles, 120 miles of navigable waterways, seven rivers and 63 broads. They are the largest protected wetlands in the country. A significant part of the broads pass through or by my constituency. Indeed, my predecessor, Richard Ryder, now Lord Ryder of Wensum, took through the original Norfolk and Suffolk Broads Act 1988, which has since been amended.

I have secured the debate with two aims in mind. First, I want to press the Minister about the exact status of the Norfolk and Suffolk broads in their relationship with the national parks family. Secondly, I want to press him on whether his Department intends to resurrect the draft Governance of National Parks (England) and the Broads Bill, an England-only measure in the Queen's Speech a year ago that would allow for direct elections to the authorities, particularly to the Broads Authority.

**Mr Henry Bellingham** (North West Norfolk) (Con): Perhaps I might suggest that my right hon. Friend should press the Minister on a third point as well. The broads are exceptionally important not only to the east of Norfolk, but to Norfolk as a whole. Surely, we would like the Minister to help to promote Norfolk as an incredibly important tourism destination, of which the broads are a jewel in the crown.

**Mr Simpson:** My hon. Friend's very good point leads me on to another. As I am sure that the Minister is aware, the broads are significant and different from the rest of the national parks. First, although the environment had a hand in their creation, they were largely created by man. We found out as late as 1963 that peat diggings in the middle ages produced what we now call the broads. Secondly, the broads must encapsulate a number of interest groups, including the people who live and work on the broads and in the surrounding area; the

farming community; everyone involved in protecting the environment; and, not least, as my hon. Friend mentioned, some 4 million tourists who visit the broads and the rest of Norfolk each year. It is very important to get that balance right.

**Mr Richard Bacon** (South Norfolk) (Con): There is a key distinction between the broads and other national parks. National parks take account of the Sandford principle, which balances the interests of conservation and natural beauty against enjoyment by the public, but if the two clash, conservation takes precedence. Since its inception, legislation governing the broads has been explicit about the fact that the interests of navigation must also be taken into account, so the broads can never be a national park in the same way as others are. Does my right hon. Friend agree that for the sake of tourism and the economy of Norfolk, that should remain the case?

**Mr Simpson:** My hon. Friend and I made that point in 2006-07 when another broads Bill was going through the Commons. He is quite right to say that the Sandford principle tries to balance the working side of national parks with the environment, but at the end of the day the environmental principle is more important. We have all been lobbied by people who are concerned that if the broads take the name of national park—which, it is argued, would not change the unique status of the broads—things would change. My hon. Friend is correct. The functions of the Broads Authority, which manages the broads, are:

“Conserving and enhancing the natural beauty, wildlife and cultural heritage of the Broads; Promoting opportunities for the understanding and enjoyment of the special qualities of the Broads by the public;”

and

“Protecting the interests of navigation”.

That balance must be maintained. Over the past 10 or 15 years, perhaps understandably, the Broads Authority and others have attempted to rebrand the broads as a national park. Indeed, many members of the public may think that it is a national park. There has been some confusion in the minds of many who live and work in the broads and elsewhere in Norfolk about the status of the broads as a member of the national parks family, and whether that has legally changed.

Lord de Mauley, when he was a Minister, explained in a letter that the Broads Authority could call itself a national park, but that that would not alter the legal status of the broads. That is a fine piece of sophistry worthy of Charles Dickens, whose great legal battle of *Jarndyce v. Jarndyce* will be familiar to many. It is not simply a debating point, however; it is a point of law. As my Norfolk and Suffolk colleagues know, two people are seeking a judicial review—I will not go into details—of the rebranding of the Norfolk broads as a national park. I want to press the Minister for a precise legal view from the Department, which is responsible for the overall governance of the broads, in relation to the rest of the national parks.

**Chloe Smith** (Norwich North) (Con): I hesitate to interrupt my right hon. Friend's flow, but I want to ask him one question before he moves on from governance. My constituency neighbours his, and it is said to be

home to the gateway to the broads in Thorpe St Andrew, so urban problems arise as well as rural ones. The Broads Authority is also a planning authority. Does my right hon. Friend think that it has the capability and capacity to deal with planning matters and enforce decisions? The Minister has received correspondence from me on that point.

**Mr Simpson:** My hon. Friend raises a good point. The planning department in the Broads Authority has considerable powers, and I would like the Department to examine that. That leads me on to my second point, which is the governance of the broads.

**Norman Lamb** (North Norfolk) (LD): I congratulate the right hon. Gentleman on securing the debate. I completely share his view that it is important to maintain the current balance of interests and that any rebranding must not disturb that in law. I want to raise with him the question of the draft Bill from the previous Parliament, because I am concerned about the legitimacy of organisations that have no directly elected people on their board. There was overwhelming support in the broads, and certainly in my constituency, for the idea that the local community should have a say through a directly elected person, or preferably persons, on the board of the Broads Authority. That has been the case in similar authorities in Scotland for some years, and the world has not caved in. Does he share my view that it is important for the draft Bill to become law, so that we have directly elected people on the board?

**Mr Simpson:** That is the second main purpose of this debate. Indeed, the right hon. Gentleman's colleague, the hon. Member for Westmorland and Lonsdale (Tim Farron), was enthusiastic about the draft Bill a year ago, and my hon. Friend the Member for South Norfolk and I raised the issue back in 2007. The issue goes back some time. Basically, since 1988 there has been considerable local pressure for direct elections, and there is no doubt that the case was strengthened by the passage of the Broads Authority Act 2009 and the rebranding of the broads as a national park.

Last year's draft Bill would have resulted in direct elections to the Broads Authority, amended the political balance requirement on local authority appointees and allowed for a wider range of parish representation. As the right hon. Member for North Norfolk suggests, the draft Bill's aim was to improve local accountability without necessarily increasing the number of representatives. If I were being harsh, which I am not, I might argue that the Broads Authority is a quango, because nominees are nominated either by local councils or by the Secretary of State for Environment, Food and Rural Affairs, with the noble objective of having a cross-section of interest groups represented on the Broads Authority. Ultimately, those representatives are all nominated, and now is the time to consider how we could have a truly elected part—although not necessarily a truly elected whole—of the Broads Authority. The arguments against will be that party politics could come into it and that there would be questions about how to define the electorate, and so on. Those issues could be resolved, and it would be a cross-cutting exercise as much as anything else.

Importantly, the navigation element makes the broads different from other national parks, which means the broads might be better represented if there were local

representatives with an interest in navigation. When we talk about navigation, we are talking about a wide remit. We are talking about tourism and the boating companies of one kind or another, and we are talking about people who sail. A lot of material is still shifted by boat on the broads. All those factors come together, making the broads different from, and unique among, other national parks.

I hope the Minister will be able to address those two specific questions. He will have a speech drafted for him by his DEFRA officials and by the Broads Authority, but he should work on the assumption—I am not being patronising—that my colleagues here know all the background detail. First, does his Department have a definitive answer to the business of the broads being a national park as a brand but quite different from the rest of the national park family?

**Peter Aldous** (Waveney) (Con): I thank my right hon. Friend for securing this debate, and I am grateful to him for emphasising that it is the Norfolk and Suffolk broads. I note that my colleagues have said that Norwich is the gateway to the broads or that Wroxham is the gateway to the broads; I would argue that Beccles is the gateway to the broads. Does he agree that, although conservation is vital, we have a tremendous tourism jewel that can play a vital role for our local economy? The Broads Authority should be working with local authorities, not just district councils but town councils, to make the most of those opportunities.

**Mr Simpson:** I agree with my hon. Friend. There are so many gateways to the broads that we could draw up a laundry list, but he is right to highlight that part of his constituency. As I have tried to say, there is always a balance to be struck, but that is addressed by the second issue I am raising with the Minister. Is his Department considering resurrecting the draft Bill? That would have a lot of support among Members of Parliament from Norfolk and Suffolk, and it would produce an interesting reaction from other national parks. At the very least, I hope he will say that his Department is open to considering the proposal and that we might have further debates on the subject. The bottom line is that it is necessary to have true participation not only by local people and local towns and villages but by local interest groups of one kind or another. As parliamentarians, we should be in favour of that proposal.

11.15 am

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart):** I thank my right hon. Friend the Member for Broadland (Mr Simpson) for his contribution. Geographically, this debate represents a wonderful gathering of the many gateways to the broads, which seem to have more gateways than the fabled oriental city of 100 gates. We have here a great representation: North Norfolk, South Norfolk, North West Norfolk and Norwich North. We have a great Member representing Suffolk, my hon. Friend the Member for Waveney (Peter Aldous). Above all, at the centre of this debate about the broads is my right hon. Friend the Member for Broadland. This debate is a good example of the way in which the public can engage with such issues.

We have talked about the broads in technocratic terms, but of course, above all, the broads are a living space—a space for the cure of the soul. They are a



[Rory Stewart]

unique creation that, as my right hon. Friend pointed out, are an example not exactly of a national park but of somewhere where the Sandford principle—the principle that conservation should dominate over leisure—has been explicitly rejected by the Broads Authority because of the important fact of navigation. Underlying that is the deep history that he, as a distinguished historian, has raised, which is the artificial creation of the broads through the medieval peat works.

In a sense, this debate is not just an extraordinary gathering of different Members of Parliament but a representation of the history of our nation: from Boudicca and the Iceni to the appearance of the Roman vessels; from the movements of the sea 2,000 years ago to those medieval peat works and to the contemporary phenomenon of people moving back and forth and looking at butterflies and bitterns while enjoying their boats. As a Member representing a national park in the north, I have the unique connection of Arthur Ransome, whose Swallows and Amazons jumped from my constituency down to my right hon. Friend's constituency in their boats.

The two specific issues raised by right hon. and hon. Members relate to the questions of governance, planning and the park's status, which I will take in reverse order. The Department was asked for a formal statement, which I will read before using my limited time to talk about the context underlying that formal statement:

“DEFRA are clear that the broads is not a national park and the Broads Authority is not a national park authority. However, we do recognise the benefits of the powerful, international national park brand”—

I do not like “international national park brand” as a formulation—

“and the value that utilising it in the broads could bring. We are clear these proposals should in no way detract from the Broads Authority navigation responsibility.”

In other words, we absolutely acknowledge that, in the central features of the broads—the incredible combination of habitat, environment, leisure and a spectacular historical landscape—we have the essential features that we attempt to protect across the country, whether through our national parks or our areas of outstanding natural beauty. As Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs, I am proud to be responsible for the nearly 25% of the United Kingdom's landmass that is protected in that way. Clearly, the broads must be included in the broad common sense of a protected landscape.

**Mr Andrew Turner (in the Chair):** Order. Would the Minister mind once in four minutes facing my way?

**Rory Stewart:** I am so sorry, Mr Turner; I apologise. I will stand back and face you when speaking. In fact, I will move my microphone to ensure that I am audible while doing so.

The central question that my right hon. Friend the Member for Broadland raises is about the status of the park. Underlying the slightly technical response from the Department is a fundamental distinction between the broad philosophical arrangements of the Broads Authority, which are to protect the landscape, and the exact legal status. National parks were set up under separate legislation, and, because of the issues raised by

the Sandford principle and navigation, the Department does not wish to imply that the specific legislation relating to national parks should control the Broads Authority.

Governance was the second issue raised; the right hon. Member for North Norfolk (Norman Lamb) particularly focused on it. It was addressed in a statement made by Lord Gardiner of Kimble in the other place. Lord Gardiner made explicit that the Government do not intend to bring forward the legislation necessary to enable elections to be held. I will explain, from the point of view of the Department, why that is our determination.

The determination was made for various specific reasons relating directly to the interests of the broads. One is that the number of people living within the Broads Authority area itself is relatively limited. When the Broads Authority was set up, a relatively narrow line was drawn around the edge of the authority. It crosses some population-dense areas, but the number of people who live within the authority and own boats for example—to address the question raised by my right hon. Friend the Member for Broadland—is relatively limited. Approximately 10,000 people currently have licences to operate boats within the Broads Authority, but only a minority of those live within the Broads Authority area itself.

**Norman Lamb:** I have two questions. First, for the avoidance of doubt, is he saying that the proposed rebranding of the broads will have no impact at all on the current legal status, which excludes the Sandford principle from the Broads Authority? I would like confirmation of that. Secondly, is he saying that the Government intend not to proceed with any legislation in respect of any of the national parks in England, thereby not following the route taken in Scotland where they have introduced direct elections?

**Rory Stewart:** I am saying both those things. Just to reinforce that absolutely clearly for the avoidance of any doubt, the broads are not legally a national park and do not come under the national park legislation, and nor will they. We are very comfortable with the broads describing themselves as a national park, but that is essentially to express in common-sense terms to the public that it is a protected landscape with many of the qualities of other national parks.

We are certainly proud of the Broads Authority. We do not expect it to be a second-class authority or its specific legal status to undermine the respect and the honour that we have towards it. It is not governed under the national parks legislation; it is governed under separate legislation, and that will remain the case.

The Government do not intend to bring forward the legislation that the right hon. Member for North Norfolk mentioned, and I shall explain why. It would not achieve the intention, which is to get more people involved in boats and navigation on to the board. We are achieving that at the moment. The two most recent Secretary of State appointments to the Broads Authority are of people who have licences. More than one third of people on the board are active users of boats and licence holders, and that is important. In so far as I am involved in Secretary of State appointments, I will endeavour to ensure that they include people who have an active interest in navigation as well as the environment.

**Norman Lamb:** Can the Minister explain two things? First, one year ago, under a coalition Government in which Conservatives were in the majority, the draft legislation was brought forward by his Department. His Department therefore must have regarded its merits and been prepared to take it through. It would be fascinating to get through a freedom of information request the advice that Ministers received at the time in favour of bringing the legislation forward.

Secondly, I know all the arguments against elections, but there still seems to be the prospect of some form of election, not only for local communities, but for other interest groups—wildlife, environment or anything else. That, I think, is the view of most MPs in the area.

**Rory Stewart:** I take that point strongly on board. The advice that I have received is that the democratic element on the Broads Authority is represented by the fact that the majority of people serving on the board are elected. Nine people have been elected as councillors. The two people who have been elected by the people with navigation interests are themselves elected.

The majority of the people on the Broads Authority are currently elected and they are balanced by a minority of Secretary of State appointees, which allows us to achieve exactly the right hon. Gentleman's point; that would be more difficult to achieve simply through elections. It ensures that we have a broad range of people with both environmental and navigation interests.

**Mr Bacon:** May I assure the Minister that although I have had consistent pressure from my constituents on the issue of the broads for many years, that pressure has not been for elections? With respect to the right hon. Member for North Norfolk (Norman Lamb), who has now left the Chamber, I do not think that it is the most important issue. The pressure from my constituents comes from the constant concern about the chiselling away of the boating interest. A large number of jobs and the tourist industry depend on boating. In answering those points, can the Minister let me know whether he will accept an invitation to visit my constituency—in particular Loddon, which is, of course, the true gateway to the broads?

**Rory Stewart:** “My Father's house has many gateways.”

The question about boating interests is important and we need to look at it very closely. As my hon. Friend is

aware, the Broads Authority is the third largest controller of navigable waterways in the country, after the Canal & River Trust and the Environment Agency. We try very carefully to benchmark the charges imposed by the Broads Authority against those for comparable canals and riverways. At the moment, the charges—certainly for larger vessels—are considerably cheaper than those imposed by the Canal & River Trust, but we will monitor the situation carefully.

I would be delighted to visit my hon. Friend's constituency. The Secretary of State wants to make it clear that she is very much looking forward to visiting the broads herself—and, indeed, going through the gateway mentioned.

The right hon. Member for North Norfolk raised the question of planning, which is central. I believe that my hon. Friend the Member for Norwich North (Chloe Smith) has been particularly interested in planning around Thorpe island. She has worked closely with the Broads Authority to ensure that action to ensure that Thorpe island is a responsible, aesthetically pleasing element of the broads is carried through—something that I believe local residents are strongly in favour of. A legal review is in process at the moment, so I do not want to get involved in that, but my sense is that the authority is broadly sympathetic to the position of my hon. Friend. Indeed, I am proud that the authority has so far had a good record on planning approval—95% of plans brought forward have been approved, against a national average of 87%.

I conclude by paying tribute to my right hon. Friend the Member for Broadland for putting forward the nub of the issue, which is the balance between the different values of beauty, tourism and navigation. Nothing illustrates that more than what has been happening in Hickling broad. My right hon. Friend, who has a strong interest in military history, will have been moved by the use of Hesco bastions and technology from Afghanistan in the creation of new mud islands for bitterns. That has allowed us to dredge sustainably to provide access to navigation while protecting the habitat. The Broads Authority matters deeply to us as a breathing space and a cure for the soul.

*Question put and agreed to.*

11.29 am

*Sitting suspended.*

## UN Independent Commission of Inquiry (Gaza)

[MR PHILIP HOLLOBONE *in the Chair*]

2.30 pm

**Holly Lynch** (Halifax) (Lab): I beg to move,

That this House has considered the report of the UN Independent Commission of Inquiry on the 2014 Gaza conflict.

**Mr Philip Hollobone (in the Chair):** Order. There is clearly a lot of interest in this very important debate, and it will be nearly impossible to get a quart into a pint pot this afternoon. At least 17 Members would like to speak. I will try to make sure that they all get a chance, but it simply will not be possible for me to do that if Members decide to intervene on each other during the debate. I know that is unfortunate, but to ensure that everyone has a chance to speak, please do not intervene on other Members, then you will all get your say. Speeches are likely to be able to last no more than two or three minutes if everybody is to contribute to the debate.

**Holly Lynch:** May I say first, Mr Hollobone, how delighted I am that you are joining us to chair the debate? I am pleased that time has been found for it, and I thank everyone who has joined us in Westminster Hall to take part.

I also thank a number of campaign groups, non-governmental organisations and think-tanks that have met me this week to help shape some of the arguments I am about to make: Labour Friends of Palestine; Palestine Briefing; Yesh Din; Medical Aid for Palestinians; the Euro-Mediterranean Human Rights Network; Forward Thinking; Pierre Krähenbühl, the commissioner-general of the United Nations Relief and Works Agency; and Ray Dolphin from the UN Office for the Co-ordination of Humanitarian Affairs.

I start by saying how pleased I was that last week Britain was one of the 41 countries at the United Nations Human Rights Council in Geneva to support the adoption of a resolution on the Gaza commission of inquiry report, which looked into the 2014 Gaza conflict and will now be referred to the UN General Assembly and the Office of the High Commissioner for Human Rights. Like many other people, I feel that is an important step in both highlighting and addressing the ongoing conflict, which has blighted lives for more than half a century. It is shameful that the international community has failed to make any real progress towards achieving peace in the region in that time.

Today marks a year since Israel launched Operation Protective Edge in Gaza, a conflict that lasted 51 days, claimed 2,251 lives, including the lives of 551 children, displaced more than half a million people, and destroyed 77 health facilities and 261 schools. Each day, an average of 680 tank and artillery shells pummelled the densely populated areas of Gaza, leaving barely anywhere safe. Although the report recognises that Israel issued warnings to people to evacuate, there was often nowhere for them to evacuate to and no means of escaping the conflict zone.

Gaza is a tiny strip of land, covering just 139 square miles. If we bear in mind that west Yorkshire alone covers 780 square miles, it gives us some perspective of

just how small Gaza is, yet 1.8 million Palestinians live in what is increasingly becoming a densely populated open-air prison, and they have nowhere to go. In 2012 the World Bank published a report, “Gaza 2020”, which claimed that Gaza would become uninhabitable by 2020 as a result of the blockade, an increase in population size, and insufficient access to clean drinking water, electricity, and health and education services. After last year’s devastation, Gaza has reached 2020 five years ahead of schedule.

Currently, 860,000 Palestinians in Gaza survive on UNRWA food parcels. In addition to the destruction of health facilities, schools and homes, there has been massive disruption of water supplies, sewage disposal and electricity supplies, and they have not yet been repaired. One year on, not one of the 8,377 homes that were totally destroyed in the conflict has been rebuilt, and repairs have been carried out on only 5% of the 23,597 homes that were partially destroyed.

Much of the aid pledged at last year’s Cairo conference for reconstruction in Gaza has not yet materialised, and I hope that the Minister can update us about the UK’s contribution. The UN requested \$720 million, but it has received only about \$210 million. UNRWA faces a severe funding crisis, as it has a deficit of \$100 million, which of course is having a serious impact on its ability to deliver essential humanitarian aid.

I hope the Minister can also say why, at a time of such turmoil in the middle east and when institutions such as UNRWA are delivering vital aid and support to vulnerable communities, the Government are proposing a 17% cut in the Department for International Development’s contribution. Given the fragility of the region, the mass displacement of people and, of course, the rising threat of terrorism, it is in our own interests to invest—both politically and financially—in bringing about a stable middle east, to ensure that Palestinians have a future within their own borders.

There is, of course, one glaringly obvious way in which we can ensure the effectiveness of UK taxpayers’ money when it is spent in Palestine, with a view to achieving long-term reductions. That is to stop Israel levelling projects funded by the EU, DFID and UNRWA, and institutions that are part-financed by Britain. Earlier today, the Chancellor announced, with renewed vigour, further cuts in and scrutiny of, public spending. I would like to see the Government apply the same level of scrutiny and accountability to the destruction of those buildings and projects in Gaza. Perhaps the Minister will update us on that and say whether he will send Israel a bill for the damage.

We must consider what cuts might mean for Palestine at this time. UNRWA provides schooling to 500,000 students across the middle east in 700 schools, but it will be unable to do so if its current financial deficit continues. At a time of rising militancy in the region, we have to ensure that young people have access to a good education and have a future beyond schooling. Otherwise, they will inevitably look elsewhere for promises—false ones—of a better life.

UNRWA’s commissioner-general, Pierre Krähenbühl, said in an interview just last week:

“Palestinian refugees are facing their most severe situation since 1948. They have had 50 years of occupation, nine years of a blockade in Gaza and now five years of conflict in Syria. When you look at all of that, how much more can they absorb?”

That is a stark warning to all of us.



Of course, the UN inquiry will investigate actions undertaken by both sides, which is right and proper. Acts of violence committed by either side against innocent civilians are wholly unjustifiable, and those responsible must be held to account. Although the report finds that both the Israel defence forces and armed Palestinian groups failed to distinguish adequately between civilians and combatants during last year's conflict, the scale of the arsenal available to the IDF makes their failure particularly devastating.

The commission's report highlights the IDF's method of issuing warnings, in an attempt to create "sterile combat zones", as an example of the failure to differentiate adequately between civilians and combatants. Leaflet drops or "roof knocks", which involved a drop of small missiles prior to a much larger strike, were used to warn civilians of an impending attack. The commission found that those attempts failed to have the desired effect, either because there was not enough time between warnings and the much larger strikes, or because, as was often the case, civilians felt that there was simply nowhere safer for them to evacuate to. The IDF then failed to recognise anyone who chose to stay in the area as a civilian, denying them the protections that would ordinarily accompany civilian status under international law.

The commission's report also looked at the west bank during the same period in 2014. Between 12 June and 26 August 2014, 27 Palestinians, including five children, were killed and 3,100 Palestinians were injured by Israeli security forces. That was largely due to increased use of live rounds as a means of achieving crowd control.

The commission's report calls on Israel to bring its systems for investigating alleged violations of the law of armed conflict in line with international standards, and I hope that the UK will also take this opportunity to demand that. The examples that I have given must be the basis upon which we find ways to bring about change. We would be naive to think that these injustices are not feeding into a rise in militancy and unrest right across the region, as well as much closer to home.

Gaza has been under blockade for eight years, and the Palestinian people have been living under Israeli occupation for almost 50 years. That is a damning indictment of the international community, and of our failure to secure peace and justice for the people of Palestine. It is now 21 years since the Oslo accord, and an entire generation of young Palestinians—the Oslo generation—have grown up to witness a worsening situation on the ground. There have been significant expansions of illegal Israeli settlements in the west bank, heightened security threats to both sides, the construction of an illegal separation barrier, restrictions on Palestinian movement, the suffocation of productivity, punitive home demolitions and a humanitarian crisis in Gaza, and there is no end or hope in sight. It is depressing that, 21 years since Oslo, both sides seem to be further away from peace and security than ever before.

I welcome Britain's support for the commission of inquiry on Gaza. However, although the report identifies in great detail the violations against international law and makes recommendations about addressing those, it also recognises that we have been here before, time and again. The empty rhetoric about opening dialogue and, increasingly, getting round negotiation tables has now been ongoing for more than 50 years. It is time to think carefully about why the international community has

failed and time to consider all the options available to us, to ensure that we are not still sitting here in five, 10 or 20 years time, discussing yet more reports on further conflict.

That leads me on to what the UK could do, unilaterally if we must, to take concrete steps towards peace. We have condemned the illegal settlements in the west bank, as well the collective punishment inflicted on the civilian population of Gaza, in breach of the Geneva convention, which has been described as a war crime by the EU, the Red Cross and the UN. However, we simultaneously continue to trade freely with Israel. We support the commission's report, which outlines the deaths of innocent civilians in both Gaza and Israel, yet we continue to export arms to Israel.

I am aware that the Government are reviewing the sale of arms to Israel case by case, but in the context of the conflict, surely even the most limited attempts at evaluating risk would conclude that the potential risk of a breach of international humanitarian law would be too high, and that arms should not be changing hands. According to the EU code of conduct on arms exports:

"Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim."

Yet following the brutal conflict last year, Britain has approved new arms licences for Israel of up to £4 million. Furthermore, *The Independent* newspaper reports that the Government also approved arms exports to Israel worth nearly £7 million in the six months prior to Operation Protective Edge. Does the Minister agree that turning a blind eye to violations of international humanitarian law when an arms deal is on the table undermines our standing in the world and begins to compromise our integrity?

A new approach to diplomacy must be based on the protection of civilians, on equal respect for the human rights, security and sovereignty of both Israelis and Palestinians, and on the realisation and implementation of international law, beyond just the rhetoric. It is not enough to focus exclusively on negotiations while failing to hold Israel accountable for violating international humanitarian law. In 2010, on a visit to Turkey, the Prime Minister said:

"Everybody knows that we are not going to sort out the problem of the Middle East peace process while there is, effectively, a giant open prison in Gaza",

and called for an end to the blockade, to allow a free flow of humanitarian goods and people. Five years later, under the stranglehold of an eight-year blockade, the situation in Gaza is still precarious and, indeed, worse. I welcome the remarks just days ago by the Minister responsible for the Middle East, who is in his place:

"The UK supports EU efforts to develop options for easing movement and access into and out of Gaza. This includes the possibility of EU assistance in establishing a sea-link from Gaza to another international port. The UK and EU have consistently called on the Government of Israel to ease movement and access restrictions, and will continue to do so."

I hope that we all support him in making that a reality, beyond the rhetoric.

The crisis in Gaza must be understood in a wider context of a 48-year illegal occupation of Palestine. It is essential that the UK and the wider international

[*Holly Lynch*]

community are honest brokers for peace and take practical steps towards addressing the root causes of the conflict, starting by ending the illegal occupation of Palestine and ensuring that Palestinians are able to enjoy their basic human rights and freedoms.

Some 64% of Gaza's population is under the age of 25. The report recognises that, without any economic horizon or sustainable productivity, there is an inevitability about the cycle of conflict and unrest. That will serve neither Israel or Palestine, so it must be addressed. I am proud that the Labour party supported the motion last year to recognise a state of Palestine. Surely that would be an easy starting point.

In 2012, 135 countries voted in favour of Palestinian statehood at the UN General Assembly. Last year, a number of EU member states also voted in their Parliaments in support of recognising a Palestinian state. The argument that the recognition of a Palestinian state should come at a time that is deemed suitable is hollow. Israel should have no right of veto over the right of Palestinians to self-determination. Recognising Israel was not subject to negotiation, and recognition of Palestine should not be either.

We can and should do more with our European partners to hold to account those who commit violations of international law and to promote endeavours such as this report, which is a welcome first step. I hope that the Minister will consider and respond to some my proposals.

**Several hon. Members** *rose*—

**Mr Philip Hollobone (in the Chair):** Order. I am going to be the most unpopular person in the Chamber, because I am only going to be able to allow Members to speak for two and a half minutes, so all their 30-minute speeches will have to be severely condensed. That way, everybody who stood will get to speak. We have three Front-Bench speakers, under the new arrangements—from the Scottish National party, Labour and the Government—and their speeches will start as near to 3.30 pm as possible. Leading us with the first two-and-half-minute speech is Bob Blackman.

2.45 pm

**Bob Blackman** (Harrow East) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Halifax (*Holly Lynch*) on securing this debate on an important issue.

Like many colleagues from all parties, I was in Israel at the time of the conflict. I witnessed individuals suffering indiscriminate rocket and mortar fire coming from Gaza. People were fleeing to air raid shelters to avoid completely indiscriminate attempts, made by a proscribed terrorist organisation from Gaza, to kill as many civilians as possible. The reality is this: I mourn any loss of life, but to compare what the Israel defence forces had to do in seeking to combat the terrorist organisation, Hamas—

**Sir Gerald Kaufman** (Manchester, Gorton) (Lab): Had to do? Rubbish!

**Bob Blackman:** Had to do—seeking to combat the terrorist organisation Hamas. It is ridiculous to compare the two. The reality is that no other army in the world

contacts people in advance, warning them of legitimate military targets and attempting to minimise casualties, as the IDF does. While we are talking about the tragic loss of life in Gaza, we should remember that more people are dying in Syria almost every week, as a result of the disgrace.

I want to take up two issues in the brief time available. On the reconstruction of Gaza, it is clear that humanitarian aid has been allowed in, across the border, to assist the citizens of Gaza to try to create an environment in which they can work. Sadly, the terrorist group Hamas has diverted the construction materials and proudly maintains that it has recreated the tunnels of terror. Yet the UN report says that it is not possible to describe what these tunnels were for. Perhaps they were for tourism between Gaza and Israel—but I suspect that the military uniforms and military ordnance they contained demonstrates that they were used to kill the maximum number of civilians possible.

I challenge the Minister to respond to just one issue. Why did the British Government go along with this UN report, which is deeply and utterly flawed? We should have abstained or voted against, along with our traditional allies.

2.48 pm

**Sir Gerald Kaufman** (Manchester, Gorton) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone; it was not a pleasure to listen to that contemptible defence of indefensible Israeli actions. The Israelis are murderers in Gaza. They have murdered thousands of people in Gaza. They have achieved nothing by doing so, except to make the lives of the people of Gaza total hell.

When I was in Gaza, I spoke to a girl who told me she was standing between her parents when an Israeli soldier came up and shot her father dead in the head, and then shot her mother dead in the head. The Israelis use the holocaust: they use the murder of 6 million Jews to justify their murder of thousands upon thousands of Palestinians.

The issue is every single way in which the Israelis deal with the situation. An Israeli told me that when, in the summer, there was insufficient electricity for air conditioning in the luxury flats of Tel Aviv, the Israelis cut off electricity to Gaza to allow the people of Tel Aviv to be air-conditioned. The horrors mount up and the horrors have mounted up. There are children whose brains will never develop because their inadequate diet prevents them from developing physically and therefore mentally.

It is satisfactory that the Government voted for the UN report, but it is not enough. We have to take action. We have to impose an arms ban and economic sanctions on these murderers, who live a first-world life courtesy of America and the European Union. The Palestinians are a persecuted people and it is time that that persecution was brought to an end. We will not rest until the Palestinians are free.

2.50 pm

**Dr Matthew Offord** (Hendon) (Con): It is a great pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Halifax (*Holly Lynch*) on securing this debate, but what a disappointment it has proven to be. We listened in silence to some of the views expressed by Opposition Members; it is greatly

disappointing that some people could not do the same when my colleagues on the Government Benches made speeches.

We should bear in mind that the UN has a long history of criticising Israel, more than it has any other country in the world—so much so that many of us feel that its criticisms are no longer legitimate. In 2004, the UN General Assembly adopted 20 resolutions singling out Israel for criticism, but only three for the rest of the world combined. The Human Rights Council's members include Qatar and Saudi Arabia—countries that perform human rights violations against their own people. We know that those things happen.

Only last year, the Prime Minister made three points about the UN. First, he wanted to see:

“An end to the outrageous lectures on human rights that Israel receives at the United Nations from the likes of Iran and North Korea.”

I certainly agree with that. Secondly, he wanted:

“?An end to the ridiculous situation where last year the United Nations General Assembly passed 3 times as many resolutions on Israel as on Syria, Iran and North Korea put together.?”

Thirdly, he wanted to see:

“?No more excuses for the 32 countries in the United Nations who refuse to recognise Israel.?”

Israel has a right to exist. As my hon. Friend the Member for Harrow East (Bob Blackman) said, it is constantly under attack—that seems to be forgotten by the UN Human Rights Council and some Members here this afternoon. It is a great disappointment that we do not have more time to debate this issue, but I urge Members to listen to people from both sides of the situation. As my hon. Friend said, none of us rejoices in the deaths of any human being, but to claim that any country kills people as a result of the holocaust is not only despicable and disgusting, but disrespectful to the House.

2.52 pm

**Richard Burden** (Birmingham, Northfield) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on making a balanced introduction to the debate. Because of the time constraints, I will not respond to the speeches of the hon. Members for Hendon (Dr Offord) and for Harrow East (Bob Blackman) other than to say this: it might be worth it for them to listen to some voices in Israel other than the Israeli Government. They will find that there is considerably more free thinking about Israel's actions in Gaza than the kinds of things they have said in trying to justify what went on last year.

In view of the shortage of time, I will restrict my remarks to some questions for the Minister. I congratulate the Government on voting for the Human Rights Council resolution last Friday, but the whole question is about what happens as a result. The background, as my hon. Friend the Member for Halifax said, is that we have been here before. The resolution bemoaned the lack of progress on the previous inquiry into the Israeli assault on Gaza in 2008-09. Given that the Human Rights Council has noted a failure by Israel and Hamas in co-operating with legal investigations and that the International Criminal Court is looking into this matter, what can the Minister and the international community do to force that co-operation?

My second question is about recommendation 6 of the Human Rights Council resolution, which:

“Calls upon all States to promote compliance with human rights obligations and all High Contracting Parties to the Fourth Geneva Convention”

to make particular efforts in that regard, particularly in relation to

“penal sanctions, grave breaches and the responsibilities of the High Contracting Parties”.

Britain is a high contracting party to the Geneva convention. What will Britain do to ensure compliance with the provisions of that resolution?

Thirdly, given that the resolution is all about what happens now and does not look back, will the Minister guarantee that a statement to the House will be made before the summer recess on what the Government suggest we should do, in conjunction with other countries, to ensure that that resolution is complied with and taken forward?

2.55 pm

**Dr Tania Mathias** (Twickenham) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. I commend the hon. Member for Halifax (Holly Lynch) for securing the debate. I want to speak briefly about the independent commission of inquiry and in particular about the points made in the concluding observations of its report. The fourth concluding observation mentions the use of live ammunition and

“the destruction of entire neighbourhoods... the policy itself violates the laws of war.”

I commend to everyone the concluding observations and recommendations. They are important for all the debates in this area.

The report recommends that Palestinians and Israelis should be

“refraining from and taking active steps to prevent statements that dehumanize the other side”.

Having seen the United Nations Relief and Works Agency director general, Pierre Krähenbühl, on his visit to MPs, I note the critical importance of the conflict. Daesh is in the area, and I want all the recommendations to be implemented. As the independent commission has said, the greatest challenge is to implement its fair recommendations.

2.57 pm

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Last year's conflict in Gaza was an absolute tragedy for everyone who lost their lives on all sides. It is important to remember the context: a sovereign nation, Israel, defended itself against an attack by the terrorist group Hamas, which was raining rockets directed at Israel's civilian population. I remind all Members that Israel left Gaza in 2005. It forcibly withdrew its settlers and all its soldiers, hoping that that would lead to peace. Instead, that led to Hamas rule and rockets. The report we are debating recognises that Hamas committed human rights abuses; in recognising that, it follows what Amnesty International found earlier this year.

When the terrorist organisation Hamas deliberately used the civilian population of Gaza as human shields in that conflict, it was tragic but not surprising when many of those people lost their lives. I note that the report from the high-level international military group on the Gaza conflict, whose members include



[Mrs Louise Ellman]

Colonel Richard Kemp, said that in its experience and given the circumstances of the conflict—civilians were used deliberately by Hamas as human shields—Israel took more precautions than any other country to defend civilians.

What is to happen now? Yes, there should be negotiations to end the blockade of Gaza and to restore the area to normality, but what are we seeing? New terror tunnels are being built at this moment and more rockets are being fired, including the two rockets fired last week by an ISIS-affiliated group supported by Hamas. The international community should become more involved. It should recognise the terrorist nature of Hamas and the involvement of Iran in stoking the conflict, and it should realise that the solution to this long-running and tragic conflict is about two peoples being recognised—the Palestinian people and the Israeli people—and two states being set up side by side. The only way to achieve that is through negotiation, so that there can be a long-lasting peace with the rights of both peoples respected.

2.59 pm

**Andy Slaughter** (Hammersmith) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on her measured speech and agree with her that we should welcome the report, even though, in an attempt to placate the Israel lobby, it does not address the issue of asymmetry in last year's conflict—or, indeed, in previous conflicts.

Israel is a state that is out of control, but this country and others are not prepared to criticise it. Israel is not only engaged in the longest occupation of Palestinian lands, but continues to colonise and settle those lands on an industrial scale. It is indulging in installing an apartheid regime in the west bank; it has not withdrawn from Gaza, which is under a full embargo; and, most shamefully, it engages periodically—I am sure that we will see it again before long—in the murder of civilians and the control and cowing of the Gazan population.

In the invasion last year, more than 500 Palestinian children were killed, compared with one Israeli child. Any death of a child—any death of a civilian—is to be mourned, but we cannot ignore the ratios. Five hundred times as much high explosive was dropped on Gaza as was fired into Israel. I went there after Cast Lead and saw the effects. I saw children who were traumatised, who were permanently disabled and who were permanently crippled by those actions. This is not only a state with which we retain good relations; it is a state that we condone.

During the attack last year, the Minister thought about the possibility of restricting arms sales to Israel, but, by the time he had finished thinking about it, the 50 days of invasion were over. I say it with great reluctance, but I am increasingly of the view that we are going to have to take steps. We are going to have to give encouragement to the Palestinian people by recognising Palestine. It is disgraceful that the Government are not prepared to do that and use every possible excuse. We must also look at sanctions, embargoes, not importing settlement goods and not selling arms to a country that is about to use them for another attack on children and civilians in Gaza.

3.2 pm

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing this debate.

I am aware of the need to be brief, so want to make only a few points. First, thousands of my constituents have contacted me to voice their concerns about both last year's crisis and the current situation, particularly with regard to the UN report. Members from both sides have made some hot points, but I want to bring the discussion back to the report so that we can make some progress on how Parliament can move things forward.

It is important to recognise that although the report mentioned atrocities committed by both Hamas and Israel, it focused on the disproportionate and indiscriminate nature of the attack on Gaza. The report identifies many possible war crimes, including air strikes on residential buildings, the use of wide-area shells and heavy artillery in densely populated areas, and the targeting of civilians by Israelis, as well as the use of human shields and the execution of collaborators by Hamas and other armed Palestinian groups. That must be recognised as we move forward.

The report recommended that the international community support the work of the International Criminal Court, which is currently conducting a preliminary investigation into the war. Will the Minister lend his support to Palestine becoming a member of the ICC? I am pleased that we signed up to last week's UN resolution, but will the Minister outline how the Government will be taking forward the elements that relate to the UK? When will the Government be in a position to recognise Palestine as a state? Finally, in September last year I asked about the review of UK-supplied arms and components, and I would be grateful for a response on that as well.

3.5 pm

**Jim Shannon** (Strangford) (DUP): I thank the hon. Member for Halifax (Holly Lynch) for securing this debate. I express regret and sympathy for all those who have lost their lives as a result of the conflict in Gaza.

From the outset, I call into question the usefulness of a report that does not engage the interested parties. Why can America and Great Britain manage to engage with the Israelis, yet the UN, which is supposedly an independent body, cannot? I can well understand why the Israelis made the decision not to engage: the outcome was a foregone conclusion.

Having lived through the troubles in Northern Ireland and all too often seen one-sided, biased reporting, I feel that I am more than equipped to recognise it at play, and I believe that there are numerous examples in the report. I do not have time to go into them because of the time restriction, but there certainly is a difference between Palestinian and Israeli losses.

In the background information that I read before the debate, I found some interesting submissions. Colonel Richard Kemp, who is British, makes it clear that he has no affiliation with the Israelis, paid or otherwise, yet calls the report into question:

“In my opinion the actions taken by the IDF were necessary to defend the people of Israel from the ongoing, intensive and lethal attacks by Hamas and other groups in Gaza. It is the inalienable duty of every government to use its armed forces to protect its

citizens and its terrain from external attack...As the Gaza Strip is effectively a separate state, outside of Israeli control, these actions amounted to an attack by a foreign country against Israeli territory...I know of no other realistic and effective means of suppressing an aggressor's missile fire than the methods used by the IDF, namely precision air and artillery strikes against the command and control structures".

It is clear that Israeli action is necessary to prevent the re-armament that will lead to further attacks by Hamas and other groups. It should also be noted that Egypt takes similar preventive action against Gaza. From the sources I am aware of, Hamas and Islamic Jihad used buildings and vehicles protected under the laws of armed conflict, including schools, hospitals, UN buildings, mosques and ambulances. Use of such facilities for military purposes constitutes a war crime.

If we genuinely want to contribute to peace and to improve human rights for the people of Gaza and Israel, we must have the courage to reject the UN Human Rights Council's persistent and discriminatory anti-Israel programme and produce a balanced and fair report into these tragic events. I hope that the Government can do just that.

3.7 pm

**Grahame M. Morris** (Easington) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing this debate a year since the most recent invasion of Gaza, and I thank the Backbench Business Committee for allocating time for the debate.

In the short time that I have, I want to make a couple of points about respect for international law. It is precisely because Israel suffered no consequences for its earlier crimes committed during the operations in 2008 and 2012, which were referred to by my hon. Friend the Member for Hammersmith (Andy Slaughter), that it was able to go on to commit even greater atrocities a year ago today.

International law is only as strong as the parties that are willing to enforce it. We have witnessed generations of failure because of a lack of political will not only to acknowledge but to take action against Israel's violations. Over the past half century, Israel has placed itself above international law, breaching human rights and failing or refusing to adhere to the duties and obligations placed on it as an occupying power. Its position has been strengthened by an international community that, to varying degrees, has acknowledged significant and persistent violations of international law, whether they be human rights violations during military conflicts, as we saw last year, or the prolonged injustice of Israel's illegal and brutal occupation and settlement policy.

If the Government are sincere when they claim that we, as a nation, support the rule of law and wish to see a peaceful resolution to the Israel-Palestine conflict, we should expect Israel to be held to account for its litany of crimes under international law. I am happy the Government supported the UN Human Rights Council resolution, and I certainly acknowledge that to the Minister, but if we are to make a positive contribution to resolving the conflict, our foreign policy should be to refuse to profit from the illegal activities of others. Without such a commitment, we will forever stand on the wrong side of history, in that we will be promoting injustice and undermining international law. If the two-state

solution is to mean anything and to become a reality, the international community must be willing to take practical action to end the Israeli Government's illegal behaviour.

3.10 pm

**Andy McDonald** (Middlesbrough) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing the debate.

I, too, welcome the fact that the Government voted in favour of the report at the UN Human Rights Council last Friday. I look forward to seeing how they implement the robust recommendations of the report, which highlights Israel's targeting of residential buildings, including schools, hospitals and apartment blocks, the use of heavy artillery in densely populated areas, and the targeting of civilians.

Given the way in which Israel conducted its assault—it used 20,000 tonnes of explosives, dropping 120 one-tonne bombs and attacking residential neighbourhoods in one of the youngest and most densely populated areas in the world—the primary victims were always going to be civilians and children. The UN report found that 65% of Palestinian deaths were civilian, including more than 500 children. The images of the four boys killed by explosive rounds while playing on Gaza's beach are the most enduring of the conflict.

Britain approved the sale of £7 million of arms to Israel in the six months before the offensive. That included components for drones, combat aircraft and helicopters. The Export Control Organisation, which is part of the Department for Business, Innovation and Skills, is responsible for assessing arms export licences, with each licence assessed on a case-by-case basis against the consolidated EU and national arms export licensing criteria. Those include consideration of whether the proposed export would

"provoke or prolong armed conflicts or aggravate existing tensions in the destination country...be used aggressively against another country...be to a destination where the behaviour of the buyer country raises concerns with regard to its attitude to terrorism or respect of international law".

If the proposed export fails to meet one or more of the criteria, a licence will be refused.

If more evidence were needed that the Government had little commitment to their own arms export licensing criteria, it was recently reported that, in the few months between the end of hostilities in Gaza last August and the end of December, BIS approved 32 military exports, worth £3.97 million, to Israel. The first licence was granted just six days after the announcement of the Israeli ceasefire. If we play the role of honest broker in the conflict while selling the occupying power the arms it uses to occupy its neighbour, how can we hold our head up?

3.12 pm

**Mark Durkan** (Foyle) (SDLP): I commend the hon. Member for Halifax (Holly Lynch) for initiating the debate. Like other Members, I commend the Government for supporting last Friday's resolution.

Unlike the hon. Member for Strangford (Jim Shannon), I do not see the report as unbalanced. Paragraph 668 states that

"the commission was able to gather substantial information pointing to serious violations of international humanitarian law and

[Mark Durkan]

international human rights law by Israel and by Palestinian armed groups. In some cases, these violations may amount to war crimes.”

That is what we should be addressing.

We should also be clear that we need to move forward. Other hon. Members have rightly said that arms sales continue. In the four months following the attacks, arms sales went to Israel, so more has been done to replenish its arsenals, which were depleted in these massive attacks, than has been done to repair Gaza’s battered, blasted and rubbled civic fabric. We also need to remember that the building of that civic fabric, which is now damaged, was supported by aid from this country and others. People have a right to defend health facilities, schools and civil infrastructure, which need to be protected.

The state of Israel needs to recognise that people in the international community are not making an anti-Israel case. Many of us totally oppose conflict and violence. I am not one of those who tries to pretend that there is military equivalence between the violence wreaked by Hamas and the massive violence wreaked by Israel. Equally, I do not pretend there is a moral difference between the violence of the two sides when it ends up killing innocent civilians and putting in dread people who should be living in peace together.

Today, however, we have heard the pretence that Israel has the right to treat Gaza as though it is a foreign state and to attack it on the basis that Israel is under threat from another state. That is from the same Members who then tell us that we in this House do not have the right to call for Palestine to be recognised as a state. How come people can recognise Palestine as a state when they want to justify violence—for military purposes—when the rest of us are not allowed to recognise it as a state for diplomatic and political purposes and to achieve a peaceful resolution?

3.15 pm

**Dawn Butler** (Brent Central) (Lab): I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing the debate. I need to declare an interest because I am vice-chair of Labour Friends of Palestine. I plan to visit Gaza, God willing, this year.

I support a two-state solution, but it must be recognised by neighbouring countries, it has to be sustainable, and peace has to prevail. Part of that must be about educating and empowering a new generation of young people on both sides. Will the Minister tell us what plans the Government have in that regard, including working with organisations such as OneVoice? Palestinian statehood is not a gift to be given, but a right to be recognised. It should be recognised to kick-start the debate on this issue.

When we speak in the House, we must be careful, because we are speaking about the loss of many lives, and the numbers were very disproportionate. During the year of tension, cross-border rocket attacks led to a military offensive by Israel, resulting in the deaths of 2,100 people in Gaza, with 11,000 injured, as well as the deaths of 64 Israeli soldiers and seven Israeli citizens. We need to avoid all such deaths, and some Members need to be careful about how they talk about the loss of such innocent lives.

One priority, which the Minister could perhaps address in his comments, should be rebuilding the houses and hospitals that have still not been rebuilt. It must be the international community’s priority to make sure we provide humanitarian aid and rebuild basic infrastructure. Thousands of people from my constituency contacted me last summer, and some were crying—there was such devastation. We need to address this issue in the best way possible to ensure there is a sustainable two-state solution.

3.17 pm

**Naz Shah** (Bradford West) (Lab): I echo the sentiments of my hon. Friend the Member for Halifax (Holly Lynch). I welcome the report, but it stops short on many points. I struggle to reconcile the Government’s position of arming Israel and breaking the EU restrictions, and of condemning the illegal settlements yet allowing free trade with the UK and EU markets.

We need to achieve a peaceful and sustainable settlement. In the current climate, without the recognition of Palestine, that will not happen. I call on the Government to go further and to change our position from one that allows arms into Israel and breaches international laws. David Miliband revoked five licences in 2009. Why are we not doing that now? Why are we allowing this arms trade?

Why are we trading with Israel’s occupied territories? Are we not, by definition, handling stolen goods if we recognise that that land is stolen and continue to trade with Israel? To me, it is common sense that we should stop.

Would the recognition of Palestine by the UK not help the peace process? The recognition of Israel was not subject to negotiation, and neither should the recognition of Palestine be. Israel should have no right of veto over the Palestinians’ right to self-determination.

We have an open prison in Gaza. When will the Government take bold and brave steps to recognise that this is not a race issue or a religious issue but a humanitarian crisis that we have a duty to respond to, rather than hiding behind language that is not conducive to the peace process?

3.19 pm

**Cat Smith** (Lancaster and Fleetwood) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I thank my hon. Friend the Member for Halifax (Holly Lynch) for securing the debate.

It is 21 years since Oslo, and peace does not seem any closer. To put that in context, I am not the only Member of the House who was still at primary school at the time of the Oslo agreement. There have been 45 years of illegal occupation of Palestine, including the west bank and East Jerusalem, as well as Gaza. In Gaza, 80% of the population have been living in poverty and 61% in food insecurity since the blockade. That is the effect on the humanitarian situation.

As time is short, I will address my questions to the Minister now. Does he agree with Baroness Anelay, the Minister in the Lords, who said on Monday:

“All countries...have a legitimate right to self-defence”?—[*Official Report, House of Lords*, 6 July 2015; Vol. 764, c. 67.]



If so, when the UK finally joins the 137 countries that already recognise Palestine, will he recognise that it too has the right to self-defence when it comes under attack?

A new report by Medical Aid for Palestinians highlights the fact that 17 hospitals and 56 primary healthcare facilities were hit during the 2014 attack. How much damage was done to UK-funded projects in last year's attack?

It is right that we should mourn the deaths of all those killed in last year's attack; but is it possible truly to mourn and to continue to export arms to Israel in breach of the EU arms export rules? By ignoring Israeli violations of international law the Government weaken Britain's authority and influence on the world stage.

3.21 pm

**Jo Cox** (Batley and Spen) (Lab): As a former Oxfam aid worker for many years, I have worked for far too long on and in the conflict that we are debating, but I still believe that there will be a resolution in my lifetime—hopefully in the next few years.

Because of the time constraints, I will focus on three things. First, I would love a response from the Minister about what confidence building action the Government are taking, particularly on Gaza. The Gaza reconstruction mechanism is clearly not working, but it is also not a substitute for easing the closure. There is a need for urgent expansion of access to Israeli markets for Palestinian exports. What measures are the Government taking to that end? We also need to remove the last restrictions on the export of Gazan products to the west bank.

I would like construction materials to be allowed into Gaza urgently. The facts are clear: only one home has been rebuilt in the past year, since the bombing, and the projections are that it will take hundreds of years to rebuild at the current rate. There is a need for materials to get into Gaza so that people can rebuild their lives. What is the Government's view on that?

In addition, people need to get in and out of Gaza. In 2000 about 500,000 people were leaving and returning to Gaza, for work or to see family members. This year the number is 18,000, which is very low, and we need to raise it quickly. We also need the Israeli Government to continue to believe that there will be a cost to their allowing further settlement expansion in the west bank. I would love to know what the Government are doing to get that message clearly heard by the Israeli Government. I would be interested also in the Government's view of the Israeli Government's silent policy of retrospectively legalising illegal outposts.

Finally, the allegations—including allegations of war crimes—in the commission of inquiry's report must be investigated fully by Israel and Hamas. Both sides of the conflict deserve access to justice and accountability. For the most part domestic mechanisms and investigations are poor; they are either rejected quickly or not run to international standards. Indeed, the report notes that Israel has a

"lamentable track record in holding wrong doers accountable" and that investigation by Hamas is "woefully inadequate". Following the UK's welcome endorsement of the report last week, I would love to hear what the Government intend to do to support international mechanisms to pursue justice and accountability, particularly in relation to preliminary work by the International Criminal Court.

3.24 pm

**Stephen Kinno** (Aberavon) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing the debate.

The report, much like the issue of Gaza, is about proportionality. Although its conclusions are 60% devoted to what Gaza endured, they are 40% devoted to what Israel endured. Yet those figures do not stack up. When we consider that 551 Palestinian children and one Israeli child died, we begin to see how massively the issue of proportionality figures not just in Operation Protective Edge but in the report. I am delighted that the British Government endorsed the report, but it does not reflect the proportionality of the situation.

Looking forward to how to rebuild Gaza, I agree with my hon. Friend the Member for Batley and Spen (Jo Cox) that it is currently simply not working. It is pretty clear that Gaza is not going to be a viable place to live in. Why is the Department for International Development cutting its contribution to UNRWA by 17% in this budget year? UNRWA plays a critical role in the reconstruction of Gaza, so it seems a completely counterintuitive and counterproductive thing to do.

As to the broader issues around the future of the Israel-Palestine conflict, I had the pleasure of making a visit recently and it is clear to me that, with 700,000 settlers based illegally in the west bank, many of us would agree with President Obama, who said in June that the world no longer believes

"that Israel is serious about the two-state solution."

Does the Minister believe that it is? Should we now start to look into the detail of the potential for a one-state solution? That is the elephant in the room.

The threat and application of EU sanctions proved very successful. What measures are we taking to ensure that they are applied fully and comprehensively to businesses that trade illegally in the west bank?

3.26 pm

**Imran Hussain** (Bradford East) (Lab): I, too, am grateful to my hon. Friend the Member for Halifax (Holly Lynch) for securing this important debate.

The report makes clear the scale of the mass slaughter committed during last year's war on Gaza, and the escalation of violence and disregard for life perpetrated by all involved. I am deeply concerned that those events, and the failure of Israel in particular to engage with the investigation into them, pose a great challenge to the chance of finding a peaceful solution to the conflict.

Let us be clear; the actions last year of the Israeli Government and their armed forces were criminal and murderous. They were committed with a complete disregard for the taking of civilian lives, including those of hundreds of women and children. The report is absolutely clear about that. Israel showed a callous disregard about who was being hit by its bombs, and that was emphasised by the fact that it did nothing to modify its behaviour when the results were evident to all.

The question that I want to ask, which I think is central to the debate, is why the Israeli Government are allowed constantly to flout international law and UN motions. Why are they allowed to act with impunity, not just in this case but in the illegal land grabbing on

[*Imran Hussain*]

the west bank? The fact that they refused even to engage with the investigation speaks volumes about how they continually ignore international law. It is time for that to end. It is time that Israel was held accountable for its actions and those of its military.

The events of last year were, as the report makes clear, a worrying escalation with attacks by Israel on residential buildings resulting in the deaths of entire families, ground operations that levelled urban neighbourhoods, and a continued land grab. That escalation could happen precisely because Israel regards itself as somehow adjacent to international law.

The report makes some critical recommendations, in particular with respect to international human rights, but none of them will mean anything if they are not adhered to. Prosecutions, convictions and punishments must be applied, and must not stop with the individual soldiers involved; they must include those who are responsible for giving the orders, and the military and political establishment. Israel should address all the issues that fuel the conflict and impede respect for human rights. In particular, it should lift the blockade on Gaza and stop building illegal settlements.

**Mr Philip Hollobone (in the Chair):** Order. We have had contributions from 18 Back Benchers. We now move on to the Front-Bench speeches. Unfortunately, I am unable to time-limit the Front-Bench speeches, but the clock will be set for nine minutes. If you all speak for nine minutes, that will allow Holly Lynch three minutes to complete the impossible task of summing up the debate.

3.30 pm

**Dr Philippa Whitford** (Central Ayrshire) (SNP): I, too, congratulate the hon. Member for Halifax (Holly Lynch) on achieving this debate; it is a pity that it could not have been larger and longer.

I must declare an interest. I worked in Gaza for 18 months as a surgeon in 1991 and 1992, just after the first Gulf war and during the first intifada, when George Bush was President of America. During the second Gulf war and second intifada, another George Bush was President, so we have all been here before. I was in Gaza at the time of the Madrid conference. The hon. Lady said it was 21 years since Oslo, when she was in primary school, and I find it a little depressing to realise that it is 24 years since the Madrid conference, when I was working in Gaza. Age catches us all.

On the morning of the Madrid conference, there was absolute chaos in Gaza, and we had no idea how things were going to go. I had five patients with chest wounds in A&E by half-past 7 in the morning and we did not know whether Hamas and Fatah were going to turn the situation into a total civil fight. By half-past 4 in the afternoon, the shebab, or young men, known at that time for throwing stones in protest at the IDF, were on armoured cars with olive branches. People saw this as their chance for change, 24 years ago.

The problem is that all of us—all of Europe and all the rest of the developed world, especially America—took our eye off the ball. We have been busy doing other things. We come back and we talk about the running sore of the Israeli-Palestine conflict. It was talked about

by Colin Powell after 9/11, and four weeks later normal service had been resumed: Israel had the absolute right to do within its territories what it chose.

Like many people here, I was brought up to be pro-Israel because of what the Jewish people suffered in the second world war. However, living there and watching how people were treated—watching people being lifted; watching my hospital being raided and having to hide injured people in panels in ceilings and walls, like something out of a world war two movie—made me realise that one of the saddest things was that a lot of what is done to Palestine and Palestinians is like a pale version of what happened 70 years ago.

People in Israel want peace. There are many groups in Israel who want peace and want the attitude to change. We need to realise that that is not going to happen by itself. We also need to realise that we have a vested interest. I hate hearing how Hamas “seized power”. Hamas was elected. There have not been any new elections, but Hamas was elected because 11 years after the peace process, life was worse for people in Gaza. They had no work. Young people there know nothing other than how they are treated. They have zero future and no investment. Is it any wonder that they can be attracted to terrorism or extremism? It has been mentioned that recent rockets may have been associated with ISIS.

What do we expect? People in Gaza are trapped in a large open-air prison. We talk about the warnings that people got from the IDF, either from leaflets or roof knocks. I am still in touch with people in Gaza through the wonders of Facebook. The gaps to get out were far too short, and people fed back to me that they had no idea where to go because schools and vulnerable buildings had been bombed. They stayed put because they thought that going out on the street was probably dangerous.

The place is intensely populated. Almost half of it was being saturation-bombed. Where were they meant to get to following a five-minute warning? They had nowhere to go. If we look at the maps in the report, Shejaiya, which is at the east end of Gaza city, where I lived, was almost carpet-bombed. There is no way that those people could have got anywhere.

Proportionality has been mentioned. Of course Israel needs to be secure. We will never get Hamas to recognise Israel if there is no safety for Palestine. Hamas sees the situation as a war. I am no fan of Hamas—I was no fan of Hamas when I lived there—but we must realise that the more we do not allow a future for the Palestinians, the more we offer people into the hands of extremism.

If we were to go back to before 1987, before the first intifada, we would find that the Palestinians were one of the most educated populations in the world. They had lost their land, so people invested in education for their children. They sent them to eastern Europe. Doctors and engineers were their biggest production. I visited people and saw their wedding photographs with women in modern clothing and people travelling everywhere. They were very secular and pro-western. What drove them to the intifada were years and years of occupation and seeing no alternative.

The intifada has not worked, either. We are not far from a 30-year anniversary of the first intifada in 1987. Palestinians are being driven to become more and more extreme, and we need to see our culpability in that. We must not sell arms that we know will be used in that

way. We should not import arms that we know have been tested by being used in the occupied territories. We absolutely need to stop settlements.

I went back in 2010 and I could not get into Gaza because of the blockade, but I spent time working with a doctor I had trained, who is now a consultant in East Jerusalem. I spent a day in the breast cancer clinic, because that is my specialty. At every appointment, half the time was spent on how the person had got through the wall and through the checkpoint, on how we were going to get them back, and on making sure we did the paperwork so that they could come back for their next breast cancer clinic appointment. It dominated everything.

The west bank is being eaten up into a Swiss cheese, and the two-state solution is not far from being totally unviable unless there is a withdrawal. When I visited Bethlehem, all I could see was tsunamis of modern buildings coming across the hills, and in East Jerusalem many settlements are being either purchased or possessed, because families do not have the paperwork that goes back to when the house was built. Little mini-settlements of three or four houses are being created. That allows the IDF to get on the roofs. The flags and barbed wire go up, and then the pressure on the people around starts. We need to see our culpability.

I commend the Government for supporting the vote, but we need to go a lot further. Only America can bring Israel to the table. One country that has the ear of America through our special relationship is Britain. We need to get America round the table, or we will not be talking about this problem, but about ISIS and the horrors that are coming out of the occupied territories, because the people there do not see anywhere else to go. We need to realise that the issue is for the people of Israel as much as for the people of Palestine. People in Israel want normalised lives. They will never get that while living next door to the largest open prison in the world.

3.38 pm

**Kerry McCarthy** (Bristol East) (Lab): It is a pleasure to see you in the Chair, Mr Hollobone, and a privilege to follow the hon. Member for Central Ayrshire (Dr Whitford). I have taken part in many debates on this subject during my 10 years in the House, but hers is one of the most powerful speeches that I have heard, based as it is on her own experience of working in Gaza. I congratulate my hon. Friend the Member for Halifax (Holly Lynch) on securing this debate. She has chosen an incredibly important issue for her first Westminster Hall debate, as evidenced by the turnout today. I do not have time to refer to the many excellent speeches made in this debate, but I will touch on some of the issues that were raised.

Each and every death during this conflict on both sides was a tragedy. The appalling bloodshed underlined once more that there cannot be a military resolution. The only way forward is the diplomatic route and a negotiated two-state solution that recognises the state of Palestine alongside the state of Israel. As such, we welcomed the Egypt-brokered ceasefire last August. If we are finally to end the cycle of violence, we have yet again to ensure that the necessary lessons are learned from this most recent conflict. That includes holding accountable those responsible, and securing access to remedy for the victims.

As we have heard, the UK abstained on the resolution that initiated the commission of inquiry last year. The Foreign Secretary at the time said that the resolution was “fundamentally unbalanced” and would not help to achieve a lasting ceasefire. The UK Government subsequently encouraged all sides to co-operate, but I suspect that the Foreign Secretary’s initial rejection of the inquiry might have undermined the UK’s influence in that regard. It was certainly disappointing that Israel declined to co-operate and that that prevented the commission from investigating Israel’s claims. UK support for the resolution at the Human Rights Council last week, though, was welcome. I hope that the Minister will tell us whether he now feels that the report has made a positive contribution.

The report makes disturbing reading in identifying serious breaches of international law, by both Israel and the Palestinian armed groups, that it warned could amount to war crimes. Last summer the Opposition condemned Hamas’s rocket fire, tunnels and extra-judicial killings, and I reiterate our condemnation. The commission report conveys the sense of fear that the tunnels in particular stoked up among innocent Israelis. Rocket fire, however, by the very nature of such weapons systems, was indiscriminate and in violation of international humanitarian law. We recognise, too, Israel’s right to defend itself, but we agree with the commission that the conduct of Palestinian armed groups does not “modify Israel’s own obligations to abide by international law”.

In that respect, there were clear differences between the Government and the Opposition last summer. We felt that the Prime Minister had remained silent and should have spoken out when the victims were predominantly civilians, in particular given the number of children killed. We felt that he was too unequivocal in backing Israel’s right to defend itself, despite the disproportionate manner in which it exercised that right. The commission concluded that Israel might have failed to do everything it could to adhere to the three principles of distinction, proportionality and precaution. The implication is that the terrible death toll could have been avoided.

The report documents some of the issues already touched on by other Members: how residential areas were targeted; how strikes came in the evening or at dawn, as families were gathering during Ramadan; how ineffective the roof knocks were as a warning system; and how artillery and mortars with a wide-area effect were used. The report attempts to convey the extent to which Palestinian civilians felt trapped. Even if they had received warnings, there was nowhere obvious for them to flee to where they would be safe, as we have heard. It is difficult to imagine the sense of terror that that would engender in such a densely populated area. There were also distressing allegations that civilians carrying white flags were attacked.

The cumulative impact of all that last year became evident all too soon. The Israeli defence forces and/or the Israeli Government failed to re-examine their approach or to alter their tactics. In light of the report, I hope that the Minister will be able to reflect on whether the UK Government, and others, could have done more last year to press Israel to re-evaluate its response to the rocket fire. Does the Minister think that the Prime Minister could have questioned the proportionality, the legality and the morality of Israel’s use of force, and questioned at the time what it would ultimately achieve?



[Kerry McCarthy]

The commission noted that

“Israel’s interpretation of what constitutes a ‘military objective’ may be broader than the definition provided for by international law”.

I hope that that is one of the many findings that the Foreign Office will discuss with its Israeli counterparts, in addition to expressing concerns about such things as Israel’s choice of weaponry. Does the Minister believe that Israel could have done more to uphold those three principles of proportionality, distinction and precaution?

Several Members have touched on the issue of arms export licences. The Government, of course, chose not to suspend any such licences for export to Israel last year and sales have continued over the past few months. Members have no doubt received emails from their constituents concerned that £4 million in arms sales to Israel were approved in the four months following the conflict last year. In light of the commission’s findings, I hope that the Minister will tell us whether the Foreign and Commonwealth Office or the Department for Business, Innovation and Skills intend to review the licences, or Israel’s use of arms sold by the UK. Baroness Anelay, the Minister of State, said in the debate in the other place on Monday that we are “most cautious” when we issue export licences. She ruled out a blanket arms embargo. I will be grateful if the Minister touches on whether a case-by-case arms embargo, or the revoking of certain licences, has been or will be considered.

We cannot neglect the lasting legacy of last summer’s incursion and the humanitarian catastrophe that it triggered. As well as the loss of life, more than 11,000 Palestinians were injured, more than 3,000 of them children. It has been reported that 10% of them suffered a serious disability, and 1,500 children were orphaned. Furthermore, as we have heard, 18,000 homes were destroyed. I will be grateful if the Minister responds to the questions asked about the international support available to the victims of the incursion, about Department for International Development support to UNRWA being cut and about what we are doing to help people in Gaza rebuild their infrastructure and homes.

Looking to the future, the commission acknowledged that its report is only the latest in a long line of inquiries and missions seeking to aid accountability and end violence for the people of Israel and Palestine. The report rightly highlighted that there has been a “persistent lack of implementation of recommendations”.

With Israel and Hamas already rejecting the report and the US voting against the Human Rights Council resolution last week, how can the international community ensure that the report is not yet another footnote in the history of the suffering of the Palestinian and Israeli people, or that last summer’s incursion was not simply another chapter in the cycle of violence in Gaza, which is doomed to be repeated? I hope that the Minister will be able to tell us how the Government will work with Israel, Palestine, and the Human Rights Council and UN to end the culture of impunity that has prevailed, to support new dialogue and to promote co-operation with the International Criminal Court.

Finally, the commission of inquiry recognised that it could not investigate the events of last summer in isolation; it also needed to look at the west bank. It rightly expressed its concerns about administrative detention, torture and ill treatment. I hope that the Minister will

be able to update us on the UK’s discussions with Israel in that regard, on talks to lift the blockade and end the illegal settlements, and on efforts to strengthen moderate voices within Palestine.

**Mr Philip Hollobone (in the Chair):** If the Minister could conclude his remarks no later than 3.57 pm, that would be appreciated.

3.46 pm

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood):** Well, there’s a task! Thank you very much indeed, Mr Hollobone, and it is a pleasure to respond even in brief to the debate. May I express my frustration that this debate has not taken place in the main Chamber and that we do not have three hours for it? I am looking at the hon. Member for Easington (Grahame M. Morris), who I think is a member of the Backbench Business Committee. I feel frustrated that I have little time to reply and simply cannot do so properly.

As hon. Members might be aware, I try to do my best on such occasions, and I will certainly write to them with the details, but even to list all the questions would take all my time before I gave any reply. Such debates are important and should not be conducted in Westminster Hall for 90 minutes. We do not do the subject matter any justice and, if I feel frustrated, hon. Members who have been given only two to three minutes to speak must also feel frustrated. I hope that the usual channels—if they are listening, read *Hansard* or hear the debate—ensure that next time we have such a debate, we do it properly, because the world, the nation and our constituents are watching, and we need to do the subject justice.

I welcome, I think for the first time, the hon. Member for Halifax (Holly Lynch) and I congratulate her on securing the debate. She shows a grasp and understanding of and a genuine interest in the subject. I also welcome other hon. Members to Parliament—it is my first opportunity to do so for some—and their contributions to such debates as this. Britain thrives on international affairs, which is something we do well, and it is good to see that this Parliament is taking the issues very earnestly.

I, too, congratulate the Scottish National party spokesperson, the hon. Member for Central Ayrshire (Dr Whitford), on a formidable speech—I echo the comments of the Labour spokesperson, the hon. Member for Bristol East (Kerry McCarthy)—and she is another person to come to the Chamber with real knowledge of the subject matter. She is most welcome here today.

I will outline the Government’s position on the vote and the report, on what Britain is doing in Gaza unilaterally and multilaterally on the humanitarian front and so forth, and on the longer term aspects—although I will have probably run out of time by then. I will do my best.

We deeply regret the loss of civilian life during the Gaza conflict last summer and the terrible toll of the ongoing Israeli-Palestinian conflict on citizens of both sides. The UN commission of inquiry report brings the scale of human suffering into sharp relief. It notes the victims’ continued hope that leaders will

“act more resolutely to address the root causes of the conflict so as to restore human rights, dignity, justice, and security to all residents of the Occupied Palestinian Territory and Israel”.

As many hon. Members have said, this is not the first time that we have been around this buoy—Operation Cast Lead, Operation Pillar of Defence—and it seems to be something that we do every two years, with Gaza getting destroyed and rebuilt. We must break that cycle, if we are to hope to move forward. We continue to believe in the critical importance of a negotiated two-state solution to end the conflict once and for all. We strongly condemn the indiscriminate firing of rockets into Israel by Hamas and militant groups in the Gaza strip, as detailed in the report. On the seeming imbalance of munitions going from one side to the other, hon. Members will be aware of the Iron Dome project in Israel, which has stopped many of the munitions fired by Hamas. That is why there is the disproportionate number of fatalities or injuries on one side. I simply state that as a comment, not to justify anything.

As we have made clear, we recognise Israel's right to defend itself. Every country, including ours, has a right to defend itself from terrorist groups and organisations, such as Hamas, and attacks. But it is a principle of international humanitarian law that the use of force in self-defence must be proportionate. The commission of inquiry report calls on all parties to fully respect the main principles of international humanitarian law and international human rights law that the hon. Member for Bristol East articulated—distinction, proportionality and precaution—and to establish credible, effective, transparent and independent accountability mechanisms promptly. We echo those calls.

**Andy McDonald:** Will the Minister give way?

**Mr Ellwood:** I am afraid I simply cannot—it would be unfair to anyone else—but I will certainly speak to the hon. Gentleman afterwards.

We note that the report highlights

“substantial information pointing to serious violations of international humanitarian law and international human rights law by Israel and by Palestinian armed groups. In some cases, these violations may amount to war crimes”.

Those allegations must be fully investigated by Israel, the Palestinian Authority and the authorities in Gaza. We welcome the fact that Israel is already conducting its own internal investigations into specific incidents. Where there is evidence of wrongdoing by either party, those responsible must be held accountable.

The UK, along with our EU partners, voted in favour of the resolution on the report at the Human Rights Council last week. We would have preferred to see a text that gave more weight to Israel's legitimate right to self-defence, and to the threat Israel faces from militant groups operating from inside Gaza, including Hamas. However, despite those concerns, we supported the resolution. I make it clear to hon. Members, who will be familiar with this from texts agreed behind the scenes in this place, that we need to find a balanced text to support; we found that resolution to be a balanced and appropriate text.

A number of hon. Members have raised concerns about the political and humanitarian situation in Gaza. We must do everything we can to avoid another conflict. The ceasefire agreement reached in 2014 holds, by and large, but there has not been the necessary progress toward a durable solution that addresses the underlying causes of the conflict. Indeed, worse than that, we are

aware that the tunnels are being rebuilt and that Hamas is re-engaging and purchasing new weapons systems. We are also aware that other extremist groups such as ISIS are taking an interest. Where would it take this conflict if we were to see that extremist operation move into the area?

The current situation in Gaza is unacceptable. As has been articulated by others, the humanitarian situation remains bleak. More than 100,000 people remain displaced, there are power outages for up to 12 hours a day and 120,000 people across Gaza remain without a water supply. I am afraid, however, that the Palestinians have not taken the steps needed for progress on reconciliation and for the Palestinian Authority to resume control of Gaza. That is one of the main causes of frustration here: the Palestinian Authority are denied access because of Hamas. Israel has eased some of its restrictions, but far more needs to be done to ease the suffering of ordinary Palestinians, and there is more that Israel can do. Egypt, too, is wary of extremists in Sinai—the Ansar Beit Al-Maqdis—and is reluctant to reopen the Rafah crossing in the south. It opens it sporadically, but is further restricting the movement and access of both people and goods.

Hon. Members have asked what can be done. It is clear that there is an urgent need to do more to address the terrible situation now. We need bold political steps: without addressing the underlying causes of the conflict, we will never break the cycle of violence I alluded to earlier—there is no alternative that can deliver peace and security for Israelis and Palestinians alike.

We welcome the recent positive steps that Israel has taken in easing some restrictions, including doubling the water supply and permitting an increase in exports from Gaza. However, we want to see Israel go much further, as I have articulated on every visit I have made to Gaza, Israel and the west bank, and to visitors from there to the UK. We call on Israel to ease restrictions much further, on President Abbas to take concrete steps to return the Palestinian Authority to Gaza and on Egypt to show maximum flexibility in opening the Rafah crossing once and for all.

I will conclude, as I want to leave the hon. Member for Halifax time to respond to the debate. I reiterate my promise to write to hon. Members in more detail and apologise for not being able to answer them more fully in this debate.

3.55 pm

**Holly Lynch:** I am grateful for the way in which the debate has been conducted and I thank the Minister for his considered words. Inevitably, some questions have gone unanswered but I appreciate his comments. This is a complex debate, and there are lots of issues that we could have explored much further. I hope we can all work together to try to take a debate on this subject to the Floor of the House for a fuller discussion later in the year. I thank my hon. Friend the Member for Bristol East (Kerry McCarthy), and echo her sentiments about the wise words of the hon. Member for Central Ayrshire (Dr Whitford), who shared her personal experience with us.

I will reiterate some key points. A key concern for me is the young people of Gaza. We have already heard that the population is increasingly dominated by young people. At this point, they are without a future.

[Holly Lynch]

While that remains the case, there is an inevitability about any unrest or increase in conflict. For as long as we cannot address that issue, we will be in the same position time and time again. There is currently no economic horizon in Palestine, and in the Gaza strip in particular. Productivity has been suffocated, there are no jobs and 860,000 Palestinians are reliant on food parcels provided by the UN Relief and Works Agency. That is unsustainable, and we have to look at how to reconcile some of those issues.

A number of hon. Members made the connection between Hamas and Daesh. That is precisely why we need a real commitment to a peace process. As we have talked about, it seems inevitable that the conflict will go in that direction, but that is why we have to look with renewed vigour to resolve the issue and find peace for the region, so that it does not slip further into turmoil that has an impact not just on the region but on our shores. It is in all our interests to work towards resolving the situation.

That is one reason why we need to look at all the options available to us, simply because of the international failure to bring about more progress through dialogue alone. We end up in this position time and again, so what other options are now available to us to make a real commitment and to make progress? Our commitments to dialogue have failed to make that progress thus far.

The report acknowledges that the warnings saved lives. I am not here to make excuses or give justifications for Hamas. The civilian deaths across the board are inexcusable. However, again, that is why we need a real commitment to investigative procedures on both sides and to look with more clarity at why so many civilian deaths occurred. Although the warnings saved lives, they failed to adequately create the sterile combat zone that Israel was looking to achieve, so we have to look at that again.

I echo the sentiment of my hon. Friend the Member for Aberavon (Stephen Kinnock): 40% of the report focuses on acts committed by armed Palestinian groups, so it is not one-sided. It looks into atrocities committed on all sides. There will inevitably be gaps in the report, as one or two hon. Members pointed out. That is partly because Israel failed to co-operate with the UN and provide the evidence needed to plug some of the gaps and allow more informed decisions to be made and reported.

I will leave it there, although—like the Minister—I have much more I could say to wrap up the debate and pull it together. I thank all hon. Members for their contributions.

*Question put and agreed to.*

*Resolved,*

That this House has considered the report of the UN Independent Commission of Inquiry on the 2014 Gaza conflict.

## Independent Living Fund

[MR GEORGE HOWARTH *in the Chair*]

4 pm

**Nic Dakin** (Scunthorpe) (Lab): I beg to move,

That this House has considered the effect on recipients of the transfer of the Independent Living Fund to local authorities.

For many people, the protest in Members' Lobby during Prime Minister's questions a few weeks ago may well have been the first time that they came across the independent living fund, but right hon. and hon. Members will be well aware of its benefits from contact with constituents who are recipients. As I said a year ago, in June 2014, when I last had an Adjournment debate on the subject, the independent living fund does what it says on the tin. It gives severely disabled people their independence and lets them make choices about how they live—about things we take for granted, such as when to get up or go to bed, and when and what to eat.

The independent living fund began in 1988 as a national resource dedicated to the financial support of severely disabled people, enabling them to choose to continue living in the community. In March 2014, the Government announced that they would close the ILF in June 2015 and that responsibility for ILF users would be passed to local authorities. That has now happened, yet a year on from my last Westminster Hall debate on the issue, ILF recipients tell me that they are no nearer to getting answers to the questions posed then. Consequently, their worries about the future continue to multiply. The promises given that the changes would be well managed and that people in receipt of ILF would be consulted and kept informed throughout the transfer process do not appear to have been effectively delivered, at least from the viewpoint of my constituents in north Lincolnshire.

Ashley was diagnosed with cerebral palsy at 10 months old. This year, he will turn 31. A year ago, his mum, Jeanette, shared her concerns about the future, saying:

“The alleged ‘smooth transfer’ over to social services is already proving to be nothing of the sort. Each and every meeting we hold leave us having to justify Ashley’s needs as a disabled person. The assessments they ask us to complete are totally unsuitable for the severely disabled.”

Last week, Jeanette updated me. Sadly, her fears have not been allayed, and she is continuing to have to battle for her son. She said:

“We have only received a contract from the local council in the last week and went a year without any form of contact from adult social services. If it wasn’t for me fighting for Ashley there would be no contract and nothing would be in place for the changeover. There is no money in place for Ashley’s carer’s holiday, sickness or training pay; this cannot be claimed back from the Government. Every year Ashley’s situation will be reviewed and once again I will have to fight for my son.”

Another constituent, Jon, for whom the ILF has been a lifeline, had an accident 35 years ago that left him paralysed from the neck down. He told me last week about the contact he had had from social services this year:

“So far I have only received generic letters. I have had no contact, no visit, not even a phone call. I feel that decisions are being made about my life that I don’t know about. I have not been given any assurances about my carers and their jobs or their wages.”



**Mary Glindon** (North Tyneside) (Lab): I congratulate my hon. Friend on securing this important debate. Does he agree that there will be a bigger problem, given that local authorities that have already had their budgets cut by £4.6 billion are not receiving enough money to compensate for the ILF money lost? That will definitely affect our constituents.

**Nic Dakin:** My hon. Friend is absolutely right to put her finger on that area of serious concern. If we believe the people who are experiencing the transfer—and I have no reason not to—the smooth transfer that was promised clearly is not happening. The reality on the ground is that many ILF recipients, their families and the people they employ to deliver their care still do not know where they stand, which is clearly unacceptable.

**Andy Slaughter** (Hammersmith) (Lab): A number of my constituents have benefited hugely from the ILF. I am very pleased to say that the Labour-controlled council in Hammersmith—a well run council—is ring-fencing the money and making sure that there is a smooth transition, but most authorities do not know how much money they are getting, and the Government are only giving them about half the funds. Is that not a disgraceful situation and a terrible way to treat people?

**Nic Dakin:** That is very much part of the issue at the moment, and I congratulate my hon. Friend's council on being one of those that are making the right stand.

Disabled People Against Cuts, which organised the demonstration last week, has argued:

“At the very minimum the ILF funding should be ring-fenced for the continuing care and support of existing ILF recipients when funding is transferred to Local Authorities and devolved administrations”.

That is not being done and, in an age of austerity and deepening cuts to local authorities, the funds will get lost in the wider budget. That is the key and crucial fear.

DPAC sent freedom of information requests to 151 different local authorities, asking how many are ring-fencing the funding. The response showed that only 21.43% were doing what the council in my hon. Friend's constituency is doing, whereas 50% said they were not doing that. At the time they were asked, 28.57% still had to decide what they were going to do.

What will further budget cuts bring? As of now, Ashley is allowed to keep his carers, but in a year's time, will that change? Will his family have to deal with a succession of strangers who do not have time to get to know them and understand their needs?

Leonard Cheshire Disability published a report in 2013 stating that in England, 60% of councils use 15-minute visits, which are not long enough to provide adequate care, with disabled people having to choose whether to have a drink or go to the toilet. Hopefully, things have improved since then, but it is understandable that such reports fuel ILF recipients' concerns. Those fears are backed up by Disability Rights UK, which made the following observations last week on the eve of the fund's abolition:

“The monies being transferred from the ILF to local authorities will not, in most areas, be ring fenced meaning that the money can be spent according to local decision rather than necessarily on those in receipt of ILF funding.

There is currently no indication of whether funding for ILF recipients will continue to be transferred from national to local government beyond 2015/16.

The level of social care funding in real terms has, and is likely to continue to be, cut overall outweighing many times the additional funds being transferred from the ILF.

The consequences are that some disabled people in receipt of ILF funding will no longer receive any support at all; and others will find their support package reduced.

We want to see equity of support that achieves independent living across all impairments and age groups—closure of the ILF in current conditions will not achieve this.”

That summarises the strong concerns out there in the community. Scope, Leonard Cheshire Disability, the Spinal Injuries Association and various trade unions are among many other organisations that share those concerns.

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): My hon. Friend is making a very powerful speech. Oldham, my constituency, is another local authority area that is promising to support families and make sure that the ILF budget is ring-fenced, but I am aware that that is not happening elsewhere. This is not only about the person who is disabled, but about the families, particularly when parents are the carers. They are extremely worried about the uncertainty, and hopefully the Minister will be able to respond to that point.

**Nic Dakin:** My hon. Friend puts her finger on the heart of the issue, which is the high level of uncertainty. Let me quote some heart-wrenching comments from ILF users and their families. They illustrate the concerns out there very well:

“I am really terrified of losing my home and being forced into residential care...I have never been so worried and scared of my future without the ILF..We are locked in a prolonged period of insecurity of worrying what is going to happen. We are all only too aware of how hard strapped local authorities are and the temptation to use ILF monies for purposes other than care support for current ILF recipients...The current situation is greatly affecting our health with increased stress levels and sleepless nights a regular feature of our current lives. Not knowing what will happen, how this may affect the team of personal assistants we employ to support our daughter and whether we will receive any respite care once the fund closes in June only adds to our anxiety.”

Finally, a user said:

“I fear I will have my care time cut, and become a prisoner in my own home, unable to go to the toilet, go to bed, eat and drink when I choose—I fear my choice will be taken away. I fear being socially excluded and losing touch with my family and friends. I fear not being able to go to all the hospital appointments I have to attend. I fear I will lose my independence.”

That is the heart of the problem—loss of independence. The ILF has given severely disabled people real independence in their lives. At this point of change, and despite all the assurances that there have been in the system and the genuine messages of support from all the authorities, that concern is still very much there, and what is happening at the moment has not allayed the concern.

As those fears and worries illustrate, there is a real danger that attempts to save some money in one area, the ILF, will end up costing the state more in another area—the NHS. During the election campaign, when asked directly by one of the ILF recipients, the Chancellor of the Exchequer insisted that the Government would

[*Nic Dakin*]

transfer all the ILF money and that there would be no cuts in their budgets. When pressed further, he made a commitment that money would be there in future years. So the Chancellor, who has been making the news today, is on the record on this issue. It is the duty of the House and the Minister to ensure that he keeps his word, so my questions to the Minister are as follows.

First, in the light of that, will the Minister discuss with the Chancellor how he intends to deliver on those promises, and will he report back to Parliament on the Chancellor's response? Secondly, will the Minister be in contact with the 78% of local authorities that have said either that they will not ring-fence the money or that they are not sure whether they will ring-fence it, and are therefore are not delivering on the Chancellor's promise, and will he take steps to ensure that they do deliver on it? Thirdly, will he ask local authorities to report to him on what contact they have had with ILF users in their area and what feedback they have received from them in relation to satisfaction with the transfer? Finally, will the Minister make a commitment today to report back to the House in a year's time on the impact of the transfer of the ILF to local authorities on the lives and wellbeing of recipients?

4.12 pm

**The Parliamentary Under-Secretary of State for Work and Pensions (Justin Tomlinson):** It is a pleasure to serve under your chairmanship, Mr Howarth. I thank the hon. Member for Scunthorpe (Nic Dakin) for calling this debate. It is of great interest to a number of people.

I recognise the valuable role that the independent living fund has played in enabling severely disabled people to live independently over the last 27 years. The ILF was created in 1988 as a transitional arrangement to mitigate the impact of the end of domestic assistance allowances when supplementary benefit was replaced with income support. The fund was established for a maximum of five years as a charitable trust to make payments to people on low incomes who had to pay for personal care. It was expected to support about 300 people. At that time, there was no clear legal provision for local authorities to make such payments.

The original ILF charitable trust ran until 1992, when it was closed to new applications. A new extension fund was created in 1993 to receive new applicants, and the two funds ran in parallel until 2007, when they were amalgamated. Following a trustee decision temporarily to cease taking new applications, the fund was closed to new users permanently in December 2010.

The decision to close the ILF completely, which was announced in a written ministerial statement on 6 March 2014, followed careful consideration of the implications of a Court of Appeal judgment handed down in November 2013. The decision was based on new evidence and a new equality analysis, and reflected those changes.

I understand and acknowledge the depth of the concern shared by many former ILF users about its closure and the impact of that. It was incredibly important to the users. Human nature does not like change, but when it is something so important to someone's independence, I absolutely get the strength of feeling. However, it was no longer appropriate to continue to fund care and support needs through a discretionary trust operating

outside the mainstream system. The mainstream adult social care system has undergone radical changes since the ILF was established. The introduction of the Care Act 2014 in England means that the key features of ILF support, which contributed to its success—personalisation, inclusion, choice and control—are now part of the mainstream adult social care system. Broadly similar legislation has already been introduced in Scotland and will come into force in Wales during 2015-16.

Local authorities themselves have a statutory duty to assess and fund the eligible care needs of disabled people, and 94% of all former ILF users already received a local authority contribution to their care and support. Transferring full responsibility for adult care and support to local authorities ensures that the needs of all disabled people will be met within a single care and support system, thereby simplifying arrangements.

**Nic Dakin:** The Minister is right to draw attention to the fact that many users have received support from the local authority and the ILF. One reason why they are very concerned is that the ILF's approach has been, they tell me, very enabling—allowing them to do things—whereas the approach of local authorities over the years has been very much to try to save money and to push them backwards. That is one of the cultural things as well as real things that is adding to the alarm that they feel at the moment.

**Justin Tomlinson:** I thank the hon. Gentleman for that intervention. I understand that point. I will come on to the funding that we have passed over, but I understand the point about the change in the system. I was surprised that the figure was as high as 94%. There is that point about change, but the vast majority already had some contribution from the local authority at that point.

At the point of closure, there were 16,000 users of the ILF, compared with 1.3 million users of adult social care in England alone. Transferring full responsibility for ILF users and amalgamating the funding with adult social care will ensure that support for disabled people is delivered consistently and effectively. As I said, the decision to close the ILF, announced in a written ministerial statement, followed careful consideration of the implications of a Court of Appeal judgment handed down in November 2013.

The current position is that the ILF closed on 30 June and full funding for the remainder of the financial year has been transferred to local authorities in England and the devolved Administrations in Scotland and Wales. Local authorities in England now take full responsibility for former ILF users living here. I believe that local communities are best placed to make decisions about how to use funding to support members of their community and that local authorities should have the flexibility to decide how best to provide funding and support at local level.

Scotland and Wales have also now taken full responsibility for the care and support of former ILF users living there. Scotland has decided to create a new organisation to manage the transferred funding for former users, and in Wales the funding has transferred to local authorities to administer while the Welsh Government decide what course of action to take in the longer term. Northern Ireland has always funded support

for ILF users living there and continues to do so, but it has asked the Scottish Government to administer this funding on its behalf.

As part of the 2013 spending review, it was announced that local authorities in England and the devolved Administrations in Scotland and Wales would be fully funded in 2015-16 to meet their additional responsibilities towards former ILF users. A total of £262 million has been made available for ILF users in 2015-16. That amount was based on very accurate forecasts by the ILF and is the same amount that would have been available had the ILF remained open.

Since the ILF was closed to new applicants in 2010, the number of users has reduced year on year, meaning that spending has also decreased. Funding for 2015-16 reflects projected reductions in the number of users between 2014-15 and 2015-16. It is therefore not a cut in the level of available funding.

Funding has been distributed among England, Scotland and Wales in a way that reflects expenditure patterns at the point of closure, with funding in England being allocated to individual local authorities on the same basis. Before its closure, the ILF provided each local authority in England with detailed schedules setting out the allocated funding at individual level, ensuring that every authority has received accurate information about the level of support previously provided to each user by the ILF. Final analysis from the ILF shows that the funding allocated to local authorities in England will be sufficient to ensure that existing commitments to former ILF users can be paid in full for the remainder of the year.

**Nic Dakin:** I thank the Minister for his description of what has happened. Will he take steps to make sure that the funding, which he has said is definitely there, reaches ILF users?

**Justin Tomlinson:** I am coming to that. I am just setting the background, after which I will talk about the action that is being taken.

The potential implications of closing the ILF were set out in the equality analysis in very clear terms, focusing on the likely impact of the proposed policy on those with a protected characteristic and concentrating on assessing the impact of closure on people with the protected characteristic of disability and, in particular, users of the ILF. The equality analysis considered a worst-case scenario, even if it was not certain that it would happen, separately under each limb of the public sector equality duty.

In addition, we have made a commitment, as part of the equality analysis, to monitor the impact of the closure of the ILF on former users. I believe that that will be welcomed by all. A sample of former ILF users have already agreed to take part, and we have started planning the research, which will be completed before the end of the 2015-16 financial year.

Before the closure of the ILF, the Government worked closely with the ILF in partnership with ILF users, local authorities in England and the devolved Administrations to ensure that they benefited from a programme of extensive transitional support. As part of that support, all former ILF users received a detailed support plan setting out the level of support and the outcomes secured under their ILF award.

The information was shared with local authorities, and the devolved Governments all had access to the data transferred to them prior to closure. In addition, the ILF engaged directly with all authorities involved in the transfer of user care and support in 2015, and it held a series of conferences in October 2014 to provide local authorities with up-to-date information. One-to-one discussions were held with all 151 local authorities at those events. Similar events were held in Wales, and the ILF has worked closely with the Scottish Government to ensure a smooth transfer for all users across Great Britain.

The Department and I have worked closely with the Department of Health, the ILF and interested parties, including a number of significant stakeholder groups, to develop additional guidance for local authorities. We did so in recognition of the fact that, as has been highlighted, not all local authorities immediately displayed full confidence in the arrangements. That included points raised in earlier debates on the subject, which is why we developed additional guidance to ensure that we were prepared for the transfer of former ILF recipients to sole local authority care, underpinned by a new chapter in the Care Act 2014 statutory guidance. That will help to inform local authorities in the transfer of former ILF users to the adult social care system in England.

I have recently written to my counterparts in the Department of Health and the Department for Communities and Local Government, as well as to the Chief Secretary to the Treasury, because I want to ensure that the needs of all former ILF users continue to be taken into account. I have received assurances from the Department of Health and DCLG that future funding for former ILF users will be considered at the next spending review. It may be helpful to highlight the positive remarks of the Chancellor during the election, which are formally on record.

In addition, DCLG has written to each local authority that has former ILF users to draw attention to the agreed code of practice, which will be supported by the new guidance. In the meetings and conversations I have had with the Departments, it has been clear that they absolutely understand that and there is collective support for it. Ongoing support from my officials and me will continue, to ensure that we monitor what is happening and keep a close eye on the situation.

**Stephen Twigg (Liverpool, West Derby) (Lab/Co-op):** I am encouraged by what the Minister has just said. My constituent, Laurence Clark, received support from the ILF. Liverpool City Council has picked up that support, so he knows he has it until the spring of next year. He has asked me to raise his concern about what would happen were that funding not to continue beyond April 2016. He says that it is crucial to his ability to live independently and, in particular, his ability to go to work.

**Justin Tomlinson:** We all have constituents who would echo those words, which is why we are working closely with the Departments.

**Nic Dakin:** The Minister is being generous in giving way yet again. It is clear to me that constituents are anxious because they do not know what will happen in the future. Can anything be done to give people greater longevity of certainty—more than just one year?



**Justin Tomlinson:** That is something that the devolved Governments and individual local authorities will consider. We trust local communities to shape the best services. I served for 10 years as a local councillor, and I remember the frustration caused when Governments did not allow flexibility. Each of the constituencies that we represent is very different. Each has different challenges, opportunities and ways of working with other agencies. We will have to look, over the next few months, to see what will happen.

**Graham Jones** (Hyndburn) (Lab): The Minister is being generous with his time. I apologise, Mr Howarth, for not catching the beginning of the debate.

My constituent, Paul Taylforth, is in the limbo position of not knowing what will happen next year. I have written exhaustively to Lancashire County Council on the matter, but there has been a lack of clarity from that authority on what its position will be next year. That brings great insecurity, worry and concern to Paul, because the person he looks after needs a lot of care and it is important to him that he has a future.

**Justin Tomlinson:** We all recognise the anxiety and the worry of our constituents. Because the feedback we received demonstrated that, we reiterated what local authorities and the devolved Governments needed to do, reissued the guidance and tightened things up. It is fair to say, however, that of those who have had personal visits to set out their personal plans—and to provide reassurance, because they were going through a big change—97% were satisfied and responded positively.

**Graham Jones** *rose—*

**Justin Tomlinson:** I will take one last intervention.

**Graham Jones:** I am very grateful. Lancashire is indecisive at the moment. What advice, regulations or guidance would the Minister give Lancashire to provide clarity to Paul and his family, and to all the other recipients of ILF? The county's indecision is causing that anxiety.

**Justin Tomlinson:** The best advice I can give is to say that if the hon. Gentleman wants to share that individual experience with me, we can jointly contact the local authority and ask it to take personal measures to investigate the situation.

To conclude the debate, I thank all hon. Members for their contributions. We are discussing an incredibly important issue. I have set out the closure of the ILF in the context of the significant changes in adult social care over the lifetime of the organisation, including the measures in the Care Act 2014 that promote greater independence and increase choice and control for all disabled people. I should like to acknowledge the extensive contribution that the ILF has made to the provision of high-quality independent living support for disabled people. I am happy to report that lessons learned by the ILF over the past 27 years have been captured in its publication "twenty-seven", which is available to everyone on the gov.uk website.

Finally, I reiterate that I and my counterparts in the Department of Health and DCLG will continue to work together to ensure that former ILF users and all disabled people are given choice and control over how their care and support are provided, to allow them to live full and independent lives.

*Question put and agreed to.*

## Cremation of Infants (England)

4.28 pm

**Daniel Kawczynski** (Shrewsbury and Atcham) (Con): I beg to move,

That this House has considered the matter of the cremation of infants in England.

It is a great pleasure to serve under your chairmanship, Mr Howarth. Speaking as a father, I do not think that there could be anything worse in life than the loss of a child. I wanted to raise with the Minister and fellow parliamentarians the tragedy that some of my constituents have faced when they lost a child in infancy and were told by Emstrey crematorium in Shrewsbury that they would not receive that child's ashes. Rather than the traditional burial, the parents decided to have their child cremated and were told that there would be no ashes. I am sure hon. Members appreciate that when families have been through such a traumatic experience as losing a child—just a few days previously in some cases—it was not an optimum situation for them to be robust in challenging that information. Some families went along with a cremation under those circumstances. There was a lack of clarity in some instances, which is clearly unacceptable.

I pay tribute to BBC Radio Shropshire for its tremendous work over the past year. I was first notified of the tragedy a year ago, and I pay particular tribute to Nick Southall, the Radio Shropshire senior reporter who has doggedly persevered with this story, not only in Shropshire but across England. We are starting to hear anecdotal evidence from other places where similar situations have occurred. This situation is not peculiar to Shrewsbury; we hear evidence of it happening in other parts of England. I look forward to hearing the perspective of other hon. Members.

One of the first things I did when I heard about this case was to contact the leader of the council, Keith Barrow. We have a new unitary authority in Shropshire that has taken over the running of our council, and the difficulties with the crematorium in question predominantly occurred under a previous administration and before the change to a unitary authority. Keith Barrow has done a superb job, and he called for an independent inquiry into the whole tragedy.

**John Howell** (Henley) (Con): What excuse was given by the crematorium? Perhaps my hon. Friend will come on to that.

**Daniel Kawczynski**: I will come on to some of the report's findings later in my speech, but I thank my hon. Friend for his intervention.

I thank the chairman of the report, Mr David Jenkins, who has a lot of experience in local government and is an independent expert. Mr Jenkins and his research assistant, Mr John Doyle, have spent an inordinate amount of time engaging with many of my constituents with great sensitivity, professionalism and care. They heard at first hand some of the trauma that my constituents have experienced. Before the general election, I met some of my constituents in a church in Shrewsbury, and it was one of the most emotional meetings I have experienced in my decade as a Member of Parliament.

I made those parents certain promises. I promised them that they would have a meeting with the Minister, that there would be a formal parliamentary debate in the House of Commons on this issue and, most importantly of all, that if there were aspects of the report that I considered relevant for Parliament to investigate and scrutinise with a view to changing, updating and modernising legislation, those considerations would be aired and we, as parliamentarians, would have the opportunity to debate those points and make recommendations. I am pleased to be trying to fulfil my three promises to those parents.

I pay tribute to the Minister. She is new to her post and, if I may say so, the Prime Minister made a very good decision in appointing her. I brought some of the parents—some from Shrewsbury and Shropshire and some from other parts of England, too—to meet the Minister last week, and she was genuinely interested in hearing what they had to say. I am sure she will speak for herself, but I think she was moved, and I was extremely impressed with the way in which she interacted with those constituents. I thank her very much for her and her officials' time and consideration. Following our meeting, the parents and I went to No. 10 Downing Street to present a petition signed by more than 63,000 petitioners from across our country.

My constituency neighbour, my hon. Friend the Member for Ludlow (Mr Dunne), is a Minister and is therefore unable to participate in this debate, but he has taken an interest in the issue because the Emstrey crematorium also serves his constituents in south Shropshire. One of the babies whose remains were not returned to her parents was baby Kate. She suffered a tragic, avoidable death in 2009 following a complex midwifery delivery at Ludlow community hospital. My hon. Friend supports the campaign to prevent similar suffering for other parents. He feels as passionately as I do about this issue, and he wanted me to put that on the record for him.

Other hon. Members wish to speak, so I will concentrate on some of the recommendations that I have picked out from the report and some points that have been specifically reinforced in my mind by my interactions with my constituents. Other parliamentarians may have other points of view, but these are the specific points from the report that my constituents from Shrewsbury want me to raise. First, they believe that there should be an inspector of crematoriums throughout England and that it should be a full-time position. I understand that there is a part-time inspector of crematoriums in Scotland, which has only 50 crematoriums; we have more than 250 in England. Many of my constituents believe that we should have a formal, independent inspector of crematoriums. We live in a society with ombudsmen and regulators, and many aspects of Government activity are rightly regulated and overseen by independent inspectors. My constituents believe that if we are to have a uniform level of service and professionalism across all crematoriums, we need an independent inspector who is able to investigate by going to see crematoriums to ensure that they comply with expected standards.

My constituents also expect that crematoriums should have to report to the inspector when they are not confident that ashes have been created in a particular case. That is important because it is a proactive step that the facility in question—Emstrey crematorium in our case—would have to take if, for one reason or another, ashes had not been or could not be produced.

[*Daniel Kawczynski*]

If a crematorium believed that to be the case, it should have to be proactive in informing the inspector so that the inspector had it on the record.

I spent an afternoon inspecting Emstrey crematorium in Shrewsbury, and it has subsequently invested a lot of money in new machinery and better practices. Procedures are now in place to ensure that babies are cremated later in the day, rather than when the machine is first switched on and is at optimum heat. The procedures ensure that babies are cremated at the end of the day, when the ovens are at their coolest, to maximise the possibility that ashes are delivered.

My constituents also want a national cremation investigation team that is able to investigate historical cases. If the Minister agrees about the need for an inspector, and if an inspector is created, he or she will be busy ensuring uniformity of best practice across the country. My constituents want an independent team that will help families like Mr Perkins and his partner, and the other families in Shrewsbury who have suffered in the past. They want more information and need more help to come to terms with what has happened. They also believe that greater transparency is needed with regard to cremation paperwork. I will not go through all the details now, because there simply is not time, but in some cases paperwork has been lost, destroyed or not kept for the appropriate amount of time.

I would be grateful if the Minister told us how we could update legislation and regulations for crematoriums on paperwork and other matters. The Minister may correct me if I am wrong, but we have had no legislation on the running of crematoriums for a long time, so this is an optimum time for us to discuss these concerns. The families believe that the Ministry of Justice and the Department for Environment, Food and Rural Affairs need to co-operate on changing the regulations and conditions on emissions from crematoriums at times when infants are being cremated—that is a technical point. I hope that the Minister has read the part of the report about how emissions and such things are regulated and is aware of that point.

The answer to the question from my hon. Friend the Member for Henley (John Howell), is in the report commissioned by Shropshire Council, published last month, which says that poor training and out-of-date equipment were mainly to blame. I am pleased that more than £3 million has now been spent on new machines at Emstrey crematorium in Shrewsbury; I have inspected them and seen how the ovens operate. I hope that this tragedy will ensure that training for staff at crematoriums, whether run by the Co-op or councils themselves, is reinvigorated, and that all crematoriums in all areas are supervised to ensure that they are investing appropriate time and money in bringing new equipment to the fore.

About 60 families are believed to have been affected by failures at Shrewsbury's Emstrey crematorium between 1996 and 2012. I do not yet know the final figure, because more people are coming forward all the time. To those Salopian families, I can only take this opportunity to express my sincere condolences for the loss of their children and my sincere sadness that they have had to go through this extraordinarily painful experience in their lives. Having spoken to them, I know that their main goal is to ensure that such a travesty does not

happen again, so that no other family in England has to go through what they went through. I look forward to hearing what the Minister has to say in response to those points.

4.43 pm

**Diana Johnson** (Kingston upon Hull North) (Lab): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing the debate today and on setting out so clearly the background to this very distressing matter. I pay tribute to all the families affected, who have to come to terms with and perhaps relive some painful and distressing circumstances. We should also pay tribute to the Action for Ashes group, led by Glen Perkins, who led the delegation to Downing Street with the hon. Gentleman last week. I wholeheartedly agree that we should thank the investigative journalist Nick Southall; he should be commended for ensuring that there has been a lot of attention on the issue. It is important that the media have played a very responsible part in this.

My contribution today will be about my constituents, Tina and Michael Trowhill. They contacted me earlier this year, and I commend them for their bravery and persistence in trying to find out what happened to their baby son William. William Michael Brian Trowhill was born on July 5 1994 at Beverley Westwood maternity hospital; very sadly, he was stillborn. He was cremated on July 12 1994 at Chanterlands Avenue crematorium in Hull. Tina and Mike were told that there would be no ashes from the cremation. They also told me that they were not required to sign any forms. It appears that the forms that were required at the time were signed by an administrator at the hospital. That the parents did not sign, and were not given written information about what was to happen, is one of the shocking things about the situation.

**Graham Evans** (Weaver Vale) (Con): I am grateful to the hon. Lady and I pay tribute to my hon. Friend the Member for Shrewsbury and Atcham for securing this important debate. Does the hon. Lady agree that the report's authors were struck by the lack of authoritative national guidance or policy outside environmental protection? In other words, we are more bothered by emissions than the feelings of parents who have sadly lost children.

**Diana Johnson:** The hon. Gentleman makes an important point. It is shocking that there was no nationally applied guidance on how parents should be involved, treated and made to feel part of the process at an obviously very distressing time. It should have been there.

Moving forward many years, my constituents were alerted to possible concerns about what had happened to baby William when the Mortonhall inquiry in Scotland started. That report was published in April 2014. In October 2014, Mike and Tina contacted the bereavement service in Hull and asked it to see what it could find. It took until 3 November for the service to return the call, and the parents were told that an investigation was under way.

On 4 November, they were told that William's ashes had been scattered in a children's garden of remembrance near the crematorium. On 5 November, the parents



were told by the funeral director at Frank Stephenson & Son that it was not normal to receive ashes from a child's cremation. On 6 November, they were told that the funeral directors had a document that stated "cremate and strew"; it appears that at that time the funeral directors had a blanket contract with Beverley Westwood maternity hospital to undertake cremations of babies and were given that instruction. On 6 November, my constituents called the NHS complaints line, but given the many NHS reorganisations, copies of the procedures or policies in use at the time were not available.

The family then came to see me. We wrote to the chief executive of the Hull and East Yorkshire NHS trust to find out what current policies are being used. We also wrote to and had a meeting with Councillor Stephen Brady, leader of Hull City Council, and asked for a local inquiry to be held in Hull. Tina particularly wants that to happen because she knows of several other families who have had similar experiences, and they also want to know what happened to their babies' ashes.

**Ruth Smeeth** (Stoke-on-Trent North) (Lab): I thank the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) for calling the debate and I apologise that I have yet to be so involved in the campaign. Does my hon. Friend agree that families have been left heartbroken and ignored in their bereavement for far too long? The Turnock family, who are constituents of mine, have sought answers about their son's cremation at Bradwell crematorium for 22 years. That shows the scale of the issue, which is geographically disparate, as well as heartbreaking.

**Diana Johnson:** My hon. Friend makes the very important point that this has happened all over the country. In a few moments, I will say a few words about local inquiries and how they might fit into a broader national inquiry. However, these families deserve to know what happened. I know that many of these cases happened a long time ago, but local authorities and the Government should do whatever they can to find out what happened.

The Trowhills and I met Councillor Brady. At the time, we were waiting for the outcome of the Shrewsbury report, and Councillor Brady said that although he was sympathetic to the request for an inquiry, he wanted to see what the Shrewsbury report said.

Obviously, a few weeks ago we had the Shrewsbury report, and since then I have written again to Councillor Brady. Yesterday, I received a response from him and I will just read briefly from his letter. It says:

"As Mr & Mrs Trowhill reflected at our meeting in March, they believe that there can be no resolution for them in relation to William's ashes and therefore, given that the information given to Mr & Mrs Trowhill at the hospital was that there would be no ashes and that the Council acted in accordance with the instructions received from the funeral director, I do not intend to hold a local independent inquiry.

However, the Council fully supports the call for a national code of practice to provide consistency in the way in which the cremated remains of babies and infants are dealt with across the UK and for a single government department to be responsible for the regulation of crematoria and their operations. The Council also supports many of the recommendations of the Bonomy and Mortonhall Inquiries and we will write in support of such recommendations to the Cabinet Office."

He concludes:

"I therefore feel that a meeting with yourself and Mr and Mrs Trowhill could add nothing further at this time, but I can assure you that I will lend my support and that of the Council to lobbying for a national commission for England to be created."

I am very disappointed that we have not had the opportunity to have another meeting with Councillor Brady to discuss this matter. Although that letter is very much about the Trowhills, many other families could be affected by these issues and local authorities must try to find out what has happened in these cases, and be as transparent as possible.

The hon. Member for Shrewsbury and Atcham talked about many of the very sensible recommendations made by the Shrewsbury report, and I particularly support the recommendation of a national inspector of crematoriums—that is an excellent idea—and national guidelines and training. Because more and more cases are coming to light around the country, there is a case for local inquiries to be held, so that families can find out what happened in their area, if possible. Nevertheless, the proposal from Action for Ashes for a national crematorium investigation team, which was also mentioned by the hon. Gentleman, is certainly worth considering.

Such a team could deal with the issue in two ways. First, it could investigate the historical cases that have been mentioned. Secondly, it could work alongside individual local inquiries to pull together the common themes and threads that I am sure will become apparent; the issue of training seems to be a key one. While my constituents and I fully support calls for a local inquiry in Hull, we also want to see a national inquiry.

**Daniel Kawczynski:** I am grateful to the hon. Lady for her comments. When we had our own inquiry in Shrewsbury, it was very difficult and painful for the parents to relive their experiences, but it was also a very cathartic moment for many of them, and they really appreciated that, instead of a national inquiry, somebody in Shrewsbury was dedicated to their cases, spending time with them and hearing their experiences. I am very disappointed that in her area that has not been the case, and I reiterate that my constituents and other people concerned have really benefited from the independent local inquiry in our area.

**Diana Johnson:** I thank the hon. Gentleman for his intervention. It is very helpful to know that we have his support in that regard, and we will continue to see what we can do to change the mind of Hull City Council.

**Jeremy Quin** (Horsham) (Con): I am a Sussex MP, so, again, I am a long way away from the hon. Lady's constituency, but I know of another case—that of baby Jordan—in which a family was treated very similarly to the way that she has described.

One of the other advantages of having a local inquiry, to which my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) referred, is that it enables many other cases to be considered. I fear that we are seeing only the tip of the iceberg here and that, despite the wonderful work of Radio Shropshire, many other cases have not yet come to light. I suspect that local inquiries would enable a lot of other people to be helped in the way that my hon. Friend described.

**Diana Johnson:** That is absolutely correct.

[*Diana Johnson*]

I welcome the written ministerial statement that was published this morning. It suggests that the Government are looking at the recommendations from the Shrewsbury inquiry, and I hope that they will be able to act sooner rather than later. I also hope that the Minister might be able to give us some idea today of how long it will be before we have a final announcement from the Government on their intentions.

**Mr George Howarth (in the Chair):** Order. I will start calling Front Benchers from about 5.10 pm. If the two Members who still wish to speak could be mindful of that time scale, I would be grateful.

4.55 pm

**Victoria Prentis (Banbury) (Con):** Thank you, Mr Howarth, for calling me to speak. It is a pleasure to serve under you, and I will be as quick as I can.

I am very grateful to my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) for securing a debate on this important issue. On average, almost 20 very small babies die around the time of their birth every day in England and Wales. This issue is clearly significant for many families, and indeed for society as a whole.

I also have a constituent's story to tell, which raises a related but slightly different problem. In 2009, my constituent gave birth to a baby girl who, sadly, did not survive. My constituent was told at the time by the funeral directors that there would not be any ashes, because the body of her baby was too small.

Following the media attention on this issue, which has been mentioned by several Members today, and the campaigning by Action for Ashes, my constituent was moved to contact Banbury crematorium in June. She hoped to find out details of their practice at the time when her baby was cremated. Imagine her enormous surprise and distress when she was told that her baby's ashes were still at the crematorium, some six years on, waiting for her to collect them. She immediately went to pick up the ashes, as any mother would, and there was no difficulty in identifying them or in the crematorium handing them to her.

I understand that this is not an isolated case. I have written to crematoriums, because I understand that there are more babies whose remains are waiting to be collected; their families are simply not aware that their ashes are in crematoriums. Clearly, that is not acceptable—at the very least there has been a major breakdown in communication between the funeral directors, the crematoriums and the families. It is to be hoped that we can use these sad cases to inform debate and to consider how we can prevent such incidents from happening again.

I am grateful to my hon. Friend the Under-Secretary of State for Women and Equalities and Family Justice for meeting my constituent last week, and for the interest and sensitivity that she has shown in dealing with this difficult issue.

It is no longer necessary to have personal experience of the loss of a young baby to understand their importance in the eyes of their parents, grandparents and wider family. With recent advances in medicine, whereby some

babies survive after only 22 or 23 weeks' gestation, the perceptions of the whole of society towards these very important members of society have altered considerably. We may not be good at discussing death, but we all know that it matters how the bodies of these babies are treated.

The Scottish Government accepted all the recommendations of the Infant Cremation Commission and have established a national committee to ensure that they are implemented. I am keen that we learn from that work and move speedily to ensure that the rest of the UK does not lag behind in its provision for infant cremations.

I understand that both the leading professional organisations in the UK have adopted the wider definition of "ashes" to include remains from clothes, coffins and soft toys. This is good progress, but work must be done to ensure that the definition is applied in practice, and that small babies are always cremated in individual trays. A standard definition, and clear guidelines, would really help in this regard.

Clearly, work also needs to be done to ensure that funeral directors, crematoriums and families know exactly what is going on at each stage of the process. Care must be taken to ensure that both parents are involved in decision making. Obviously, many of the mothers who have given birth to these babies are unwell at the time, and enormous stress is placed on the families. It is very important that everybody is very clear at every stage of the process where the body of their baby is.

**Sir Edward Garnier (Harborough) (Con):** My hon. Friend is setting out the case most sensitively and powerfully. I am extremely grateful to her, as will be my constituents, Mr and Mrs Jones of Wigston Magna, whose son, Nicholas, died over 30 years ago. They have been living for the last 30 years with exactly the sorts of problems, traumas and distress that my hon. Friend is outlining. I am most grateful to her, on their behalf, for what she is saying.

**Victoria Prentis:** The pressures on the couple, dealing both separately and together with the loss of their child, are enormous, as all hon. Members know. Clearly, specialist staff training is needed to make sure that parents are helped in the best way. Many of us, whether we have lost children or other relatives, know that the actions of funeral directors and crematoriums can really make a difference in helping the living survive a bereavement.

5 pm

**Angela Crawley (Lanark and Hamilton East) (SNP):** It is a pleasure to serve under your chairmanship, Mr Howarth. I welcome the opportunity to contribute to today's business and thank the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) for securing such an important debate.

I offer my sincere condolences to the families affected by these tragic circumstances. No parent's grief should be compounded by the system that is in place to help them. It is clear from today's exchanges that this House and this Government must do all they can to ensure that this never happens again. Losing a child is an extremely traumatic experience and it is crucial that families are treated sensitively and given the support and information they need.

I place on the record my appreciation for the campaigners' work in bringing this scandal to light, and hope that we can all learn lessons from the inquiries that are bound to follow. In particular, I offer my thanks to Glen Perkins, the campaigner who formed the Action for Ashes organisation and delivered a petition containing 61,000 signatures to the Prime Minister's residence. To fight such an organised campaign in the face of such traumatic loss is commendable.

I assure the Minister that my motivation for engaging in today's debate is not political; now is not the time for point-scoring. I offer my experience and the experience of my colleagues in the Scottish Government. If the Minister is open to learning from our experience of the Mortonhall inquiry, I may further educate the Government's future inquiries, because it was only last year that we faced the same devastating situation in Scotland.

Stories of families losing their babies and being mistreated by local authorities were at the centre of the conversation across the country. It was heartbreaking to witness the events unfold and see how malpractice at crematoriums had impacted families' right to grieve. The families' pain is still real and the grief is still there, but because of decisive action from the Scottish Government, I am confident we will never find ourselves in this situation again.

The Scottish Government established the Infant Cremation Commission, chaired by the esteemed and independent former senator of the College of Justice, Lord Bonomy. The Commission's report told us that there were variable practices across the country and that, in many cases in the past, the interests of the baby and the bereaved family had not always been put first.

The report was an important stepping stone in resolving this problem and providing much-needed answers to the families involved. The Infant Cremation Commission made important recommendations to ensure that never again will any parent have to experience the pain of not knowing what happened to their baby's ashes. It made 64 recommendations and the Scottish Government agreed to all of them. In fact, they implemented the proposals as quickly as they could, without waiting for new legislation to be passed.

That included establishing a national committee tasked with implementing other recommendations in the report, including the development of a overarching national code of practice; allowing parents to be represented on the national committee; appointing an inspector of crematoria, which they did in March this year, to ensure a route is in place for anyone who may have a concern about how a cremation is conducted; and consulting on a Bill to implement the legislative recommendations. The Scottish Government also established a national investigations unit led by Dame Elish Angiolini, the former Lord Advocate, to investigate cases where parents are seeking answers to questions about what happened to the ashes of their own child. Although they have never ruled out a public inquiry, a national cremation investigation will look into every individual case, delivering more for parents more quickly than a public inquiry could. Perhaps this is a route the Minister could investigate.

I direct the Minister to the comments of her Scottish Parliament colleague, Jackson Carlow, the Scottish Conservatives' deputy leader:

"The Scottish Conservatives have previously called for a public inquiry, but in the light of the reports...we are now persuaded that, although a public inquiry should never be ruled out, the best

possible hope for parents who seek a resolution of their personal circumstances lies with the independent national investigation team."

The Scottish Government have also made up to £100,000 available for counselling services for parents affected who are most in need of support. I am sure this Government will make a similar commitment to ensuring that we do not witness a reoccurrence, and that consideration is given to the journey the Scottish Government has taken on this issue, which might help the UK find its own path in giving help and reassurance to families.

I close with a quote from one of my constituents, who lost their three-day-old son Lachlan, on the family's reflecting on the short life of their loved one and on their experiences at Glasgow crematorium:

"This is exactly what we wanted. All parents deserve an answer, all families deserve an answer and that's what we're going to get out of this investigation."

I hope the Minister's actions and the actions of her Government will deliver the same result for the parents of William, Jordan and other children.

5.6 pm

**Jenny Chapman** (Darlington) (Lab): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing this important debate on behalf of his constituents, many of whom have campaigned so hard on this matter.

We have had a good debate and have heard some powerful contributions. Some important issues have been raised. This is the least appropriate time for any kind of political knockabout. I welcome our having this discussion here in Westminster Hall. I wholeheartedly support the Minister in her endeavours to move this issue forward. I know that she will approach this in the right way. She has the complete support of both sides of the House, and I am sure she knows that.

We have had good contributions from my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) and the hon. Member for Banbury (Victoria Prentis). I particularly welcome the contribution of our colleague from Scotland, the hon. Member for Lanark and Hamilton East (Angela Crawley); I thank her for offering valuable insights and for the tone in which she offered them. That is very much appreciated.

I formally welcome the Minister to her post for the first time. I informally welcomed her to her post in the House of Commons hairdresser's, but as exchanges in the hairdresser's are not yet in *Hansard*—thank goodness!—I thought I should put that on the record.

**Mr George Howarth (in the Chair):** Order. I think that is too much information.

**Jenny Chapman:** It is good to see a woman back on the Ministry of Justice team; it has been a while.

It brings me no joy to respond on behalf of the Opposition, because as hon. Members have said this is a deeply troubling topic. It is good, though, that light is finally being shed on this issue. It seems that, as the hon. Member for Banbury said, attitudes are changing to neonatal death and stillbirth, and to miscarriage. That is a good thing. It is now being recognised as grief: it is grief. However, sometimes it has been dealt with in a slightly different way. It is good that attitudes are finally beginning to change.



[*Jenny Chapman*]

The availability of ashes after the cremation of an infant appears to have been dependent, at least in part, on the equipment and cremation technique used, and on how the relevant authority defined “ashes”. Neither the Cremation Act 1902 nor regulations made under it since provide a good definition. That is one of the problems that have emerged as we have discussed the issue today.

As we have heard and know from subsequent media reports, in some cases parents were told that no ashes would be recovered when in fact there had been ashes. I find this particularly shocking; those ashes were disposed of without the parents’ knowledge or consent. That is clearly wrong. It should never have happened, it must stop and I have confidence that the Minister will approach the issue and get it to stop. I am sure that all Members will share my sympathy and join me in extending our total support to bereaved parents who found themselves in that deeply unsettling position.

Members have gone through the recommendations of the various reports, so I will not repeat them, but I make it clear that Labour agrees with the Emstrey report. The Government should take steps to ensure a single and authoritative code of practice for baby and infant cremations. The Secretary of State should exercise his powers under the cremation regulations to appoint an independent inspector with powers comparable to those outlined in recommendation 63 of the Bonomy report. It is notable that that has already happened in Scotland. The inspector’s responsibilities should include the promotion of a single national code of practice on cremator technology and techniques for infant cremations so as to maximise the chances of the preservation of ashes that could be returned to the family. The cremation regulations should be amended in England, as they have been in Scotland, to give effect to the Bonomy commission’s definition of ashes. This is a bald, uncomfortable thing to say, but there is no point trying to sweeten it: the definition is

“all that is left in the cremator at the end of the cremation process and following the removal of any metal”.

The minimum standards of professional training and for continuing professional development should be introduced for crematorium supervisory and operating staff. A single official, reporting to a single Minister, should be given responsibility for co-ordinating the Government’s approach to cremation law and practice and for drawing together into a coherent whole the policies—including environmental policies—of different Departments on the subject. Arrangements should be made within Government for the Bonomy commission’s recommendations to be considered more widely for their applicability to infant cremation law and practice.

I know the Minister has studied the recommendations, and I welcome her timely statement issued today, but will she update us on what the Department is doing to implement the findings of the Shropshire report? It is important that we have something to go and tell parents following the debate.

Speaking before the election in response to the report, the right hon. Simon Hughes, the former Member for Bermondsey and Old Southwark and the Minister’s predecessor in her post, said:

“It is clear we need to have a much more consistent practice of burial and cremation across the country... We need to make sure we have absolutely the best standards in every part of the country and anything the inquiry recommends to me by the way of improved practice not just in Shropshire, but elsewhere, I would intend to follow.”

I have never agreed with anything he has said so much as I agree with that, and I hope the Minister agrees, too. Simon Hughes also indicated that changes would be made by the end of the year. Does the Minister’s Department still stand by that timetable? We know that a consultation has been proposed and could start very soon. Will she outline further details of the terms of that consultation? Which recommendations of the Shropshire report is she comfortable with going ahead on, possibly immediately?

In closing, I once again pay tribute to the hon. Member for Shrewsbury and Atcham for securing this debate. As we know, the issue was sadly not limited to Shropshire; it happened in many districts across the country. I am not sure we know how many districts and how many people have been affected. My hon. Friend the Member for Kingston upon Hull North has been campaigning on behalf of her constituents for many years. She mentioned one of those constituents, Mrs Tina Trowhill, who is demanding answers after she was told that there were no ashes following the funeral of her son William in 1994. I will finish on this point, because it sums it up well. Speaking to her local newspaper, Mrs Trowhill said:

“The crematorium system has changed a lot in the past few years but I don’t want it to ever slip back to how it was. There are still some changes I would like to see made”.

I pay tribute to her and all those who have been campaigning on this issue to try to ensure that no other parent suffers the misery they have gone through. I hope that the changes can be agreed and legislated for quickly.

**Mr George Howarth (in the Chair):** Before the Minister begins, I should say that it would be helpful if she took into account that the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) would like one minute to sum up before we conclude.

5.15 pm

**The Parliamentary Under-Secretary of State for Women and Equalities and Family Justice (Caroline Dinenage):** It is a great pleasure to serve under your chairmanship, Mr Howarth. I begin by extending my thanks to my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) for securing this debate and for the fantastic way in which he has championed his constituents on this important issue. I also express considerable thanks to all the Members here today, who have represented their constituents so heroically and sensitively.

The issue has been at the forefront of many people’s thoughts, including mine, since David Jenkins published his report into the historical practices at Emstrey crematorium on 1 June. I have been considering the report extremely carefully and am grateful to have this opportunity to discuss his findings further and to set out the next steps that the Government will take to ensure that the tragic events at Emstrey cannot happen again.

As my hon. Friend set out, last week I had a very helpful meeting with him, along with the bereaved parents who are members of the Action for Ashes

group, which was set up by the families affected by the non-return of their infants' ashes. It continues to support them and campaign for changes in the law. I am hugely grateful to those parents for travelling to London from all over the country to tell me of their experiences. Listening to them, I was struck by how palpable their pain remains and by the fact that the ashes of their babies were either not recovered or not returned to them, often for many years and in some cases for decades. The pain has not elapsed and not diminished, and the meeting will stay with me for many years to come.

Meeting those parents has strengthened my view that bereaved parents and other family members affected by the loss of an infant should never have to experience what those families have gone through. My meeting with the Action for Ashes group, my ministerial postbag and parliamentary questions from many Members from all parts of the House have shown that what happened at Emstrey was unfortunately not an isolated occurrence, as many Members have said today. We now know that other crematoriums either did not recover ashes or did not return them to parents. Whether there were no ashes following a cremation or the ashes were not given to parents, neither of those things is acceptable, and the pain of those parents is unimaginable.

**Sir Edward Garnier:** The Minister mentioned her ministerial postbag. Two of the letters in it came from me: one on behalf of the Jones family, whom I mentioned a moment ago, and another on behalf of Lisa Smith, whose daughter was cremated in the mid-1990s. Both those cremations took place at Gilroes crematorium in Leicester. Will she make a particular point of looking up those two letters so that she can reply to them as soon as possible? One of the parents of the Jones family met the Minister last week, but they would be most grateful for a personal letter from her, as would Ms Smith.

**Caroline Dinenge:** I will certainly do that as soon as I get back to the office. I will not spend too much time on the history, because it has already been outlined by a number of Members today. As the hon. Member for Lanark and Hamilton East (Angela Crawley) outlined, the Emstrey inquiry followed Lord Bonomy's infant cremation commission in Scotland, which reported in June last year. It concluded that crematoriums in Scotland had not returned ashes to families. That report followed on from Dame Elish Angiolini's report on the issue at Mortonhall crematorium in Edinburgh.

As we all know, David Jenkins's report on infant cremations at Emstrey was published on 1 June this year. It established that between 1996 and 2012 the Emstrey crematorium did not obtain ashes to return to families after the cremation of a baby or stillborn child. As we all know, the report contains 12 recommendations, of which some of the important ones are: to introduce a statutory definition of ashes; to implement a national inspector for crematoriums; to make a single Government official responsible for all cremation policies; to ensure that there is one code of practice for crematoria; and to consider all 64 of Lord Bonomy's recommendations. My hon. Friend the Member for Banbury (Victoria Prentis) also raised the need for training for crematorium staff and funeral directors. All those recommendations are important, and we will consider them carefully before responding, but I can say now that I am determined

that any regulations, both existing and future, must be followed and applied uniformly in all crematoriums throughout the country.

I am aware that many bereaved parents think that there should be a national investigation into the non-return of ashes, and I appreciate families' wish to know. It is deeply moving to have read about and heard at first hand the experiences of such families. The Emstrey report highlighted the fact that the crematorium did not recover ashes in 51 out of 53 cases over the 13 years. In my view, not only is 51 cases too high, but one would have been too many. We are focused on ensuring that no other parent has to suffer in that way. The Government's role is to ensure that in future two things happen: first, that there are always ashes in infant cremations, and secondly, that they are returned to parents. That would be the case whether there were thousands of affected families or one. The painstaking and insightful inquiries into Emstrey crematorium have led to very helpful reports with many important recommendations.

I am heartened to hear that some parts of the cremation industry now appear to be taking infant cremations seriously, and to hear of examples of good practice in dealing with families. There is a lot to build on. My hon. Friend the Member for Shrewsbury and Atcham has already outlined the changes that Emstrey crematorium has made since 2011. Its ownership has changed and there have been changes to its machinery, and it is now working with Shropshire Council to review and progress the recommendations outlined in the report.

More generally, we need to ensure that the industry knows, in no uncertain terms, what good looks like, and that good practice must be installed across the country. I am aware that the Federation of Burial and Cremation Authorities felt that Lord Bonomy's report, which came a year before the Emstrey report, had been a wake-up call for crematoriums. The FBCA and Institute of Cemetery and Crematorium Management codes of practice require crematoriums to recover ashes for families wherever possible. I also understand that crematoriums have been working with funeral directors to ensure good and consistent practice following both reports. The technology now allows for far more sophisticated cremation programmes for infants than 20 years ago, and such programmes increase the recovery of ashes after cremation.

We take very seriously the experiences of families who have encountered problems following the death of a loved one. They deserve services that are as sensitive as possible following a death. That is why I am encouraged that in the Budget earlier today, my right hon. Friend the Chancellor of the Exchequer announced a forthcoming review of crematorium facilities, cremation legislation and coroner services, to ensure that they are fit for purpose and sensitive to the needs of all users and faiths. That may not be the Budget commitment that makes the headlines, but it is very important to me.

The previous Government planned for the Ministry of Justice to amend its cremation regulations to dovetail with wider death certification reforms planned by the Department of Health. It was planned to make any changes regarding infant cremations at that time. That is not good enough for me. Bereaved families deserve better. I felt that when I first heard of the Emstrey report, and I feel it even more having met the families last week. I have been considering that timetable again in the light of the reports' recommendations. In particular,

[*Caroline Dinenage*]

I have been considering whether it will be possible to progress the work on infant cremations before the death certification reforms are implemented. As I indicated to the families I met last week, I believe we should act now. As I announced in my written ministerial statement this morning, it is my intention to consult on a number of changes to the Cremation (England and Wales) Regulations 2008 later this year. In answer to a couple of Members who asked when later this year, it will be as soon as possible, because I have absolutely no reason to delay.

My hon. Friend the Member for Shrewsbury and Atcham asked when the cremation legislation was last changed. It was changed in 2008, but we want to ensure that it does what it is intended to do, which is why we will consult on it. The hon. Member for Kingston upon Hull North (Diana Johnson) mentioned baby William from her constituency and the tragic events of 1994. That was before the implementation of the 2008 regulations. Now, parents, or another appropriate applicant, must sign an application form. Nevertheless, we will continue to look at all practices to ensure that they are being done properly. We will continue to work with the Department for Environment, Food and Rural Affairs, the Department of Health, the Department for Communities and Local Government, the Human Tissue Authority and the cremation industry stakeholders. We will consider all the report's recommendations as part of our consultation.

I want to cover one final issue. I am aware of many cases in which parents have not received ashes even when ashes were recovered. The 2008 regulations say that after a cremation, the crematorium must give the ashes to the applicant or their nominee. If they do not want the ashes or have no nominee, the cremation authority must retain the ashes and either decently bury them or scatter them. But parents have told me that that has not been the case. Our consultation will consider further how the regulations can be improved.

I want to leave some time for my hon. Friend the Member for Shrewsbury and Atcham to sum up. I welcome both the publication of the Emstrey report and the important chance to debate it today. I look forward to announcing more details of the consultation in due course, as soon as possible. I will do whatever I can to make sure that I do not hear of grieving families suffering in the future as they have in the past. Specifically, I will do all I can to ensure that, in future, any parent who has already had to endure the unimaginable pain of suffering the loss of a baby does not have to suffer in order to be reunited with their child's ashes.

5.26 pm

**Daniel Kawczynski:** I thank my hon. Friend the Minister for the way in which she has replied to the concerns we have expressed collectively today. I could not have asked for a better response. Families are watching the debate live in Shrewsbury. They have asked me to keep them informed of the progress we make, and, over the coming weeks and months, I will keep them updated about all the changes that we will hopefully make as a result of bringing this issue to the Minister's attention.

The Minister has seen at first hand Members' strength of feeling in the Chamber today. I referred earlier to my neighbour, the hon. Member for Ludlow (Mr Dunne), who was unable to be here. He asked me to read out a statement from him; many other colleagues in other jurisdictions in England have also approached me to say that they are interested in this case and that they know of similar cases. They have been looking to the Emstrey report to see what, if anything, can be done in their constituencies. I am very disappointed that the leader of Hull City Council has chosen not to conduct an inquiry. It has been extremely important for us to have one in Shrewsbury for the residents who are affected.

I would like to end by saying how delighted I was by the contribution from our colleague from Scotland, the hon. Member for Lanark and Hamilton East (Angela Crawley). As someone who believes in the Union, I do not think that we need to reinvent the wheel. If something very good is happening in another part of the United Kingdom—if they have already been through the process north of the border and started to put into place various safety measures to ensure that this does not happen there—I hope that the Minister will ensure that her advisers and officials take a trip north of the border to find out what is happening in that jurisdiction.

Thank you, Mr Howarth, for chairing this important debate. I very much look forward to hearing from the Minister in the coming weeks and months about the progress on this very important issue for our constituents.

*Question put and agreed to.*

*Resolved,*

That this House has considered the matter of the cremation of infants in England.

5.29 pm

*Sitting adjourned.*



# Written Statements

## JUSTICE

### Cremation Regulation

*Wednesday 8 July 2015*

#### TREASURY

##### Charter for Budget Responsibility

**The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne):** Today I have published a draft updated “Charter for Budget Responsibility”, copies of which have been deposited in the Libraries of both Houses. It sets out a new fiscal framework to entrench a commitment to reach surplus and maintain it in normal times.

The draft charter includes modified guidance to the Office for Budget Responsibility and has been published in line with section 6(4) of the Budget Responsibility and National Audit Act. This requires that if the Treasury proposes to modify the guidance to the Office for Budget Responsibility included in the charter, a draft of the modified guidance must be published at least 28 days before the modified charter is laid before Parliament. The updated charter will be laid before Parliament, and a debate and vote scheduled, in the autumn of 2015.

Attachments can be viewed online at:  
<http://www.parliament.uk/writtenstatements>

[HCWS87]

##### **The Parliamentary Under-Secretary of State for Women and Equalities and Family Justice (Caroline Dinenage):**

On 1 June 2015 David Jenkins published his report into the way infant cremations were carried out at Emstrey crematorium in Shropshire between 1996 and 2012. The report established that during this time the crematorium failed to obtain ashes to return to families after the cremation of a baby or stillborn child.

In addition, in Scotland in 2014 Lord Bonomy’s Infant Cremation Commission (ICC) reported that parents had in some cases been incorrectly told that there had been, or would be, no ashes from their infants’ cremations.

Scotland has already done much work in response to the ICC’s report. The Emstrey report, however, made several recommendations for Government. It also recommended that Government consider the ICC’s recommendations.

I am clear that bereaved parents should not have to experience the additional grief that those affected by the issues in Emstrey have faced. I am sadly aware of other bereaved families having had similar experiences elsewhere in England.

I am determined that the Government should do what they can to make sure that following a cremation infant ashes are returned to bereaved families.

We are considering the Emstrey and ICC recommendations in depth and will consult on proposals for a number of changes to the relevant legislation, the Cremation (England and Wales) Regulations 2008, later this year.

[HCWS88]



# ORAL ANSWERS

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