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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**
(HANSARD)

Tuesday 8 September 2015

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Prison Education

1. **Alex Chalk** (Cheltenham) (Con): What steps he is taking to improve the provision of education in prisons; and if he will make a statement. [R] [901211]

6. **James Berry** (Kingston and Surbiton) (Con): What steps he is taking to improve the provision of education in prisons; and if he will make a statement. [901216]

7. **Pauline Latham** (Mid Derbyshire) (Con): What steps he is taking to improve the provision of education in prisons; and if he will make a statement. [901217]

8. **Karl McCartney** (Lincoln) (Con): What steps he is taking to improve the provision of education in prisons; and if he will make a statement. [901218]

17. **Margaret Greenwood** (Wirral West) (Lab): What recent steps he has taken to improve the provision of education in prisons; and if he will make a statement. [901228]

The Lord Chancellor and Secretary of State for Justice (Michael Gove): Improving the education of prisoners is key to rehabilitation, but Ofsted inspections have revealed that one in five prisons have an inadequate standard of education provision, and that another two fifths require improvement. That is why, as we announced in this morning's written ministerial statement, I have asked Dame Sally Coates to chair a review of the quality of education in prisons. The review will report in March 2016.

Alex Chalk: Does my right hon. Friend agree that improving the literacy and numeracy of offenders is vital to increasing their employability and, with that, their opportunity to make a contribution to society?

Michael Gove: My hon. Friend is absolutely right. The levels of literacy and numeracy of many offenders in the system are far too low. If we can transform that

and provide them with the skills to hold down a meaningful job, they can be genuine assets to our society rather than liabilities.

James Berry: What role does my right hon. Friend think that new and outside providers could play in improving educational opportunities and outcomes in our prisons?

Michael Gove: There are some formidable organisations that want to improve the quality of education in our prisons. In my previous role as Education Secretary, I saw how a wider diversity of education suppliers can help to raise standards for all, and particularly for the most disadvantaged. I would like to see the same reforming vigour applied to the education of offenders.

Pauline Latham: I welcome the written ministerial statement that the Secretary of State mentioned earlier. He will be aware that some prisons, in addition to educating their inmates, provide educational opportunities whereby outside people come into the prison to help and give ex-offenders jobs when they leave. That is a way of preventing prisoners from reoffending, but the practice is declining. Will my right hon. Friend look into this, please?

Michael Gove: My hon. Friend makes a good point. One aspect of Dame Sally's critically important review will cover engagement with employers. I am delighted that the chief executive of Timpson, one of the most inspirational organisations employing ex-offenders, is part of the team that will help Dame Sally to ensure that education, employability and rehabilitation are all operating together.

Karl McCartney: I thank my right hon. Friend for his answers so far. Does he agree that the current provision of education in prisons, which seems to centre on the awarding of certificates, is insufficient and that we need to move towards a system in which the curriculum is written jointly with employers and focused on employment? Will he therefore consider connecting education in Her Majesty's prisons to Lord Baker's career colleges initiative?

Michael Gove: My hon. Friend is absolutely right. Offenders often feel that they have to complete courses in order to secure release, and that those courses are simply boxes to be ticked, and do not contribute to their employability. He is right to suggest that the visionary work carried out by Lord Baker to improve the quality of vocational education more broadly can help to inform what we give to offenders to give them a second chance.

Margaret Greenwood: In a Prisoners Education Trust survey, 83% of prisoners said that access to the virtual campus was poor. That is hardly surprising, given that prison staffing levels have fallen almost 30% since 2010. If the Secretary of State really wants to improve education provision in prisons, what is he going to do address that?

Michael Gove: The hon. Lady makes an important point about access to the virtual campus facilities. One of the reasons for the reduction in prison staff is that a number of prisons have been closed as part of the modernisation programme that took place under my

predecessor. I had the opportunity yesterday to talk to the governor of a young offenders institution who is taking steps to ensure that all the young offenders for whom he is responsible have access to virtual learning platforms. I would like to see how we can more effectively integrate cutting-edge technology with the provision of education for offenders.

21. [901232] **Helen Jones** (Warrington North) (Lab): The Secretary of State is right to stress the importance of education in helping to stop reoffending, but he seems to be completely unaware that classes are frequently cancelled and that wings are closed and locked down because of the shortage of prison officers. Will he now accept that the Government were wrong to cut the number of prison officers in the way that they have?

Michael Gove: A significant number of new and talented entrants to the Prison Service have been recruited. I am confident that if we give governors, in particular, a greater degree of operational flexibility, we will be able to tackle some of the problems that the hon. Lady rightly identifies.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Minister agree that all Governments, all Ministers and all parties have failed to do very much of significance in prison education? When I chaired the Select Committee on Education and Skills, we looked at this issue. I hope the new inquiry, which I welcome, will look at that because our recommendations are still relevant today. Is he aware that children with special educational needs, and particularly those with autism, often end up in prison? Will he examine the work of the Shannon Trust, which tackles the issue of literacy in prisons and gets prisoners teaching prisoners?

Michael Gove: The Shannon Trust work is excellent and I am happy to commend it to the House. The work it does—its Toe by Toe programme—ensuring that prisoners can mentor others and help them to read is exemplary. The hon. Gentleman's broader point is right; if we look back at the past, we see that we have not placed sufficient emphasis on ensuring that when prisoners are in custody we give them the tools to transform their lives for the better. That is absolutely vital and I know that he agrees with me on treating offenders as potential assets—as people who can contribute—rather than concentrating exclusively on the mistakes they have made in the past.

Jenny Chapman (Darlington) (Lab): I very much welcome Sally Coates's review and look forward to its findings. The Secretary of State will know that Ofsted says that outstanding learning cannot possibly be provided in prisons that are dangerous, violent and not safe. He needs to think about the fact that serious attacks on prison officers have risen by a third in the past year, with many prison officers working day in, day out in fear. I am talking about inexperienced staff; he has recruited many, but they are unencumbered by experience. Drugs and understaffing are endemic in the system. He must find those issues trickier to deal with, but what is he doing urgently to address them? Without addressing them, he will not achieve his aim of improving education.

Michael Gove: Those are very fair points from the hon. Lady. She is absolutely right about the increase in the number of incidents of violence in our jails. One factor driving that is the presence of new psychoactive substances—what have sometimes been called “legal highs” but are more properly, as the Under-Secretary of State for Justice, my hon. Friend the Member for South West Bedfordshire (Andrew Selous) has pointed out, called lethal highs. One thing that my right hon. Friend the Minister for Policing, Crime and Criminal Justice has done is introduce legislation in the Psychoactive Substances Bill, which I know has cross-party support and will help to deal with that. She is also right in saying that we need to ensure that the appropriate training and support is in place for prison officers. They put their security on the line every day to keep the rest of us safe, and everything we can do—for example, extending the roll-out of body-worn cameras—to ensure that their security is at the heart of our prison estate is worthwhile.

Jenny Chapman: That is probably the best answer I have had from a Secretary of State on the issue of prison officer safety, on what must be the 20th time of raising it, and we will hold him to the moves he has promised to make. But what happens inside prisons is only half the story. Will he ensure that the review examines continuity of learning on release? I ask that because I am concerned that, following the chaotic sell-off of probation, offenders are not being adequately supervised, risk-assessed or monitored. He knows that Sodexo has already laid off 600 staff, many of whom had good experience in providing offenders with suitable skills and learning placements.

Michael Gove: The hon. Lady is absolutely right to say that the transforming rehabilitation programme needs to be scrutinised very closely. I have had the benefit of talking to the trade unions that represent not just Sodexo employees but employees from across probation, and they have raised a number of genuine concerns, which I hope we can meet. More broadly, the opportunity to appoint a new chief inspector of probation, and indeed a new chief inspector of prisons, arises—the closing date for applications is this Friday. The current incumbents of both posts have done an excellent job, but it is really important that we have high-quality people who will hold to account the organisations responsible for the fate of offenders and ex-offenders.

Robert Neill (Bromley and Chislehurst) (Con): I welcome the appointment of Dame Sally and her review, and the emphasis that the Secretary of State placed upon rehabilitation in prison when he appeared before the Select Committee on Justice. Will he ensure not only that Dame Sally's work is linked in with the work done by Lord Harris of Haringey in his excellent report on the philosophy, in effect, of rehabilitation in prisons, but that we look at the expertise of not only the Prison Service, but those outside it in dealing with the raft of multiple issues that these offenders suffer?

Michael Gove: I absolutely agree. Lord Harris's report was a sobering reminder of the problems we face in our prison estate in managing some very vulnerable people who engage in self-harm and, in some cases, suicide. The recommendations that he made are receiving proper consideration in our Department. More broadly, the

point that the Chair of the Select Committee makes about engaging outside organisations is at the heart of the transforming rehabilitation programme. The extension of new powers to community rehabilitation companies, which my predecessor introduced, will increasingly bear fruit in the months to come.

Valerie Vaz (Walsall South) (Lab): Seventy-one per cent of women entering prison do not have any qualifications, so what assessment has the Secretary of State made of the tailored curriculum plan that was introduced in October 2014?

Michael Gove: The hon. Lady is absolutely right. One of my principal concerns is that far too often the courses that have been offered and the qualifications that have been available to women in prison have not reflected the genuine needs—the circumstances that led them into offending in the first place or the needs that they have when they leave custody. One thing that Dame Sally will be looking at is exactly what needs to change, and there are no options off the table.

Crispin Blunt (Reigate) (Con): In the days of the coalition I discovered as Prisons Minister that the budget for prison education was held in a Department led by our coalition ally. The result was that it became very difficult to achieve the objective of getting the commissioning of education in prisons into the hands of prison governors. Does the Secretary of State now have sufficient control to achieve that objective?

Michael Gove: My hon. Friend was an excellent Prisons Minister, and he is absolutely right that we need to give the governors greater control. The response that I have received both from the Secretary of State at the Department for Business, Innovation and Skills and the Minister for Skills, the hon. Member for Grantham and Stamford (Nick Boles), has been hugely encouraging. Obviously, we have Offenders' Learning and Skills Service contracts—the contracts that govern spending in prisons at the moment—which need to be honoured, but I hope that we might be able to move at pace to devolving responsibility to individual governors.

Bill of Rights

2. **Mr Virendra Sharma** (Ealing, Southall) (Lab): When he plans to open a consultation on proposals for a British Bill of Rights. [901212]

9. **Paul Blomfield** (Sheffield Central) (Lab): When he plans to open a consultation on proposals for a British Bill of Rights. [901219]

The Parliamentary Under-Secretary of State for Justice (Mr Dominic Raab): We will bring forward proposals on a Bill of Rights this autumn. They will be subject to full consultation. The preparation is going well. Given the hon. Gentleman's excellent work on the Joint Committee on Human Rights, I look forward to engaging seriously with him on the substance.

Mr Sharma: When the Minister's predecessor published his plans for reform of the Human Rights Act last October, the right hon. and learned Members for Beaconsfield (Mr Grieve) and for Rushcliffe (Mr Clarke)

complained that they contained "a number of howlers" and that they were "unworkable" and "bewildering". Is it not time for the Secretary of State to listen to his esteemed colleagues and to admit that those plans were written on the back of a cigarette packet from the very start?

Mr Raab: I thank the hon. Gentleman for his question, but I have to say that the Human Rights Act was also rushed. There was no period of consultation and it was introduced into Parliament in just six months, which is why it has proved flawed in practice. We will take our time to get the plans right, and we will take on board all the views that have been expressed. We want to restore some balance to our human rights regime, and that is what a Bill of Rights will achieve.

Paul Blomfield: Earlier this year, the Attorney-General described the European convention on human rights as "an excellent document", and I am sure that the Minister would agree. Our Human Rights Act allows British judges to interpret the convention in the British context. Will the Minister explain precisely how a new British Bill of Rights will change that situation?

Mr Raab: I thank the hon. Gentleman for his question. As he knows, there are many different ways in which we can implement the ECHR in domestic law. There are 47 states parties to the European convention, and they all do it slightly differently. We want to see greater authority for the Supreme Court—the Labour Government set up the Supreme Court and we do not think that it should be subordinated—and a greater respect for the legislative role of hon. Members in this place.

Mr Ranil Jayawardena (North East Hampshire) (Con): Does my hon. Friend agree that it is totally wrong for criminals and those who wish to do our country harm to be able to use the Human Rights Act against us? Therefore, does he agree that it is important that the new British Bill of Rights balances the rights of citizens that were not invented in 1998 with the responsibilities of the citizens that existed then and indeed that exist today?

Mr Raab: My hon. Friend is absolutely right. We want to protect fundamental rights, but we do not want to see them distorted by judicial legislation or abused by serious and serial criminals. Above all, we do not want to see human rights become dirty words in the minds of the public. That is what the Human Rights Act led to; our Bill of Rights will restore some balance.

Andrew Bridgen (North West Leicestershire) (Con): Will the Minister settle the nerves of some Members of this House by confirming that human rights existed in this country before the Human Rights Act and will continue to exist after the repeal of that Act?

Mr Raab: My hon. Friend is absolutely right. The convention already reflects a huge amount of the common law tradition but, as he says, Britain was a member of the convention and had a long tradition of respect for human rights before the Human Rights Act, and we shall have after it.

22. [901233] **Nick Thomas-Symonds** (Torfaen) (Lab): The rights contained in the European convention on human rights have been incorporated into our domestic law by the Human Rights Act 1998. Can the Minister guarantee that the British Bill of Rights will contain all the same rights as our citizens currently enjoy?

Mr Raab: I understand the hon. Gentleman's concern. I will not be drawn on the substance and detail of our proposals—[HON. MEMBERS: "Why?"] We will have a consultation and there will be ample time. We want to retain fundamental rights reflected in the convention, but we need to ensure their sensible application and proper respect for the Supreme Court of this country as well as for the democratic role of hon. Members in this place and their legislative function. Our Bill of Rights and proposals will be considering those areas.

Joanna Cherry (Edinburgh South West) (SNP): At Justice questions on 23 June, the Secretary of State said that human rights are a reserved matter under the devolution settlement. At a debate in Westminster Hall on 30 June, I urged the UK Government to reconsider that position, having regard to the precise terms of the Scotland Act 1998. Will the Minister confirm that his advisers have had the opportunity to study schedule 5 to the Act over the recess? Will he now accept that human rights are not listed there as a reserved matter and that if this Government therefore want to repeal the Human Rights Act and replace it with a British Bill of Rights they will be required first to consult the Scottish Parliament according to the Sewel convention?

Mr Raab: I thank the hon. Lady for her question. There will be full consultation and we are aware of the concerns that she and her party have raised. Revising the Human Rights Act can be done only by the UK Government, but at the same time the implementation of human rights issues are already substantially devolved to Scotland. Let me give one example. The Scottish Government have been criticised for failing to hold mandatory fatal accident inquiries when someone dies in a mental health institution. That is just one illustration, but the SNP needs to stop promoting the fiction that human rights in Scotland totally depend on or are threatened by Westminster and to focus more on living up to its own responsibilities.

Andy Slaughter (Hammersmith) (Lab): Many of the Minister's colleagues have much to say on human rights, but the Lord Chancellor has remained uncharacteristically guarded. At the time the Act came into effect, he said:

"The Human Rights culture is already spreading in our society, uprooting conventions on which our stability has rested... It supplants common sense and common law, and erodes individual dignity by encouraging citizens to see themselves as supplicants and victims to be pensioned by the state."

Does the Minister agree with that, and does it now represent Government policy?

Mr Raab: That is a very interesting set of insights into a range of problems with the Human Rights Act. There are two sorts of issues: how the Strasbourg Court operates, and how the Human Rights Act operates domestically. Wise people in the shadow Justice Secretary's party, from the noble Lord Irvine, one of the architects

of the Act, to the former shadow Justice Secretary, the right hon. Member for Tooting (Sadiq Khan), have pointed out the flaws in the Act and agreed that we need to look at them. We should have a sensible debate about its replacement, not silly point scoring or shrill scaremongering.

Andy Slaughter: Rather than our listening to my right hon. Friend the Member for Tooting (Sadiq Khan) being misquoted, perhaps the Minister would like to answer some questions. This week, leading civil liberties organisations warned that parts of the Trade Union Bill breached human rights, and last week the EU warned that countries such as Russia would take the lead from a British opt-out. This is very serious. Is that what the Government plan for the Human Rights Act: an attack on fundamental freedoms at home and an encouragement to human rights abuses abroad?

Mr Raab: A Labour Government enacted ID cards, and a Labour Government proposed 90-day detention without charge. The interim leader of the Labour party, the shadow Home Secretary and the shadow Justice Secretary voted for both those measures. We scrapped ID cards and cut detention without charge; we will take no lectures on liberty from the Labour party.

Tom Elliott (Fermanagh and South Tyrone) (UUP): The Minister will be aware that there has been some controversy surrounding proposals for a Northern Ireland Bill of Rights. I wonder whether he intends incorporating a Northern Ireland section within a British Bill of Rights.

Mr Raab: We are very mindful of the issues relating to a Bill of Rights in Northern Ireland. We will be consulting widely, including with Northern Ireland politicians, and will be very sensitive to ensure that we do nothing that would have a disruptive effect in the region.

Torquay Magistrates Court

3. **Kevin Foster** (Torbay) (Con): What assessment he has made of the effect of the closure of Torquay magistrates court on witnesses and other court users. [901213]

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): No decision has been taken to close Torquay magistrates court. A full assessment of the potential impact will be made once the consultation closes and responses have been properly analysed.

Kevin Foster: I thank the Minister for that answer. In Torbay there are real concerns that the closure of the court could see an end to justice locally, with victims and witnesses having to travel long distances for cases. Is he willing to consider options that would help retain some local justice within Devon's second largest urban area?

Mr Vara: My hon. Friend and I have spoken about this, and I commend his diligence in campaigning for his constituents. If there are other options, such as using other civic buildings—town halls and the like—I am very keen to consider them, so I hope that he will contribute to the consultation.

Several hon. Members rose—

Mr Speaker: Order. I gently point out that London, the north-west of England and Scotland are a notable distance from Torquay, to which this question is confined.

Employment Tribunal Fees

4. **Natalie McGarry** (Glasgow East) (SNP): If he will undertake a review of employment tribunal fees. [901214]

The Parliamentary Under-Secretary of State for Women and Equalities and Family Justice (Caroline Dinenage): On 11 June we announced the start of the post-implementation review of the introduction of fees in employment tribunals. The review will consider how successful the policy has been in achieving its objectives.

Natalie McGarry: It is clear that employment tribunal fees have acted as a significant barrier to justice, especially for women. Between April and June 2013 and April and June 2014 the number of sex discrimination-related employment tribunal claims fell by a staggering 91%. Does the Minister expect the figures for April and June 2015, which are due out this month, to show that women are continuing to be denied access to justice by employment tribunal fees?

Caroline Dinenage: Of course, we cannot pre-empt the review's findings; we will look at the figures in due course. I gently say to the hon. Lady that although we need a scheme that does not deter people from making legitimate claims, we must take what steps we can to divert people from potentially acrimonious hearings, which is why I am very pleased that ACAS's new early conciliation scheme has already been used by over 80,000 people in its first year.

Mr Jonathan Djanogly (Huntingdon) (Con): Does my hon. Friend agree that the more than 75% reduction in employment claims since fees were introduced shows how this Government are standing up for small business that have become exasperated by being repeatedly dragged through the tribunals, sometimes for no cause other than that the process was free for the claimant?

Caroline Dinenage: My hon. Friend makes an excellent point, and I very much agree. Fewer people are making tribunal claims. It is only fair that those who can afford to make some contribution to the cost of the service they receive should do so. It cannot be right that hard-working taxpayers should pick up the entire bill of around £71 million for employment disputes in tribunals.

16 [901227]. **Marie Rimmer** (St Helens South and Whiston) (Lab): Justice is a cornerstone of democracy, and access to justice is therefore critical. There are serious concerns about the Ministry of Justice's proposals to close St Helens county and magistrates court. The practical impact on travel would be very serious. The travel times within the consultation—

Mr Speaker: Order. I gently say that the hon. Lady is seeking to shoehorn into Question 4 the thrust of what she would have said in Question 16. It is something I did myself in the past, so there is no blemish on her record, but I think that we must leave it there, because it is too difficult to link it to tribunal fees.

Wayne David (Caerphilly) (Lab): The Secretary of State has said of tribunal fees that

"there is no evidence yet that the bar being set at a high level has meant that...claims...aren't being heard."

If the review produces such evidence—as I believe it will, if properly conducted—will the Minister give a cast-iron commitment to abolish the fees system?

Caroline Dinenage: I cannot of course pre-empt any of the findings of the review. We will be making recommendations at the end of the year and, in the meantime, we will be very happy to receive all Members' views.

Reoffending

5. **Mike Kane** (Wythenshawe and Sale East) (Lab): What steps he is taking to reduce reoffending. [901215]

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): Those sentenced to less than 12 months in custody will now receive probation supervision for the first time, as well as continuity of provision from custody into the community. Building on those reforms, we want to improve and expand learning, training and work in prisons.

Mike Kane: Over the summer I visited Thorn Cross prison in Cheshire to see the excellent Sycamore Tree restorative justice project. I also had the pleasure of visiting the Out There project—a charity that supports families in Greater Manchester to hold themselves together when their loved ones go inside. Both projects have had measurable impacts on reducing offending. Will the Minister join me in praising those types of projects and those who work in this field up and down the country?

Andrew Selous: I most certainly will. I had the pleasure of visiting Thorn Cross myself not so long ago. I met a number of prisoners who had undertaken the Sycamore Tree course, and they told me what a benefit it had been to them. I commend the hon. Gentleman very warmly for stressing the importance of families and strong family relationships for prisoners. The chief inspector of prisons highlighted that in his recent report, and he was right to do so.

Stephen Phillips (Sleaford and North Hykeham) (Con): My hon. Friend will know that last year, at the request of the previous Secretary of State, I wrote a report on former service personnel in the criminal justice system containing 15 recommendations designed to ensure that that cohort does better as regards reoffending rates. Will he update the House on how those recommendations are being implemented?

Andrew Selous: I am very grateful to my hon. and learned Friend. We are taking his report extremely seriously and working through the recommendations. In particular, I commend to him the work of the charity Care after Combat, with which I am sure he is familiar. Having spent a lot of time seeing its work, I can tell him that it is expanding across the prison estate and will help us to achieve the points he rightly raised in his review.

Greg Mulholland (Leeds North West) (LD): Cutting reoffending means giving prisoners the skills they will need once they leave prison. Yet a report by the Prisoner Learning Alliance, which meets this Friday in my constituency at Leeds Beckett University, shows that 58% of prisons judged last year by Ofsted require improvement or prove inadequate for learning and skills provision. What is the Department going to do about that?

Andrew Selous: The hon. Gentleman is right to raise these points. This can be done. Hollesley Bay recently had an outstanding Ofsted report, and where it leads, others can and need to follow. The combined PE, English and maths course taught in the PE department at Swaleside has been highly successful in getting hard-to-reach prisoners to engage in education. We need more initiatives like that. The Secretary of State has mentioned the Timpson academies. I would also mention the Halfords academy, the Clink restaurants, Census Data Group and many others that are doing outstanding work in the areas the hon. Gentleman rightly draws attention to.

Mr Peter Bone (Wellingborough) (Con): Does the excellent prisons Minister agree that to stop reoffending we need to close Victorian prisons and open more modern prisons? In Wellingborough, a prison that was modern and successful has been temporarily closed. Has he any plans to reopen it?

Andrew Selous: My hon. Friend is ingenious, as always, in the way that he poses his question. He is right that we need a fit-for-purpose prison estate. As for Wellingborough prison, I am afraid I have nothing to add to the answers I have given him repeatedly in the past.

Bill of Rights

10. **Peter Grant** (Glenrothes) (SNP): Whether he plans to include in the Government's proposed Bill of Rights protection of all the rights included in the European convention on human rights. [901220]

The Parliamentary Under-Secretary of State for Justice (Mr Dominic Raab): The hon. Gentleman will not have too long to wait for the consultation, which I have already spoken about. We will release it towards the end of the autumn. He raises a very good question, but I hope he will understand if I do not jump the gun by being drawn before then on the substantive detail of our plans.

Peter Grant: I understand the Minister's reluctance to be drawn into the substantive detail, but could he give an indication of the intended direction of travel? For example, can he assure us that the rights of refugees seeking asylum on this island will not be deteriorated in any way as a result of the repeal of the Human Rights Act?

Mr Raab: We are very clear about the absolute prohibition on torture, including in relation to the asylum regime. If the hon. Gentleman wants an overall steer, the major problems have been less with the text of the European convention than with its application. Some of those problems arise because of judicial legislation and others because of the operation of the Human

Rights Act. Those problems are acknowledged across the political spectrum, including by senior members of the judiciary.

Joanna Cherry (Edinburgh South West) (SNP): Can the Minister confirm whether the proposed Bill of Rights will grant all those living in the UK the same levels of protection, or will there be different levels of rights protection for different categories of person depending on whether they are a UK citizen or an EU or non-EU citizen?

Mr Raab: As I have said, I am not going to go into the substance and the detail. We will have plenty of opportunity to discuss that. There is already some variable geometry in the Human Rights Act in relation to the procedural framework, so we will be interested to hear the views of the SNP and other parties on those aspects.

Prison Officers: Assaults

11. **Mark Spencer** (Sherwood) (Con): What steps he is taking to ensure that prison officers are protected from assault. [901221]

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): The National Offender Management Service is totally committed to running safe prisons. Violence in prisons is not tolerated, and assaults on staff are completely unacceptable. Any prisoner who commits an act of violence can expect to have action taken against them. NOMS is undertaking violence reduction work in prisons to make sure there is strengthened handling of violence in terms of both prevention and response.

Mark Spencer: I was pleased to hear the Secretary of State refer to body-worn cameras. Can the Minister confirm that he will continue to push for the wearing of body-worn cameras, and does he recognise the impact they have on the safety not only of prison officers, but of prisoners?

Andrew Selous: My hon. Friend is absolutely right. We are currently trialling some 600 body-worn cameras in 24 prisons, which is absolutely the right thing to do. I saw them being used at first hand in Glen Parva recently, and both prison officers and prisoners reported that they felt a lot safer. I think they are leading to an increase in professionalism and general reassurance across the estate, and I warmly welcome their introduction.

Lady Hermon (North Down) (Ind): The Minister will be well aware that in Northern Ireland prison officers not only fear assault in prisons, but are in peril of their lives because of murder threats on a daily basis from dissident republicans. Thirty prison officers have been murdered in Northern Ireland. Will the Minister consult the Justice Minister in Northern Ireland on progress on the memorial garden that was supposed to have been set up to commend and commemorate the 30 murdered prison officers?

Andrew Selous: I am not familiar with the important issue the hon. Lady raises, but she has asked me to look into it and I commit to doing so and getting back to her.

HM Courts and Tribunal Service

12. Rebecca Pow (Taunton Deane) (Con): What assessment he has made of the effectiveness of the recent reorganisation of HM Courts and Tribunals Service. [901223]

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): The infrastructure supporting the administration of the courts and tribunals is in desperate need of reform to deliver faster and fairer justice for all citizens. The way the service operates is inefficient, disjointed and based on technology that is simply out of date. The reform programme, which is strongly supported by the senior judiciary, is a once-in-a-generation opportunity to create a modern, user-focused and efficient courts and tribunals service.

Rebecca Pow: Although I am aware of the proposed integration of Taunton tribunal service with the nearby magistrates court just down the road that will enable greater efficiency to the service, could the Minister kindly broaden the picture by confirming how many courts and tribunals were empty for more than half of their hearing time, which highlights other areas where efficiencies might be made?

Mr Vara: My hon. Friend is absolutely right to note the integration of the two sites in her constituency, which are within half a mile of each other. In 2013-14, 170 courts and tribunals—more than a third of the total number—were empty for more than half their available hearing time. The current court estate is clearly inefficient and underused. Our reform programme is an opportunity to create a modern, more user-focused and efficient service that better serves the taxpayer.

Sue Hayman (Workington) (Lab): Workington court in my constituency is one of the courts up for closure. I want to ask the Secretary of State about the impact that that will have on my constituents getting to courts. He recently said that when looking for courts up for closure:

“What we tried to do was to make sure that the time it will take for any citizen to travel to court remains less than an hour.”

Currently, it takes less than half an hour for 83% of my constituents to get to court.

Mr Speaker: Ahem.

Sue Hayman: I will be very quick.

If the court is closed, 58% will take up to two hours if they have a car, and 43% will take over two hours by public transport. Does the Minister consider that acceptable, and will he look at it again?

Mr Vara: May I first assure the hon. Lady that this is a consultation and that no decisions have been taken so far? We want to be modern and to move into the 21st century, during which many people will simply not have to travel to courts, whatever the distances. We are moving to using video conferencing facilities, particularly for victims and witnesses. Courts are already doing that with prisoners, so the travel element will diminish.

Philip Davies (Shipley) (Con): It is now a considerable time since the Government closed down Keighley magistrates court in Bingley in my constituency and moved the operation to Bradford. Yet the magistrates

court in Bingley is still lying idle, costing the Government money in maintaining it and not doing anything for the local economy in Bingley. Despite my badgering the Minister about this on many occasions, not a great deal seems to have happened. May I urge him to pull his finger out and get on with selling this building and bringing it back into use, which is much needed for the local economy?

Mr Vara: I thank my hon. Friend for his characteristic contribution to Justice questions. We have spoken about this matter, including with him. I assure him that the small number of courts remaining to be sold includes his, and we are working on it.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Does the Minister agree that the proposed closure of magistrates courts in rural areas, such as Dolgellau, where it is impossible to reach alternative courts in time by public transport, will in effect shift the cost of justice on to victims and witnesses, who participate in the justice system through no fault of their own?

Mr Vara: I assure the hon. Lady that we have been particularly careful to take account of rural areas, such as those in Wales. I reinforce the point I made earlier that many people will not be required to attend court; that will apply only in some cases. Where people have such difficulties, they can speak to court officials to try to ensure that their cases are listed at a more acceptable time.

Magistrate Court Closures

13. Tom Pursglove (Corby) (Con): What assessment his Department has made of the effect on travelling distances and catchment areas when considering closures of magistrates courts. [901224]

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): Under the current consultation proposals, it will still be the case that over 95% of citizens will be able to reach their required court within an hour by car, a change of just 1% for Crown and magistrates courts and 2% for county courts. The proportion able to reach a tribunal within an hour by car will remain unchanged at 83%.

Tom Pursglove: If Corby magistrates court is closed, some of my constituents in Corby and east Northamptonshire would have to drive for more than an hour to get to the nearest magistrates court, and many of those journeys would be impossible by public transport. I am very grateful to the Minister for agreeing to meet me and local magistrates to talk about this, but what consideration has been given to this particular problem in Corby?

Mr Vara: As my hon. Friend says, we have corresponded about this problem and we have agreed to meet some of his constituents. I reassure him that this is a genuine consultation and that no decisions have been taken. If he has concerns, I very much hope that he and his constituents will make submissions to the consultation, which I assure him will be given very careful consideration. I hope he will contribute to that.

Ann Coffey (Stockport) (Lab): The consultation document on proposed court closures in Greater Manchester discusses the future use of non-court buildings, which I would support, particularly for pre-recording the cross-examination of evidence from vulnerable child witnesses. Will the Minister give us more detail of his thoughts, because it is important for the protection of vulnerable witnesses that the right courts are closed in the right places?

Mr Vara: I am grateful to the hon. Lady for echoing the support for what we are trying to achieve. We are not setting any limitations at the moment; we are in listening mode. Where there is an under-utilised court, I envisage facilities being used for a couple of days in a town hall, for example. Perhaps the chamber or another available room may be rented. It does not have to be a public or civic building, but such buildings come to mind instantly. Currently, people can go to nearby facilities and give evidence via video conferencing so that they do not have to go to court, which is particularly helpful for vulnerable witnesses and victims.

Andy Slaughter (Hammersmith) (Lab): The Minister should listen to Members from all parts of the House on this issue. Although he says that this is a consultation, he is already assuming that an hour by car is a reasonable distance. Of course, many people, particularly in rural areas, do not have access to a car. Cases in magistrates courts are taking a week longer than they did four years ago and dozens of magistrates are resigning over the unworkable courts charge. Is not the Government destroying local justice?

Mr Vara: The hon. Gentleman speaks about listening. Perhaps he might take his own advice and do some listening as well. The Government are proposing to undertake a once-in-a-generation reform of the courts system and estate. It would be helpful if he co-operated and supported us in achieving what will be of ultimate benefit to the consumer and the public. They will benefit by getting faster and better justice, and Britain will remain world renowned for legal services.

Court Closures

14. **Gareth Johnson** (Dartford) (Con): What assessment he has made of the effect on the provision of justice of proposed court closures. [901225]

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): The current courts system is unsustainable and we want to create a more modern, user-focused and efficient service that is better for all. Ensuring that the public can access courts when they need them will be uppermost in my mind when considering the future of any court, once the consultation closes.

Gareth Johnson: It is disappointing that my local court in Dartford has been earmarked for closure. Will the Minister please assure the House that when he decides which courts will be closed, he will give weight to the valid argument that local justice is at its best when meted out by local people in a local courthouse?

Mr Vara: My hon. Friend is another Member who is doughty in speaking up for his constituents and I commend him for that. Again, as far as Dartford magistrates

court is concerned, I assure him that no final decisions have been taken. Local justice is important and I am open to suggestions of other venues. I reiterate that we have the potential to use video conferencing. Lawyers are already using telephone conferencing. Two sets of lawyers will have a three-way conversation with a judge in chambers, rather than going to court as they did in old times. We must make use of modern technology if we are to keep pace with the 21st century.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I remain concerned about the proposed closure of Feltham magistrates court, following the closure of Brentford magistrates court. I am concerned that it will break the fundamental link between local people and the justice system, and not just because of the travel issues. Feltham magistrates court has been successful in running school competitions to increase understanding of the justice system. Is the Minister concerned about the collective impact of the proposals, alongside the closure of police stations, on people's relationship with the justice system and on its effectiveness in our communities?

Mr Vara: The hon. Lady and I have spoken about the proposals in her constituency. I am confident that the connection that police and the local justice system have with the local community will remain strong. The only thing that will happen is that we will move to a 21st-century legal system. I emphasise that the proposal has the total backing of the senior judiciary. They are the people who operate within the courts and they support the proposals.

Parliamentary Questions

15. **Paul Flynn** (Newport West) (Lab): What steps his Department is taking to ensure the (a) timeliness and (b) accuracy and quality of the content of answers to parliamentary questions by his Department. [901226]

The Minister for Policing, Crime and Criminal Justice (Mike Penning): Written parliamentary questions are something I take extremely seriously, not least from the time when I was sitting on the Opposition Benches and asking Ministers questions. They should be answered on time and be as accurate and as informative as possible.

Paul Flynn: It took three questions to get answers that would have been adequately given in one word: "None." The first question was, "How many prisons in Britain are free of illegal drug use?" The answer was that 81 were free for one month. The second question was, "How many were free for a year?" The answer was that one was free for a year—Blantyre House had not reported any drug use for a full year. The third question revealed that, during that period, Blantyre House had no prisoners, so the answer to drug use in prisons is not to get rid of the drugs, but to get rid of the prisoners. What was the Minister on when he gave that answer?

Mike Penning: Clearly, the questions were answered accurately. Of the 15 questions the hon. Gentleman has asked in this Session, 14 have been answered on time, and just as accurately as the other one.

Mr Speaker: I had intended to suggest that the hon. Member for Newport West (Paul Flynn) seek an Adjournment debate until I realised that he had in fact just conducted it.

Topical Questions

T2. [901238] **Kirsten Oswald** (East Renfrewshire) (SNP): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Michael Gove): I wanted to take this opportunity to thank the leadership of the criminal solicitors profession and the criminal Bar in England and Wales. Over the course of the summer, they felt it necessary to take action to show that they had legitimate concerns about the operation of reforms to legal aid. Thanks to the constructive dialogue that we have had with them and with Ministry of Justice civil servants, we are now in talks to ensure that access to justice can be enhanced and, at the same time, that the quality of advocacy improves.

Kirsten Oswald: According to newspaper reports, people recently subjected to the £150 basic criminal courts charge, which was introduced by the Secretary of State's predecessor, on top of other penalties included a man who stole three bottles of baby milk and a homeless man who stole a bottle of Red Bull. Will the Secretary of State agree to an urgent review of the effect of that ludicrous charge on the recovery of compensation for victims, the pressure it puts on people to plead guilty, and its straightforward iniquity?

Michael Gove: I have been made aware of widespread concern about the operation of the criminal courts charge, but it is important to stress that the charge is levied or taken from the offender only after other fines have been paid. It is important that the legislation is understood as having made it clear that the charge should be linked to ability to pay—the payment of that charge in due course should be linked to the offender's means. We are going to review the criminal courts charge, but it is important not to rush to judgment, because we have to ensure that a change that was made and approved by the House in order to ensure that our justice system is fair, and that those who offended pay their way, is given time to bed in, so that we can form an appropriate judgment in due course.

T3. [901239] **Matt Warman** (Boston and Skegness) (Con): Skegness court is one of the most underused in the country and one of the least able to cope with vulnerable prisoners. I am not sentimental about the building, but will the Minister assure me that we can still dispense justice locally in Skegness, perhaps in another facility?

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): I can certainly give my hon. Friend that assurance. I very much look forward to hearing of any options he has when he responds to the consultation.

T4. [901240] **Paul Blomfield** (Sheffield Central) (Lab): The National Audit Office has estimated that between 160,000 and 220,000 careworkers are illegally paid

below the national minimum wage, but if they seek redress, those workers, without money, are expected to pay hundreds of pounds in employment tribunal fees. Does the Secretary of State accept that his Department's tribunal fee policy makes a mockery of the Prime Minister talking tough on poverty pay?

Michael Gove: I take the hon. Gentleman's concerns very seriously. The Prime Minister last month made it clear that we will put in place new enforcement mechanisms to ensure that all employers live up to their responsibility to pay an appropriate wage for the job. That enforcement mechanism and that investigatory mechanism will ensure that those people, whom the hon. Gentleman and I both care about, are paid the right rate for the job.

T5. [901241] **Sir Simon Burns** (Chelmsford) (Con): Will the Minister with responsibility for prisons tell the House when the inquiry that is currently being held into allegations of a prisoner from Chelmsford prison engaging in sexual activity in an NHS hospital will be concluded? If the allegations, which were published in *The Sun* newspaper, are proved to be true, what action will be taken against the prison officers who were meant to be keeping an eye on that prisoner?

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): I agree with my right hon. Friend that what took place was completely unacceptable. I can tell him that very thorough investigations are currently taking place. They have not yet been concluded, although some staff have been suspended. I can also tell him that every governor has been written to in the strongest possible terms and told to take immediate action to ensure all escorts and bed watches are properly conducted.

T7. [901243] **Kate Hollern** (Blackburn) (Lab): When the criminal courts charge was introduced, Labour warned that the lack of judicial discretion would result in miscarriages of justice, with people pleading guilty to avoid additional cost. It concerns me that people may be pleading guilty to save money in the short term. That will have a longer term impact on employment opportunities. Does the Minister think that is right and fair?

Mr Vara: I very much hope that if people are innocent, they will plead innocent. It is important to remember that the charge is levied at the end of all the other charges—costs, compensation, victims' surcharge and so on. The charge is also based on ability to pay, so if people are having difficulty, they will not be forced to pay. If they do keep to their payments, no matter how minimal they are, then after two years the rest of the sum is actually scrapped.

T6. [901242] **Michael Tomlinson** (Mid Dorset and North Poole) (Con): Does my hon. Friend agree that on a complex constitutional Bill, such as the British Bill of Rights, it is important that time is taken and there is proper consultation so that all the issues can be considered, unlike in 1997 when the Human Rights Act was introduced?

The Parliamentary Under-Secretary of State for Justice (Mr Dominic Raab): My hon. Friend is absolutely right. I agree with him wholeheartedly. I know that he understands

from his work at the Bar, which ranges from social housing to criminal law, the importance of getting the detail right. We look forward to hearing his contribution as the consultation and proposed legislation goes forward.

T9. [901245] **Neil Coyle** (Bermondsey and Old Southwark) (Lab): Lambeth county court serves my constituency. Will the Minister clarify whether the court met the Department's definition of underused or surplus, if 50% of its available hearing time went unused? What assessment has the Department made of the impact of its potential closure on my constituents?

Mr Vara: No firm decisions have been made at the moment. The consultation document has individual papers as far as each individual court is concerned. They are quite comprehensive. If the hon. Gentleman has issues and concerns, I am happy for him to write to me and I am happy to correspond with him while the consultation is taking place.

T8. [901244] **Chris Heaton-Harris** (Daventry) (Con): Last week, the Youth Justice Board announced that the contractor running the Rainsbrook secure training centre in my constituency will change shortly. What discussions has the Minister had to help to ensure that the centre and its staff have a smooth and timely transition to the new contractor?

Andrew Selous: We obviously share my hon. Friend's concerns about what happened at Rainsbrook. There was a rigorous inspection. There will be a further inspection and we will make absolutely sure that the new contractor maintains the highest possible standards.

Ms Margaret Ritchie (South Down) (SDLP): The Good Friday agreement is an international treaty that is hardwired into the provisions of the Human Rights Act 1998 in order to protect the civil liberties and human rights of citizens. Will the Secretary of State or the Minister ensure that there is no repeal of the Human Rights Act?

Mr Raab: We are very mindful of any potential impact of our reform on the Good Friday agreement and the wider settlement. We will pursue our reform of the Human Rights Act with those considerations in mind.

Mr David Burrowes (Enfield, Southgate) (Con): A key value of Tottenham magistrates court, which is earmarked for closure, has been the delivery of local, visible justice. Will the Department seriously consider Enfield's civic centre, or other community buildings, so that young people in particular can see it as a place where first hearing youth courts can take place and deliver effective local justice?

Mr Vara: I am grateful for my hon. Friend's contribution. Yes, I am more than happy to consider other venues. I very much hope he will submit that suggestion, as well as any other venues that he may deem appropriate, formally to the consultation.

Marie Rimmer (St Helens South and Whiston) (Lab): There are serious concerns about the proposed closure of St Helens county and magistrates court. It is a well-

used, fit-for-purpose building and it was only in 2012 that £1.7 million was spent to accommodate the county court. The consultation document states that 95% of attendees will be able to travel within an hour, but no consideration has been given to outlying areas of our borough. Although there is a direct transit bus and rail, there is no direct—

Mr Speaker: I think we have probably got the thrust of it. It is a learning curve for new Members. It was a learning curve for me.

Stephen Pound (Ealing North) (Lab): I do not remember that!

Mr Speaker: What, that I ever learnt? [*Laughter.*] Topical questions are supposed to be a little shorter.

Mr Vara: I am pleased that the hon. Lady was able to get her contribution in at the end. As I said, this is a consultation and no firm decisions have been taken. I know she has written me a comprehensive letter, to which I have responded, but that was a while ago, so I am happy to have further correspondence with her, if necessary.

Peter Aldous (Waveney) (Con): The Minister already knows my views on the unacceptability of the proposed closure of Lowestoft court. Is he aware that if the proposed closures of Lowestoft and Bury St Edmunds go ahead, Suffolk will be the worst English county in terms of magistrates courts per square mile, with one court covering 1,466 square miles, compared with 692 square miles in Norfolk, 355 square miles in Essex and 655 square miles in neighbouring Cambridgeshire?

Mr Vara: It is clear that people in Suffolk are more law-abiding. My hon. Friend and I have of course met and corresponded, and I am happy to continue that engagement. No firm decisions have been taken, and I commend him for the conscientious way in which he speaks up for his constituents.

Nic Dakin (Scunthorpe) (Lab): If the proposed closure of Scunthorpe magistrates and family court goes ahead, people living in Hibaldstow, Scawby and Redbourne will have to travel more than two and a half hours by public transport each way to access the courts system. Will the Minister take up the challenge from Mandy Talbot, the chair of the local bench, to come to Scunthorpe and look at the practical effects of these proposals on the delivery of local justice before he makes a decision?

Mr Vara: As I have said a few times already this Question Time, it is intended that many people who currently travel to courts will not have to do so. Access to justice does not simply mean an actual physical presence in a court. If, however, the hon. Gentleman and his constituents want a meeting, I am more than happy to meet them.

Mr David Nuttall (Bury North) (Con): Court users in Bury realise that the best use has to be made of the court estate, but will the Minister confirm that if they come up with an alternative set of proposals to reorganise the court structure in Greater Manchester, they will be given genuine and serious consideration?

Mr Vara: I can certainly give my hon. Friend that assurance. We will be treating all submissions carefully. No decisions have been made yet. We are proposing a radical new direction for the future of our courts system, and if sensible proposals are made, we will certainly consider them.

Hannah Bardell (Livingston) (SNP): The Secretary of State will no doubt be aware that in their programme for government 2015-16 the Scottish Government said that they would abolish employment tribunal fees using powers to be devolved under the Scotland Bill. Will he now recognise that the introduction of those fees has prevented access to justice and follow the Scottish Government's lead by abolishing those fees across the UK so that all workers in the UK can afford to have their cases heard?

Michael Gove: I look forward to seeing what happens in Scotland as a result of devolution. One of the great things about devolution is that different parts of the UK have the opportunity to do different things and we can all learn from one another. For that reason, I was absolutely delighted when the First Minister of Scotland just last week adopted our policy on primary and secondary school testing after years when the gap between rich and poor in Scotland had grown wider and the gap between rich and poor elsewhere had narrowed. At last the SNP are learning from what this Government have achieved.

Mr Speaker: We are extremely grateful.

Mr Philip Hollobone (Kettering) (Con): How many foreign national offenders are there in our prisons, and will any effective action be taken during the lifetime of this Parliament drastically to increase the numbers returned to secure detention in their own countries?

Andrew Selous: I commend my hon. Friend's diligence in continuing to raise this matter. The answer to his second question is absolutely yes. On the specifics, 10,512 foreign national offenders were in prison at

30 June 2015. It is important to say that of those, 6,386 were sentenced prisoners; 2,231 were on remand; and 1,669 were non-criminal, mainly immigration detainees. The number has reduced since 2010. The Home Office returned more than 5,000 last year. We will ensure that all eligible Polish prisoners are considered for transfer in December 2016. We are discussing a compulsory prisoner transfer agreement with Jamaica, and we are close to signing a prisoner transfer agreement with Iraq.

Mr Speaker: No one can doubt the comprehensiveness of the hon. Gentleman's response, for which we are extremely grateful.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The National Audit Office, the Public Accounts Committee and the Select Committee on Justice have been critical of the Government's lack of understanding of the knock-on costs of their reforms to legal aid. Is it not now time that the Government reviewed them to ensure that cost shunting does not happen and that effective justice is available to those who need it?

Michael Gove: Let me take this opportunity to congratulate the hon. Lady on her election as Chairman of the Public Accounts Committee. I know she will do that job brilliantly. She is absolutely right: changes to legal aid touch on the very heart of the principles of equal access to justice that we all hold dear. That is why I have been in intense talks with representatives from both the Bar and the solicitors' profession in order to ensure that we can maintain access to justice and enhance the quality of advocacy in our courts.

Several hon. Members *rose*—

Mr Speaker: I am sorry to disappoint remaining colleagues, but it seems that Justice questions are becoming an increasingly hot-ticket occasion, if I can put it that way—and credit will doubtless be claimed by all sorts of participants.

Northern Ireland: Political Situation

12.36 pm

The Secretary of State for Northern Ireland (Mrs Theresa Villiers): With permission, Mr Speaker, I would like to make a statement on the political situation in Northern Ireland. Over recent days, I have been involved in a series of discussions with the Prime Minister, the five largest parties in Northern Ireland and the Irish Government. On Thursday, we announced a fresh round of intensive cross-party talks. Those talks will begin in Stormont this evening and they will be conducted in accordance with the established three-stranded approach.

The Government's objectives are clear. We are committed to working with Northern Ireland's political leaders to ensure that we have a fully functioning Assembly, able to deliver for the whole community; a Northern Ireland where a stronger economy brings greater prosperity for all; and a Northern Ireland that is no longer defined by its divided past, but by its shared future. But to achieve this we need urgently to tackle the two main sources of current political instability. These are, first, the issues arising from continued paramilitary activity and, secondly, the implementation of the Stormont House agreement.

Turning to the first of these, on 12 August a prominent republican, Kevin McGuigan, was brutally murdered in the Short Strand area of east Belfast. This followed the gunning down of another senior republican, Gerard Davison, in the Markets area of Belfast in May. While it is not yet possible to know with certainty who was responsible for these murders, on 22 August the Chief Constable set out the Police Service of Northern Ireland's assessment of the McGuigan case. This was the Chief Constable's estimate at that date, but we should recognise that we do not yet know where the investigation will ultimately lead.

The Chief Constable confirmed that the police were following a line of inquiry that indicated that members of the Provisional IRA were involved in the crime. He said that the PSNI did not at that stage have information to indicate that this involvement was sanctioned or directed at a senior or organisational level in the Provisional IRA. On the status of the Provisional IRA, the Chief Constable's assessment was that some PIRA organisational structures still exist, but for a radically different purpose from before. His view was that the organisation was committed to a political path and was no longer engaged in terrorism, although some current and former PIRA members continued to engage in criminal activities for personal gain and for personal agendas.

I do not intend to comment further on what is a live police investigation. The PSNI must be allowed to pursue its lines of inquiry wherever the evidence leads. The police assessment I have outlined may change over time, but I want to make this clear: there was never a justification for politically motivated violence in Northern Ireland, from whichever side of the community it came. During the troubles, paramilitary organisations inflicted huge suffering on thousands of ordinary people. These organisations should never have existed in the first place; they should not exist today, and they should disband.

For our part, the Government believe fundamentally in the rule of law. We will not compromise it. We stand fully behind the Mitchell principles of democracy and

non-violence. Only parties committed to exclusively democratic and peaceful means can or should be eligible to participate in Northern Ireland's political institutions.

I believe that all the parties in the Northern Ireland Executive are committed to those principles, but I am fully aware that the fallout from the murder of Kevin McGuigan and continued existence of PIRA structures is a cause of grave concern, as is the continued existence of other paramilitary groups. So we have moved swiftly to convene talks to address these matters and to consider how best we can make progress towards the day when paramilitary groupings are consigned once and for all to Northern Ireland's history.

The second matter for consideration in the talks is the implementation of the Stormont House agreement. The Government believe that the agreement is the best hope of building a brighter, more secure future for Northern Ireland, but for that to happen, it is essential that the agreement is implemented in full by all those who participated in the negotiations last autumn. We are delivering on our side of the deal.

In March, we passed legislation to open the way for the devolution of corporation tax powers. In line with the Queen's Speech, we are on course to introduce a Bill in October to set up important new institutions to help deal with the painful legacy of the past, and we are now releasing funding to enable the planned voluntary exit scheme to proceed in order to take forward much-needed public sector reform.

The manifesto on which we were elected commits us to working with each of the other participants to ensure that all aspects of the agreement are implemented. That has to include the financial provisions of the agreement—including welfare reform. Without welfare reform and measures to deal with in-year pressures, the budget passed by the Executive in June simply does not add up. This raises the real prospect that the Executive will start running out of money, with resulting damage to front-line public services such as hospitals, schools and policing.

In those circumstances, the Government cannot stand by and let this situation drag on indefinitely, with Stormont less and less able to deliver key public services. As a last resort, we would be prepared to legislate here at Westminster for welfare reform in Northern Ireland, but I must emphasise that we would do so reluctantly and only after we had exhausted all the realistic alternatives. By far the better outcome would be for the Northern Ireland parties to reach agreement to resolve this blockage themselves without the need for Westminster intervention. I still believe that is possible, and that is why we will press ahead with talks this evening, determined to see the implementation of all aspects of the agreement.

We are a one nation Government and we want to build a Northern Ireland where politics works, the economy grows, and society is stronger and more united. We strongly support the power-sharing devolved institutions established under the Belfast agreement. The future of these institutions is in jeopardy if the two very serious matters I have outlined here today are not resolved.

I do not underestimate the challenges we face, but I believe that a way through can be found. That is what we will be striving to achieve as we embark on this new talks process with urgency, focus and determination. Northern Ireland political leaders have shown remarkable courage over the last 20 years and have achieved truly

great things by working together. We need to show that same spirit over the next few short weeks. I commend this statement to the House.

12.43 pm

Stephen Pound (Ealing North) (Lab): I sincerely thank the Secretary of State for advance sight of her statement, and I would like to apologise to the Secretary of State and the House for the absence of my hon. Friend the Member for Bury South (Mr Lewis), the shadow Secretary of State, who has asked me to relay his apologies for not being in attendance today. He has to be in Belfast for the launch of the Heenan-Anderson commission report.

The official Opposition strongly support the UK and Irish Governments' decision to convene all-party talks this week in an attempt to secure a positive way forward on the challenging issues raised by the murder of Kevin McGuigan Sr and its aftermath, together with implementation of the Stormont House agreement. There is no doubt that a combination of real concerns following the Chief Constable's assessment in relation to the status of the Provisional IRA and the failure to agree a sustainable budget pose the biggest threat to political stability in Northern Ireland for many years.

We urge all parties to seek the necessary compromises and confidence-building measures that can avert the collapse of the institutions. The people of Northern Ireland have had their faith in politicians and political institutions badly damaged by the perpetual crises of the past few years. There should be no doubt that the vast majority want to see progress, and a return to a focus on issues such as jobs, education, health and opportunities for young people. It is also the case that business confidence, and therefore investment, are now being put at risk by political uncertainty. All parties in Northern Ireland must take responsibility for stepping back from the brink, and for finding a way forward.

I have some questions for the Secretary of State. In the aftermath of Kevin McGuigan's murder, she said that the Government had always been aware of the continued existence of the Provisional IRA. Will she make clear exactly what she meant by that statement? Some have proposed the reintroduction of the Independent Monitoring Commission. What is the Secretary of State's assessment of the feasibility, or the desirability, of such a measure? At what precise stage of the current financial year will the Northern Ireland budget cease to be sustainable? Are the Government now actively considering introducing emergency legislation to suspend the political institutions and return to direct rule if the current round of talks should fail? Finally, what further detail can the Secretary of State provide following her statement yesterday that the Government would now consider legislating for welfare reform and releasing funds for the civil service voluntary redundancy scheme, and what will the timeline be?

Having asked those questions, I want to place on the record the support of Opposition Members for the talks that will take place this evening, and stress our continuing and undiluted endorsement of the bipartisan approach in which we both believe.

The Secretary of State has rightly listed the challenges that face the people and the politicians of Northern Ireland, but we must never ignore the progress that has been made. These may be dark and dangerous times,

but I profoundly hope, and I believe, that the good sense of all in Northern Ireland will prevail. It may be too late to hope that Kyle Lafferty's last-minute goal in the match against Hungary last night has imbued Northern Ireland with a feelgood factor that will permeate every aspect, but surely this must be the time to reroute the march to the cliff edge and head back to sanity—and forward to the peaceful and prosperous future that we all know Northern Ireland deserves.

Mrs Villiers: I thank the shadow Minister for his support. Let me deal with his questions.

In relation to the existence of the provisional IRA, my assessment is the same as that of the Chief Constable, and the assessment that I have been given by security advisers during my time as Secretary of State is broadly in line with the summary given by the Chief Constable that I outlined earlier: the continued existence of some organisational structures, with no involvement in paramilitarism or terrorism, but with individual members pursuing criminality for personal gain to pursue personal agendas.

As for the IMC, it is an important issue to consider, and I think that we would want to consider it as part of the talks. It may well be the case that if an IMC-type body were set up, we would want to ask it different questions from those that were asked by the IMC; but it is, of course, a model that we should consider when proceeding with the important process of dealing with the issues related to continuing and wholly unacceptable paramilitary activities.

The hon. Gentleman asked at what point the Northern Ireland Executive would become unsustainable. I am afraid that it is already unsustainable. There are already Ministers who feel that they cannot sign off projects because of the uncertainty surrounding the future availability of funds. I think that those matters are very urgent.

I am conscious that the issue of suspension is very sensitive. I have received representations on it from the Democratic Unionist party. I understand the DUP's concerns, but the Government do not feel that it would be right to suspend the institutions at this stage and in these circumstances. If the circumstances were to change in the future, we would of course need to look at all our options.

As for the welfare reform matters, I said that we would be prepared to legislate as a last resort, but we are not at that stage yet. My priority will be working with the parties to find a way to ensure that the welfare package in the Stormont House resolution is implemented, because it is a good deal for Northern Ireland. The voluntary redundancy scheme is expected to start its operation with the first participants leaving their roles at the end of this month.

Mr Laurence Robertson (Tewkesbury) (Con): One of the worrying aspects of this whole situation is the lack of respect and lack of confidence that people in Northern Ireland now have for the institutions, and that makes it very important that we move those institutions towards becoming efficient decision-making bodies so they can enjoy some successes. Does the Secretary of State agree that that evolution is best carried out with the institutions up and running, rather than attempting to do it from a standing start?

Mrs Villiers: I agree that it is hugely important that we keep the devolved institutions up and running. I know the situation is difficult and that there are tensions between the participants in the institutions. There is no doubt that sharing power comes with real tensions and real challenges, but it would be a huge setback if the institutions were to collapse. There can be no guarantees about when it would be possible to set them up again, so it remains the Government's top priority to ensure we do all we can to support these institutions and the parties in finding a way through these current very serious difficulties.

Deidre Brock (Edinburgh North and Leith) (SNP): I thank the Secretary of State for her statement.

No one in this Chamber will wish to see the end of the progress made in Northern Ireland and no one will wish to see the Stormont House agreement fall. SNP Members stand ready to offer whatever assistance we can to all sides in finding a way forward. We believe that power should be exercised as close to the people affected as possible, and Stormont's continued success will enhance that.

The withdrawal of parties from the Executive was a worrying development, and their re-engagement would be welcome. It would be a great blunder if the austerity cuts Northern Ireland is facing became the catalyst for the breakdown of the democratic institutions that have helped to hold the peace, notwithstanding the recent violence, and I urge the UK Government to redouble their efforts to find a resolution to this problem.

The parties in Northern Ireland have faced down greater problems than this and found ways forward. I think their perseverance and desire to serve their constituents well can be relied upon to provide a basis for a resolution, provided they have adequate support from Whitehall and this place.

The Government will want to see progress made, and I can assure them they will have the support of the SNP at all levels in helping Stormont build for the future. A fully functioning cross-party institution there seems, at the moment, to be the best option for all of us in these islands. I reiterate that if there is anything the Secretary of State feels we can assist with, we stand ready and willing to help in any way we can.

Mrs Villiers: I am grateful for the hon. Lady's support. It is of course a worrying development that the UUP felt the need to withdraw from the Executive, but the priority now is for all parties to work together to try to find a way through this impasse.

The hon. Lady refers to austerity. We feel it is very important for the Northern Ireland Executive to have sustainable public finances. To do that, they need to deal with in-year pressures in their budget and to implement the Stormont House agreement provisions on welfare reform. These would give Northern Ireland the most generous welfare system in the United Kingdom, and overall public spending per head in Northern Ireland remains well ahead of the rest of the UK, rightly reflecting the particular circumstances of Northern Ireland, but I am afraid that none of us in the developed world is immune to the difficult decisions that have had to be taken to deal with the deficit we inherited.

Mr Owen Paterson (North Shropshire) (Con): I thank the Secretary of State for her statement and the measured manner in which she has conducted herself in recent weeks. I was in Northern Ireland recently, and there is complete exasperation that local politicians, having come to an agreement with the Stormont agreement, have not delivered it. Every day that passes we see the ability to reduce corporation tax in Northern Ireland missed. We see projects missed and going instead to the Republic of Ireland, bringing jobs and investment there. There is real exasperation on the ground. What the Secretary of State has said has huge local support, and I encourage her to take an extremely robust line in talks. She will have the support of the people of Northern Ireland. Will she confirm that to impose welfare reform from here would be a cop-out, and now is the time for local politicians to deliver on their responsibilities to the local people who voted for them?

Mrs Villiers: I thank my right hon. Friend for his question. I agree that the devolution of corporation tax could have a transformational effect in Northern Ireland. It is understandable that it has been the key ask of Northern Ireland's leaders over many years. I pay tribute to my right hon. Friend for his role in taking forward the campaign for corporation tax devolution. The opportunities provided by that are one more reason why it is so essential to find a way through here, because it is frustrating to see this great change—this potential economic game-changer—receding into the distance. It will never be possible to implement corporation tax devolution without a resolution on sustainable public finances, and that is one of the reasons why I will be working hard in the talks to resolve those questions.

Mr Nigel Dodds (Belfast North) (DUP): As a result of the Chief Constable's assessment arising out of the recent events in Northern Ireland, does the Secretary of State agree that it cannot be business as usual as far as the Northern Ireland political institutions are concerned? The Democratic Unionist party, speaking on behalf of many thousands of people who actually elect us in Northern Ireland, is very clear that this matter cannot be swept under the carpet, fudged or ignored. We are not prepared to continue as though nothing has happened. Murder has happened, carried out by those who are linked to a party of Government. Just imagine if that were to happen here—that a party in Government was linked to a paramilitary organisation still in existence whose members carried out murder on the streets of the United Kingdom. It is an intolerable situation and it must be sorted out at the talks. Serious consequences will flow from failure, striking at the very existence of devolution.

Does the Secretary of State accept the need to deal also with the criminality of the provisional republican movement and the paramilitaries? Does she also accept that one of the options—she has hinted at this already—that she may be forced to consider is to suspend the Assembly and the political institutions in order in the long run to restore and maintain any hope of the long-term viability of devolution and the Assembly?

The talks must also be about the implementation of the Stormont House agreement, not a renegotiation. I am referring to the remarks of the former Secretary of State, the right hon. Member for North Shropshire

(Mr Paterson). Instead of issuing a blanket condemnation of all Northern Ireland politicians, he and other Members of this House should realise there are parties in Northern Ireland who are prepared to move forward, make the difficult decisions and implement welfare reform, and that it is Sinn Féin and, sad to say, the SDLP that have blocked those decisions.

Let us be very clear about where the blame lies. It does not lie with all the politicians and political parties of Northern Ireland. This is now about getting on with implementing the Stormont House agreement, which all the parties, including Sinn Féin, signed up to. That is what must happen in these talks, or else we are going to have a very serious situation indeed.

Mrs Villiers: I do recognise that it cannot be business as usual. That is why the Prime Minister has moved swiftly to establish this fresh talks process, to address with urgency precisely the questions the right hon. Gentleman has outlined. Of course, overshadowing all this is the fact that two individuals have been brutally gunned down on the streets of Belfast.

The right hon. Gentleman raises the matter of criminality among members of the Provisional IRA. Any criminality is to be condemned, whether or not it is committed by a member of a paramilitary organisation. Whatever label these people choose to give themselves they are criminals, and the PSNI has the Government's full support in pursuing them and bringing them to justice and putting them in prison where they deserve to be.

The right hon. Gentleman mentioned suspension. As I said in response to the shadow Minister, we do not feel it would be right to do that in the current circumstances. If those circumstances change dramatically in the future, we will of course keep all options open and consider them all.

I fully agree with the right hon. Gentleman's statement about the subject matter of the talks and the Stormont House agreement. We are not renegotiating; we are simply finding a way to relieve the blockage of implementation and make sure that the agreement is implemented in full.

Richard Drax (South Dorset) (Con): I, too, congratulate my right hon. Friend on the calm and measured way in which she has dealt with this difficult situation. Having served in Northern Ireland three times, I am fully aware of the difficulties that she and many others face. I should also like to congratulate the police on the good work that they do. We all know that the Provisional IRA exists and that it is involved in criminal activities. Can my right hon. Friend assure the House that the fear of reigniting a conflict will not in any way prevent the police from chasing thugs on both sides of the political divide?

Mrs Villiers: Yes, I can give my hon. Friend that assurance. The PSNI will pursue criminality and criminal offences wherever they find them, and it is right that they should do so without fear or favour, uninfluenced by the political climate.

Mr Alistair Carmichael (Orkney and Shetland) (LD): On behalf of the Liberal Democrats, I wish the Secretary of State well in her endeavours in convening the talks. We very much share her aspiration to see a fully functioning

Assembly in Northern Ireland, although I have to say to her in all candour that I think the answer lies not in her hands but in those of the Northern Ireland parties themselves. She speaks of the possibility of suspension, but my understanding is that that would be next to impossible politically and that there would be significant legal impediments to its happening as well. What assessment has been made of those legal impediments?

Mrs Villiers: I thank the right hon. Gentleman for his support. I agree that resolving these questions lies primarily in the hands of the Northern Ireland parties and their elected leaders. There is no power on the statute book relating to suspension. If any future Government were to consider suspension, it would require primary legislation. That is not part of our current plans.

Bob Blackman (Harrow East) (Con): I congratulate my right hon. Friend on the work that she is doing, but may I press her further on the timetable? The Executive appear to be suspended in regard to meetings, but the budget and the Stormont House agreement need to be implemented. If the talks are unsuccessful, at what stage would my right hon. Friend come back with further legislation in this place to implement that budget and the legislation that is required?

Mrs Villiers: The next four to five weeks are going to be absolutely crucial. These matters are very urgent, as we have heard from a number of hon. Members around the House. The Stormont House talks took 150 hours over 11 weeks, and it was Christmas eve before we nailed down that deal, but we do not have the luxury of that timetable this time round. We need a much shorter, sharper, more focused and more intensive process, and that is what I shall be seeking.

Kate Hoey (Vauxhall) (Lab): Will the Secretary of State tell us how this new round of intensive cross-party talks will be different from previous rounds of intensive cross-party talks, the last of which led to the Stormont House agreement? What has changed that makes her feel that these talks will be successful? Does she not feel that it is time to be planning for a properly working Assembly with an Opposition and a Government?

Mrs Villiers: On that last question, the Conservatives have a commitment to supporting an official Opposition, and moves were made in that direction in the Stormont House agreement, which is one of the reasons that we want to see it go ahead. The hon. Lady asks whether these talks will be different from previous talks. In many ways, they will be very similar to previous ones, some of which succeeded while others did not. Another thing that they will have in common with previous cross-party talks is that even if we have a successful outcome culminating in an agreement, that will be just one step along the much longer road of getting implementation properly effected.

Kevin Foster (Torbay) (Con): I welcome the Secretary of State's statement and the Government's continuing commitment to the peace process. Does she agree that peace will be dependent on having a stable devolved Government with a stable Executive and based on stable finances? Does she also agree that all the parties involved should be prepared to take the decisions necessary to deliver this, and not just some of them?

Mrs Villiers: My hon. Friend is right to suggest that success in Northern Ireland is inextricably linked to a stable, devolved, power-sharing Government. It is also hugely important for those who are part of that Government to take responsible decisions on the public finances. As we all know, they are often painful decisions, but the alternatives are far worse, as we have seen from the melancholy experiences of Governments around Europe who have lost control of their spending.

Dr Alasdair McDonnell (Belfast South) (SDLP): May I reassure the Secretary of State that the Social Democratic and Labour party has always taken responsibility, unlike others who have upset themselves and boycotted—*[Interruption.]* In spite of the hecklers behind me here, who have little constructive to offer, I should like to say that the SDLP still supports the Stormont House agreement, but that we reserve the right to amend the gaps and repair the flaws in it. The difficulty was that when my heckling friends produced a Bill, it was a flawed Bill. We tried to help them repair those flaws, but they would not tolerate those repairs. They refused even to consider constructive amendments to their flawed and inadequate Bill.

Mr Dodds: Rubbish!

Dr McDonnell: It is important to set the record straight. The SDLP will always uphold its responsibilities on every occasion, not just on the few occasions that suit party political purpose. Does the Secretary of State accept that it is not the existence of the Provisional IRA—God knows, we in the SDLP have reminded her and her predecessor time and again that it continues to exist—but the activities and functions of that organisation that cause the problems? One person's radically different purpose is another person's mafia programme extending to a financial empire that undermines attempts to rebuild our economy. Does she also accept that withdrawal, abstentionism, suspension, adjournment and all these other gimmicks that are used, with threats and preconditions, make it difficult to arrive at a constructive and honest solution? We all want positivity, but we must all put our shoulder to the wheel and be positive all the time.

Mrs Villiers: I must emphasise that these talks are not about a renegotiation of the agreement. We need to get the agreement implemented, and that is the priority. The hon. Gentleman mentions the forthcoming Bill, which will be on its way in October. We have been working hard on that and we have had helpful input from the Northern Ireland Executive. He is right to raise concern about the activities of members of the Provisional IRA. His party, along with others, has been forthright in criticising members of all paramilitary organisations. Recent events have brought into sharp focus the pressing need to see all paramilitary organisations disbanded. There is no place for them in Northern Ireland, and that subject will be an important part of the talks. On the question of funding for the Executive, I urge him and his party to be flexible and pragmatic. The deal in the Stormont House agreement was a generous one, and the welfare package would give Northern Ireland the most generous welfare system in the country and put the finances of the Executive on a sustainable basis. I hope that hon. Members will bear that in mind.

Tom Pursglove (Corby) (Con): I commend the Secretary of State for her statement. Will additional police resources be made available, should they be required, to ensure that the criminal matters to which she refers can be properly investigated?

Mrs Villiers: The allocation of resources between different operations will be a matter for the PSNI; it is not a matter for me to interfere with. I emphasise, however, that the Government provide additional resources to the PSNI to counter the terrorist threat, and the fact of those resources' presence means that the PSNI can release resources to pursue other activities, including this case.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the Secretary of State address the issue of criminality? Murder is wrong, and we abhor it. The reality is that the Chief Constable has clearly indicated that the Provisional IRA and other paramilitary groups are now effectively organised criminal gangs. This is not just a question of resourcing the PSNI. There have been no arrests in south Armagh in the past few years, despite the fact that a multimillion-pound criminal empire is being operated there by the Provisional IRA. Is it not time for HMRC to be given not only the necessary resources but the power to start arresting people?

Mrs Villiers: On criminality, I have set out the Chief Constable's position, which I share: individual members of the Provisional IRA are involved in criminality for personal gain and to pursue personal agendas. I have discussed this matter with the Chief Constable on a number of occasions, and his view is not that there is organisational involvement in criminality, save of course for the fact that existence involves criminal conduct, because it is a proscribed organisation.

On arrests, the Chief Constable has indicated that he wants a better clear-up rate on paramilitary beatings. They cause huge concern and often have fatal consequences, and it is utterly unacceptable for organisations to seek to take the law into their own hands. On arrests in South Armagh, I can assure the right hon. Gentleman that the PSNI, HMRC and their various security partners are working very hard to bring to justice anyone responsible for criminality, be it in South Armagh or in the rest of Northern Ireland. Indeed they are working with their partners to tackle those who seek to exploit the border and engage in criminal conduct south of the border, too.

Mr Peter Bone (Wellingborough) (Con): The politicians from Northern Ireland are some of the most courageous politicians we have, and they have worked hard for years. It is good to see the Secretary of State at the Dispatch Box, but it is even better when she is not at the Dispatch Box, because that means things are going well. Having a boring Secretary of State is rather useful, so it is sad that she has had to come to make this statement today. I wish to ask about the specific issue of welfare reform. Judging by the timetable she mentioned earlier, we could expect, if it is necessary, that this legislation will come back almost in the first week after the next recess. May I ask that we have enough time to scrutinise it, if it does come back, because there has been a tendency in the past to rush Northern Ireland legislation through quickly?

Mrs Villiers: I agree that Northern Ireland's elected leaders have achieved great things over the past 20 years and that in many ways it is better for Secretaries of State for Northern Ireland not to be at the Dispatch Box, because sometimes their being here means bad news, but there is much to celebrate in Northern Ireland. I have been at this Dispatch Box talking about economic prosperity in Northern Ireland, the great events that have been run there in recent years and the high quality of its education. We should not forget, even at this difficult time, that Northern Ireland is a great place to live—it has so much going for it. We just need to sort out these political impasses in order to let the place flourish as it should. On welfare reform, I assure my hon. Friend that this legislation will not be coming to the House in October. It is a last resort and we will be working with the parties to try to find a way through before we consider whether, in the end, we have no choice but to legislate at Westminster.

Mr David Anderson (Blaydon) (Lab): The Secretary of State has taken a two-strand approach. She clearly has a view on the welfare reform: if all else fails, she will have the nuclear option of legislating in this House. Has she a similar view on the issue of paramilitaries? How exactly does she see things moving forward in dealing with that? Does she have the resources in the Northern Ireland Office to help her to do the job that we all want her to do? By that I mean not just numbers, but the people with the capability, capacity and understanding to make it work.

Mrs Villiers: I thank the hon. Gentleman for his questions, which raise what will be one of the most urgent issues to address when the talks are held over the coming days: how we deal with this situation in relation to paramilitaries. We have heard one suggestion about whether we need a revival of the Independent Monitoring Commission—some form of re-verification and assessment so that people can have a clearer understanding of the facts around the continued existence and activities of the paramilitary organisations which persist in Northern Ireland. We also need to consider how we can work together as a society to do more to reach a place where these organisations disband once and for all.

I have the NIO resources I need. I have good people working with me in the NIO, but of course of crucial importance will be the determination, the resources put in and the efforts made by Northern Ireland's political leaders. On matters where they are responsible, we will be working with the Irish Government, too.

David Simpson (Upper Bann) (DUP): The Secretary of State will have heard the comments from Members from all parts of the House about the frustration, the lack of confidence and so on. She has said that whatever resources are required to resolve a number of the issues to do with the murders or the criminality will be given, but the general public's attitude is that these are words and we are not getting results. The criminality is costing the economy of Northern Ireland and the British Exchequer hundreds of millions of pounds a year—the price of a new hospital. The frustration is there, so what more can she do to help the PSNI to resolve cases of fuel smuggling in South Armagh?

Mrs Villiers: Various organised crime taskforces operate in the Northern Ireland context, and in a UK-Ireland context too, and they are determined to tackle those who seek to exploit the border for criminal gain in places such as South Armagh. We will continue to support those organisations. Obviously, much of that responsibility is devolved. I am afraid that is another reason why we need to settle the welfare reform question, because the longer it goes on, the greater the payments the Northern Ireland Executive are paying out in running the old system which is more expensive. That means less and less money is available for policing, hospitals and schools. That makes it very urgent that we get these questions resolved, because without a sustainable budget, no Government are able to deliver on their priorities, and those of course include law enforcement.

Ms Margaret Ritchie (South Down) (SDLP): The Secretary of State has said that the Government recognise that it cannot be business as usual. Did she and the Prime Minister agree to the DUP's plan for there to be no meetings of the Northern Ireland Executive over the next number of weeks as part of that “no business as usual”? Does she recognise that that could be perceived as, or could be a breach of, the ministerial code for Ministers in the Northern Ireland Executive?

Mrs Villiers: I am anxious to see the devolved institutions continue and operate parallel to the talks. I encourage all parties to continue to work constructively. There is an important job to be done in the talks, both within the Executive and beyond, and I will be encouraging all parties to work together to keep the institutions going and to reach a successful conclusion to the talks.

Sammy Wilson (East Antrim) (DUP): Rather than share the shadow Secretary of State's belief that some political Kyle Lafferty will pull a match-saver out of the bag, I believe it is more likely, given the attitude of some of the parties in Northern Ireland, that more own goals will be scored during the talks. Will the Secretary of State give us an assurance today that if the rumours circulating at the moment in Belfast are true—that senior people associated with Sinn Féin are likely to be arrested for serious crimes—she will not hesitate to show the red card to those Sinn Féin associates and put them back behind bars, where they should be and from where they have been released under licence?

Mrs Villiers: I thank the hon. Gentleman for his question. I do not think it would be appropriate for me to comment on specific matters relating to what future arrests might take place, but I reiterate that this Government believe firmly in the rule of law. Therefore, if the police have reason to believe that criminal offences have been committed by individuals, they must be allowed to pursue those individuals and bring them to justice, regardless of their political background or political status.

Pat Glass (North West Durham) (Lab): The Secretary of State knows that I have raised the issue of PSNI resources a number of times and, in particular, the Chief Constable's view that he does not have the resources to do the whole of the job we are asking him to do. Does she believe there is any link between the increase in confidence and activity of the paramilitaries, and the cuts in funding and strength of the PSNI?

Mrs Villiers: I believe the PSNI is still appropriately resourced to deal with the dissident republican threat. Like all other aspects of the public sector, the PSNI is needing to undertake a process of reform to ensure that it can continue to deliver its functions within reduced resources. As I said, one reason we need this question resolved is that the Northern Ireland Executive have a choice: do they spend ever more money on a more expensive and discredited welfare system, or can they release some of that money to support policing and justice? I believe that diverting that money to front-line public services is by far the better outcome, and that the welfare reforms we have introduced in Great Britain improve the system and reward work. As I have said, with the top-ups agreed at Stormont Castle, Northern Ireland would have the most generous welfare system in the country and would have resources to spare for the important priorities such as policing, which the hon. Lady is right to raise.

Mr Stephen Hepburn (Jarrow) (Lab): Will the Secretary of State explain to the House how she is allowing a clear act of criminality to be linked with the political process?

Mrs Villiers: As I have emphasised, we do not yet know with any certainty who was responsible for the two recent murders. What we do know is that the continued existence of paramilitary organisations is a concern. I say “organisations” because there are still a number in operation. Their existence was never justified. They did huge damage, and took the lives of thousands of people, including Members of this House and many brave members of the armed services and the police. Their time is up and they should all disband. It is an appropriate time for Northern Ireland’s leaders to work together to bring about a complete end to paramilitary activity in Northern Ireland.

Gavin Robinson (Belfast East) (DUP): When my constituent Kevin McGuigan was murdered over the summer, it not only precipitated the political posturing and cynical positioning of one party, the abject denial of responsibilities by another and the downright delusion of a third, but raised the spectre of paramilitaries on our streets once again. Last Thursday at the Northern Ireland Policing Board, the Chief Constable said that it was not his job to provide an assessment of the paramilitaries or their criminal activity, yet when asked in a written question last year by our colleague, the Reverend William McCrea, the Secretary of State indicated that it was a matter for the Police Service of Northern Ireland. Will the Secretary of State tell us who is right?

Mrs Villiers: The Chief Constable has been clear that he does not propose to give a running commentary on the criminal investigation of his officers. That is not generally helpful to a successful criminal justice outcome. Whatever the political background, we should be understanding of the police for not wanting to share day-to-day details of their investigation. As for looking at the continuing status of paramilitary organisations, there is of course a split in the responsibilities. It is vital that the police pursue anyone who is responsible for criminal acts. Now is an important time to consider whether we need some form of separate process to look again at the question of what these organisations are up

to, their status, what they are engaged in and what we can do to see them disband and stop altogether. That is an important part of what we will be addressing over the coming weeks.

Lady Hermon (North Down) (Ind): I must say that I am very pleased indeed that the Secretary of State has taken this opportunity to confirm that her Government are committed to a fully functioning Assembly. For all its shortcomings, and the Assembly has many, it is infinitely better than direct rule. This House will be well aware that, over the worst of times, our Church leaders in Northern Ireland have provided a very valuable contribution to moving discussions along, and to chivvying people who might not otherwise have been open or easy to chivvy. In light of that, I wonder whether the Secretary of State has made any approaches to our Church leaders. If not, may I encourage her to do so? I should say that I have not forewarned them about volunteering them for this role.

Mrs Villiers: The hon. Lady makes the most important point of the statement. It is hugely important that we support the devolved institutions. Yes, they are difficult. Yes, like any other Government, they have their bad days and their good days. It would be such a big setback to return to direct rule. It is vital that we do all we can to sustain that huge success that is the establishment of the political settlement and the institutions of Northern Ireland. That is why these talks will be so important. I have regular contacts with the Church leaders, but I am happy to get in touch with them now and take their views on these important matters.

Conor McGinn (St Helens North) (Lab): The cornerstone of the political settlement reached in Northern Ireland was the three-stranded nature of the Good Friday agreement—relations within Northern Ireland, relations between the north and the south, and indeed east-west relations. Will the Secretary of State confirm that the Government are still committed to that approach and rule out taking any action to suspend the Assembly without the agreement and support of her partners in the Irish Government?

Mrs Villiers: We are committed to the three-stranded approach, and I have set out the position on suspension. We do not think that it would be right to suspend in these circumstances. If the circumstances were to change significantly in the future, we would keep all our options open.

Kevin Brennan (Cardiff West) (Lab): Along with colleagues on both sides of the House, I attended the Global Irish Parliamentarians’ Forum in Dublin last week. Will the Secretary of State expand on the role that she thinks the Irish Government could play in trying to unblock the current impasse?

Mrs Villiers: The Irish Government are very enthusiastic about trying to move things forward, not least because they are a party to the Stormont House agreement. Paramilitary involvement has been the source of important discussions in an east-west context over many years, and successive Irish Governments have played a part in trying to find the right solutions in relation to paramilitary

activity. I will be working with them and the Northern Ireland parties over the next few days to work out a way forward.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for her statement. The IRA army council continues to exist; the murder of Kevin McGuigan confirms that. Today, it has been confirmed that Kevin McKee and Seamus Wright, two of the disappeared, have been found in the Republic of Ireland, murdered by the IRA. The past and the present have caught up with the IRA, and therefore Sinn Féin. Confidence has been undermined to the greatest extent for many years and it needs to be restored. What assurance can the Secretary of State give to the people of Northern Ireland—those who are involved in the democratic political process—that the IRA army council will be brought to account for its control of republican terrorism?

Mrs Villiers: As I have said, it is very important that the police are allowed to get on with their investigation and to pursue whoever they find evidence against regardless of their background or status. The hon. Gentleman is right to mention the finding of two of the disappeared, which has been confirmed today. It will be a difficult day for those families. I hope that they will derive a degree of comfort in knowing that at last the remains of their loved ones have been found. As for confidence in the institutions, there is no doubt that that has been shaken. Both of the issues in the talks have contributed to that. The concerns felt over the events of recent days and the fall-out from the Kevin McGuigan murder have been intensified by the fact that relations within the Executive were so very severely strained anyway because of the decision to block the welfare reform within the Executive and the inability to deliver financial sustainability. These are difficult times, and it is important that we work together to find a way forward.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): I thank the Secretary of State for her statement. I had the pleasure recently of visiting and speaking with members of the International Fund for Ireland, which is an independent organisation that was established with the British and Irish Governments back in 1986. The fund promotes economic and social advance and encourages contact, dialogue and reconciliation between north and south. Reconciliation is the key word for all parties in moving forward. Perhaps it is time to bring organisations such as that around the table. To suspend the Assembly and impose direct rule is not the answer and should be used only as a last resort. I urge all parties to set aside their differences and to get around the table tonight and over the next few weeks to sort this out and move forward for the benefit of all the citizens of that island.

Mrs Villiers: The International Fund for Ireland that the hon. Lady mentions and other such organisations engaged in community-based work in Northern Ireland already play a significant role in trying to bring different parts of the community together to build a shared society. That is part of the challenge of tackling paramilitarism; one of the ways that we tackle it is to persuade people that it is a hugely damaging choice to get involved with the paramilitary organisations. Organisations such as Co-Operation Ireland that are

engaged in improving community relations can play a real part in showing people a different path and demonstrating the real risks and damage they can do to their prospects if they find themselves involved in paramilitary organisations.

Danny Kinahan (South Antrim) (UUP): I thank the Secretary of State for her statement today and assure her that the Ulster Unionist party wants a proper working Government in Northern Ireland, not the dysfunctional Government we have at the moment. The public are fed up with that and with the lack of action on crime. They want to see things happen and happen quickly. As most of my question has been asked by others, I want to focus on this point. Can we please ensure, if we ever have to suspend the institutions—I hope we do not—that there is a plan to get them back in place so that we are not left without them for long?

Mrs Villiers: One reason we do not think that it would be right to move to suspend is the difficulty in getting things up and running at the end of a period of direct rule. As I have said, it is not part of our plan and we hope to see a successful outcome to the talks so that that question goes away.

Tom Elliott (Fermanagh and South Tyrone) (UUP): I welcome the Secretary of State's statement today. Obviously, there is a lot of bad faith and bad trust in the entire process in Northern Ireland. Whether through Sinn Féin supporting the Stormont House proposals on welfare reform and then reneging on that agreement some three months later, or as a result of members of the IRA who have murdered people on our streets in Northern Ireland, there is a lot of bad faith. I note that the Secretary of State said that she will initiate the voluntary exit scheme for the Northern Ireland civil service. Is that the start of the Secretary of State's process of returning powers to Her Majesty's Government in Westminster, or is that something separate?

Mrs Villiers: That is a separate issue. We have always said that the Stormont House agreement is a package and that if one part of it falls, the rest of it falls. Most of the financial package has not been delivered yet and we would look carefully at the implementation of the rest of the agreement before we could deliver it. For the VES to happen we needed a decision, as people were going through the scheme and expecting to leave their roles from the end of the month. That is why we pressed ahead and will release the funding to enable that to go ahead. Let me make one last point on welfare reform. I want to thank the UUP, the DUP and the Alliance for voting for financial sustainability in the Assembly. I know that it was not an easy choice and I thank them for their responsibility.

Mark Durkan (Foyle) (SDLP): I point out to the Secretary of State that some of us find it difficult to conscript our colleagues to vote for something in Stormont having argued and voted against the same measures here. Will she acknowledge that the SDLP has been consistently forthright in our assessment that an ulterior nexus has continued to exist offstage, even when the IRA had purportedly left the stage politically? Those vestigial networks have manifested themselves not just through apparently privatised criminal enterprise but in

[Mark Durkan]

other ways. Those are among the issues that need to continue to be addressed, but not just by the parties. Will the Secretary of State acknowledge that the British Government do not come to the welfare reform issue with clean hands? The Government adopted a tactic of inducing budget stress, which in turn created a budget crisis and has now contributed to a political crisis. Will the Government rethink their tactics of budget bullying in relation to welfare reform, which has created some of the difficulties we now have?

Mrs Villiers: I reject the allegation that we are bullying over the budget. The Northern Ireland block grant has actually gone up in cash terms over the course of the last spending review and has come down by only about 1% in real terms. The savings asked of the Northern Ireland Executive are considerably less than for many other aspects of the public sector in Great Britain. As for welfare, we inherited a situation in which with 1% of the world's population and 4% of the world's GDP we are paying out 7% of the world's spending on benefits. That is not sustainable in the long term and it had to be dealt with. We have to put welfare on a more sustainable basis and we have sought to do that with a core principle of ensuring that work always pays and that a single household cannot take more in benefits than the average family gets by going out to work. Those are both reasonable approaches to take.

Point of Order

1.35 pm

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Speaker. On 20 July, you kindly granted an urgent question on the Government's response to the Penrose inquiry and the contaminated blood scandal. The Under-Secretary of State for Health, the hon. Member for Ipswich (Ben Gummer), who is responsible for care quality, responded on behalf of the Government and, referring to me, said:

"She...asked about the compensation fund, and I shall return to her with a written reply on that."—[*Official Report*, 20 July 2015; Vol. 598, c. 1223.]

I have chased the private office on several occasions without success, and at column 1232 the Minister also promised to write to the hon. Members for Bedford (Richard Fuller) and for Rugby (Mark Pawsey). I do not know whether he has written to those hon. Members, but I would have expected as the Member who asked the urgent question to have been copied in to any letters the Minister wrote and I have seen no copies of any letters. I seek your advice, Mr Speaker, as there is a great deal of public interest in this matter, on how we can best get a response from the Minister when a letter is promised.

Mr Speaker: I am rather perturbed by the hon. Lady's point of order, because my mental arithmetic tells me that it is seven weeks yesterday since the matter was aired and the commitment was made to the hon. Lady. There is a premium on timely and substantive replies to Members' questions and that premium is on account of the respect due to not just Members but their constituents. Ordinarily, there is some healthy competition between Departments to try to ensure timely and substantive replies but for some reason that instinct of competition seems to have deserted them on this occasion. No Whip is present, to my knowledge—[*Interruption.*] Oh good, Mr Elphicke is present. The Leader of the House is not present, but the Whip on duty will have heard what has been said and it would be most helpful and courteous if a substantive reply could now be forthcoming without delay.

BILL PRESENTED

DEVOLUTION (LONDON) Bill

Presentation and First Reading (Standing Order No. 57)

Gareth Thomas presented a Bill to require the Secretary of State to make provision for extending the autonomy of the government of London, in particular in relation to duties and powers for the Greater London Authority (GLA) in respect of income tax, property tax and valuation, other fiscal matters, economic management including a London minimum wage and its enforcement, housing policy and planning, the regulation of rents chargeable within the private residential housing sector and skills and employment training; the devolution of responsibilities for health and the NHS in London to the GLA and appropriate London authorities; the Secretary of State to consult the Mayor about decisions on justice and education expenditure, administration and policy as they relate to London and mandatory membership for the Mayor or his representative of the boards of certain public bodies with responsibilities affecting London; to require proposals for extending the autonomy of the

government of London to be approved by the residents of Greater London in a referendum before they may come into force; to make provision for such a referendum; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 65).

Satellite Navigation (Updating Scheme)

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

1.37 pm

Mr Ian Liddell-Grainger (Bridgwater and West Somerset) (Con): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State to establish a scheme under which UK-based providers of mobile satellite navigation services must offer their customers incentives to provide real-time updates on route suitability and traffic management measures; and for connected purposes.

I am grateful for the chance to introduce the Bill and I hope that hon. Members who are leaving the Chamber will not rely on sat-nav to get to the Tea Room—if they can find it at the moment. If they do, some of them will probably end up floating in the Thames. I admire the wizardry of sat-nav, but I am painfully aware that it does not always work.

The purpose of my Bill is simple: to prevent heavy lorries from getting stuck under low bridges, on roads far too narrow for their trailers, up perilous mountains or across boggy fields, and from driving headlong, in one or two cases, into rivers. Satellite navigation is supposed to take the worry out of motoring, but tell that to a party of schoolchildren who recently got stuck on a coach bound for Henry VIII's palace that was led to Islington instead. I realise that Islington might become of importance next week as an international shrine for the Labour party, but that makes no difference to the fact that Henry VIII would not have been seen dead in the place. As for the poor children, it was a bit of a disappointing day.

That is just one example of what sat-nav does, and there are far too many more. Another coach party, this time made up of pensioners, was on its way for a jolly day trip to the village of Stroat in Gloucestershire when the driver, who was slavishly following the sat-nav, got stuck. The pensioners walked—or in some cases limped—through several ploughed fields to make it to their destination. Meanwhile, in Hampton Loade, Shropshire, sat-nav has been sending drivers straight into the River Severn. Naturally, the council put signs up; naturally, the drivers ignored them. The same damp ending has happened in Wiltshire, Norfolk and, believe it or not, Leicestershire. A cheery voice confidently tells drivers to go straight on, and then, suddenly—splash! It is somewhat embarrassing.

One might think that something is wrong with the mapping, but often something is wrong with the language. We have the ability to ask locals for directions if we are ever stupid enough to get lost, but if someone's mother tongue is Lithuanian and their sat-nav goes wonky they probably will not understand a word people say in Charlcombe near Bath. A driver from Vilnius was trapped in his truck for four days until rescuers pulled him clear.

A Czech lorry driver had similar problems in Ivybridge in Devon. His lorry was wedged down a narrow lane for three days, with him stuck inside. The whole of Bruton high street in Somerset was shut for 24 hours after another foreign vehicle misjudged its width, having been urged on by the soothing voice of his navigational aid. The worst example I have found was from Wadebridge in Cornwall, where a Belgian truck driver was directed by his sat-nav into an unsuitable cul-de-sac, tried to reverse out and, quite impressively, demolished a roundabout and six parked cars. So much for European unity.

[Mr Ian Liddell-Grainger]

I would like to explain some of the intricacies of this very clever technology. Sat-navs obviously work from outer space. The global positioning system can provide location, altitude and speed with great accuracy—when it works. Microwave radio signals travelling at the speed of light from at least three different satellites are used by the dashboard receiver to calculate precisely where the vehicle is and how fast it is going. However, only a tiny difference is needed between the clock in the receiver and the time by which the satellites are working to make the measurements go haywire. GPS has a built-in margin of error that can get even wider when travelling in rugged terrain, such as west Somerset. There is only one solution: if all sat-navs were fitted with atomic clocks, we could absolutely rely on them. Unfortunately, atomic clocks retail at about £100,000 each, which I am afraid would put TomTom, Dick and Harry well outside the bracket.

That is why we have to put up with dumb directions from the little box all too often. That is why a party of football fans on a coach from the continent ended up in Yorkshire, rather than Wales. They had typed only one word into their sat-nav: “Wales”. Just outside Sheffield there is a village called Wales, and a very nice place it is too, unless one is expecting to watch a football match 200 miles away at Cardiff Arms Park. An ambulance in Essex that was meant to be transferring a patient 12 miles down the road unfortunately listened to the sat-nav and—believe it or not—ended up in Manchester. In my constituency, particularly on the winding and congested roads of west Somerset, heavy lorries rely on sat-nav, to the exclusion of common sense and always at our expense. They cause frustration and delay and often have to be rescued and towed out, which costs time and money. But the drivers and the companies who employ them always blame sat-nav when their vehicles end up in the wrong place. In my view that is a total cop-out that must be tackled by law.

In the old days we carried maps and—dare I say it?—used our intelligence; we stopped the car, wound down the window and asked somebody where we were. Today, far too many drivers blithely assume that it is all the fault of a box of electronic tricks when they end up lost. Some drivers prefer to obey the voice of their sat-nav, rather than the solid instructions of clear signs screwed to posts by county and district councils. It does not get much clearer than a sign that reads, “This Road is Narrow—No Heavy Lorries”, yet certain gormless truck drivers still choose to follow the voice in the box and ignore the obvious hazards. They might as well drive blindfolded.

It is high time that the law was changed to make the buck stop where it should: with haulage firms that order their drivers to stick to the sat-nav, or with the drivers themselves. The Bill aims to remove motoring’s lamest excuses and put the blame where it belongs. I commend it to the House.

Mr Speaker: Order. The hon. Gentleman has gone on manoeuvres a little prematurely. He has further information and better particulars to vouchsafe to the House.

Question put and agreed to.

Mr Speaker: Order. The hon. Gentleman should return to his seat. I will talk him through the process. He is showing too much haste. He should have learnt about Treebeard in “The Lord of the Rings”, who warned of the dangers of haste. Who will prepare and bring in the Bill? He should now blurt out the names.

Ordered,

That Mr Ian Liddell-Grainger, Kevin Barron, Mrs Anne-Marie Trevelyan, Kelvin Hopkins, Mr Philip Dunne, Mr Philip Hollobone, Robert Neill and Pauline Latham present the Bill.

Mr Ian Liddell-Grainger accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 23 October, and to be printed (Bill 66).

Ms Margaret Ritchie (South Down) (SDLP): On a point of order, Mr Speaker. On 15 April this year a local fishing vessel had its nets snagged in the Irish sea. I made representations to the appropriate Minister, the Minister for the Armed Forces, who informed me—in written correspondence, on the Floor of the House on 20 July and in a written answer to a parliamentary question dated 15 June—that the Royal Navy was not responsible. Following further information, two Royal Navy officers arrived at my constituent’s house in Ardglass yesterday morning to confirm that it was a Royal Navy vessel that was responsible.

Action needs to be taken. The Minister provided a written statement yesterday morning, but she should have made an oral statement on the Floor of the House. Will you, Mr Speaker, advise me on what should be the next steps, and can it be referenced in *Hansard* that there has been a change of emphasis from not knowing which authority was responsible to now saying that it was a Royal Navy vessel?

Mr Speaker: I am grateful to the hon. Lady for her point of order, and for indicating to me a few moments ago her intention to raise it. My response is twofold. First, the question of whether a Minister comes to the House to make an oral statement is a matter for that Minister, rather than the Chair. Secondly, as the hon. Lady will know, all Members, including Ministers, are responsible for the accuracy or otherwise of what they say. In the event that any incorrect information has been given to the House and a Minister judges that the record needs to be corrected, it is incumbent upon that Minister to ensure that the correction is made, possibly by coming to the House to make an oral statement, or possibly by correcting the record in another way. I am unable to achieve anything for the hon. Lady today, but towards the end of her point of order she inquired whether *Hansard* could note her concern. In that respect, as she will be aware, she has achieved her own salvation, because *Hansard* will state tomorrow what she has said today. Ministers will have heard what she has said. If any further action is required, I hope that it will be taken. We will leave it there for today. I thank her for her courtesy.

Refugee Crisis in Europe

Emergency debate (Standing Order No. 24)

[Relevant document: E-petition entitled "Accept more asylum seekers and increase support for refugee migrants in the UK", <https://petition.parliament.uk/petitions/105991>.]

Mr Speaker: Before I call the shadow Home Secretary to open the debate, which will run for up to three hours, it might be for the convenience of the House to know that, according to my record, no fewer than 27 Members are seeking to catch my eye. I will not impose a time limit at this stage—that will depend on the length of the opening contributions—but for most of the speeches that will be necessary. Even when Members are not subject to the limit, it would be helpful if they could show some consideration for their colleagues.

1.48 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I beg to move,

That this House has considered the refugee crisis in Europe.

Thank you, Mr Speaker, for granting this emergency debate, and I thank the Home Secretary for coming to the House to respond to it. Given the scale and gravity of the refugee crisis now affecting Europe, it is right that Parliament has given time for the statement yesterday, for the debate today and for the chance to vote on a motion on the Scottish National party's Opposition day tomorrow.

On 21 November 1938, the Labour MP for Derby, Philip Noel-Baker, secured a three-hour debate in the shadow of Kristallnacht. It was the debate that set in motion the urgent support for the Kindertransport, helping 10,000 Jewish children come to Britain. Parliament was united that day. He won support from all sides and from the Conservative Home Secretary, Samuel Hoare.

Yesterday we were not united, though there was much that we agreed on. The Prime Minister announced new help, which was welcome, but many of us wanted him to do more. I hope that today's debate, and tomorrow's, is the chance for us to forge new agreement across this House and to build a consensus and a national mission across the country on the further action that Britain needs to take.

Refugees are moving across our continent on a scale we have not seen since the second world war, with a third of a million trying to cross the Mediterranean this year, many ready to pay their life savings to criminal gangs who board them on to overcrowded boats and then leave them to drown. Fifty-two people were found dead in the hull of a boat. They had been forced into an airless hold, forced to pay to come up to breathe, and those who could not pay suffocated to death. The pictures of Alan Kurdi have moved a continent—the image of a three-year-old on a beach, a picture that should have been full of life and joy and instead was a tragedy.

Thousands more are making their way by land through the Balkans into Hungary, crowding on to trains, fearful of the police who come to check them and anxious not to be sent to refugee camps—so determined to reach German sanctuary that men, women and children in their thousands have set off ready to walk 300 miles along a motorway. In Calais, on our own doorstep,

3,000 people are sleeping in makeshift camps, many having risked their lives, with nine people in the past three months alone having lost their lives trying to cross to Dover.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I commend my right hon. Friend for her leadership in securing this debate and for what has been said over recent days. Does she agree that, as in the title of the debate, this refugee crisis goes beyond Syria and affects people fleeing many terrible situations in countries including Libya, Yemen, Somalia, Afghanistan and Iraq? The Prime Minister's comments yesterday seemed to be wholly focused on Syria, but it goes far beyond that. Do we not need to consider those who are fleeing those situations across the whole area?

Yvette Cooper: My hon. Friend is right. The situation in Eritrea, for example, has led to many people fleeing that country. Independent observers have commented on the human rights abuses that have driven people to flee their homes there and travel often many miles, through many countries, to seek sanctuary in Europe.

It is true that some of the travellers have safe homes to return to, and immigration rules need to be enforced, but so very many of the troubled travellers no longer have any safe home. Syria has indeed been responsible for much of the increase in those travelling this year and in recent months, but situations in other countries have led to the increase in refugee numbers as well.

Ms Karen Buck (Westminster North) (Lab): I am grateful to my right hon. Friend for securing this debate. She has referred to the unspeakable horror of the drownings and of the suffocation in lorries across Europe. In addition, does she agree that some countries on the fringes of Europe are now at breaking point as they struggle to deal with being on the front line of the worst refugee crisis for decades? A few weeks ago I was at a refugee feeding station in Kos, where I saw conditions that I had never expected to see in modern Europe. Parts of Greece are at breaking point. It is in our common interest to deal with that situation and to help the migrants and to help ourselves. Does she agree with António Guterres, the United Nations High Commissioner for Refugees, that no country can do it alone and every country must play its part?

Yvette Cooper: My hon. Friend makes a powerful point. I agree that no country can do this alone. When we have a crisis that involves people fleeing across borders, of course no country can deal with it alone. I am like my hon. Friend in that the pressures in Greece are what I am most troubled about in Europe now. They provide the strongest argument for Britain to respond within Europe and not simply to help those from the camps near Syria.

Sir Edward Leigh (Gainsborough) (Con): No one doubts the right hon. Lady's humane instincts, and of course we should not be hard-hearted, but we have to be hard-headed. Given that millions are displaced in Syria and there is, quite understandably, no limit to how many want to come here, will she say exactly how many migrants Labour wants to admit to this country?

Yvette Cooper: I will say more about the number of refugees that I have already called for Britain to come forward and help. By deciding that we need to help, we are being very hard-headed. This is about our hearts and our heads, as the Prime Minister said yesterday, but both should be telling us that we need to respond to the scale of this crisis because it is not going away. Just because we cannot help everyone, we should not help no one. We should do our bit.

Mr David Burrowes (Enfield, Southgate) (Con): In reality, though, it is not a case of helping no one, given our generous contribution as the second largest donor to Syrian refugees in terms of international aid. Where is the difference in terms of numbers? The Prime Minister has now rightly said that there should be more assistance for 20,000 Syrian refugees. The shadow Home Secretary has said 10,000, but the UNHCR has said that we need to get up to 30,000 by the end of 2016. Charities have said, "Let's give hope to 10,000 Syrian refugees." Where is the material difference? We are now on the same side in providing hope for at least the minimum number—in my view—of 20,000.

Yvette Cooper: If I may, I will come on to where I think the disagreement still lies, and happily give way to the hon. Gentleman again if he feels I have not answered his point. I welcome the Prime Minister's statement yesterday, which was important. I welcome, too, the huge amount that is being done in aid, where Britain is playing a leading role. I applaud the work that this Government are doing to help and provide aid to those in the camps and to do more to start to help those from Syria.

Many of the troubled travellers no longer have any safe home to return to; they do need help and we should do our bit. There is a difference between immigration and asylum. We cannot let the troubled politics of immigration paralyse us and stop us doing our bit to help those who are fleeing conflict and persecution. Eleven million people in Syria have now been driven from their homes. In Palmyra and Mosul hundreds of men have been beheaded and their bodies hung from the roofs of ancient temples. Four million have fled the country altogether and most are living hand to mouth in neighbouring countries. Another 6 million have been displaced inside the country. Many of them, and many other refugees, are fleeing a new totalitarianism, and we should help those who flee to survive, just as we did against totalitarian regimes in the past.

We agree that Britain needs to do its bit to help. We agree that Britain should do most through support in the region with the aid to the camps, because it is far better to help people nearby to prevent dangerous journeys and to make it easier for them to return if things improve. As I have said, I applaud the Government's leadership in supporting the camps and doing far more than other countries to provide aid at a time when food rations are running short and the UNHCR is desperate for more support. We agree that the Navy should be part of search and rescue, aiding those in peril on the sea. We agree that Europol and police forces should be driving action against the vile criminal gangs who prey on desperation and put a price tag on freedom—a price tag on breathing—and seek a profit on people's lives.

We agree too that it is right for Britain to help orphaned and unaccompanied children from Syria if they will not be better off staying with family and friends. However, debates in the other place have raised concern about whether children who came from Syria, having no family back home and having made a life here, would be sent home when they reached the age of 18. That would be inhumane. I seek clarification from the Home Secretary and urge her to assure the House that unaccompanied children who come from Syria to Britain will not be sent back to the region when they turn 18.

Keith Vaz (Leicester East) (Lab): With regard to tackling criminal gangs and the role of Europol, I followed the Minister for Immigration to Europol two weeks ago. It is involved in an operation in Sicily to try to deal with the criminal gangs. This is not just about taking in the refugees; it is also about dealing with the criminal gangs. Does my right hon. Friend agree that it is important that the EU should increase resources to Europol to enable it, as the only strategic authority, to do a better job in tackling the criminal gangs?

Yvette Cooper: My right hon. Friend is absolutely right. The scale of the criminal challenge and the modern slavery that the Home Secretary has often talked about mean that we must have a response that matches the scale of the crisis and the scale of the trafficking that is taking place. Frankly, our response, not just in Britain but across Europe, does not match the scale of the challenge at the moment. We certainly need to support Europol and police forces right across Europe to work together to do more.

We agree that the Government should offer more sanctuary to those who are vulnerable in the camps in Syria and give them a chance to come to Britain instead. In fact, this House called for that nearly two years ago. I and Sir Menzies Campbell—soon to be Lord Campbell—and many Members on both sides of the House argued for it when we debated the issue in January 2014 and, as a result, the Home Secretary agreed to set up the programme in early 2014. That programme has so far helped just over 200 people and the Government have made a big change to their position by saying that they are now prepared to help 20,000. Even if the timetable is slow, I welcome the fact that they have agreed to do more.

I pay tribute to all those who in the past seven days have signed petitions and contacted MPs, charities and newspapers to speak out and call for action. That has changed the Government's mind, which is welcome.

Mr Nigel Evans (Ribble Valley) (Con): Does the right hon. Lady agree that the right policy is to go to the camps in Turkey and Jordan where millions of people have sought refuge, and that the last thing we want to do is enact any policy that will act as a magnet for more people to make treacherous journeys such as that which ended with that tragic death on the Turkish coastline?

Yvette Cooper: We agree that we want to do everything we can to help prevent traffickers from being able to prey on the situation and to prevent some of the problems we have seen, but I disagree with the hon. Gentleman if he sees that as an argument for not helping those in Europe itself. I will come to that and will give him a chance to ask a further question later.

This is where we start to disagree. We need to urge the Government to do more. The Prime Minister said yesterday that he would help up to 20,000 refugees over the five-year Parliament, but the crisis is now. Helping 4,000 refugees this year is not enough. Compare that figure of 4,000 with the 24,000 in France and the hundreds of thousands in Germany; compare it with our population of 60 million; with the 10,000 we helped in just nine months under the Kindertransport; with the 19,000 Vietnamese boat people who fled to Britain from the Vietcong; and with the 24,000 Kosovans who came to Britain in the late '90s. We can do more than this.

The Prime Minister said yesterday that he wants to get on with it. That is good and it might mean more than 4,000 in the first year. The trouble is that when we first urged the Home Secretary to take in Syrian refugees, she said they would do it as fast as possible, but in the end the scheme proved slow—only just over 200 have been helped. If they can help a full 10,000 in the first year, why not say so and why set a cap for the whole Parliament when we have no idea what the circumstances will be in a few years' time? In fact, why set a cap for the Parliament at all?

I am afraid that the figure of 20,000 over a Parliament has the feel of coming up with a plan to maximise the headline number but to minimise the impact year on year. That is the wrong approach. We need to know how many the Government will help this year. How many can we help before Christmas, when the crisis is now? What can Britain do to help?

I made the suggestion of 10,000 straightaway simply by asking every county and city to take 10 families. I said we should ask councils how many people they would be able to help. Has the Home Secretary asked councils whether they can help?

Geraint Davies (Swansea West) (Lab/Co-op): Swansea, of course, is a city of sanctuary and the leader of the council, Rob Stewart, has said that Swansea will help in any way it can. Does my right hon. Friend agree that the issue is to establish the capacity available for people who will willingly take people, rather than just plucking numbers out of the air, and that there is a welcome home for many people in distress across the country, including in Swansea?

Yvette Cooper: My hon. Friend is right. Swansea and other cities, including Birmingham and Sheffield, have already said that they are cities of sanctuary and will do their bit to help. I asked councils across the country whether they would help and within 24 hours, 40 councils confirmed that they would help and a further 20 have also done so. The Welsh Assembly Government have shown great leadership, saying that they will help, and the Scottish Government have also said they will help. They need support from the Government to do so, but they really want us to do our bit. Wales, Scotland and councils across the country are all saying that they will help, but only if we can work together.

Mr Burrowes: The right hon. Lady is right not to pluck figures from the air. There have been pledges to deliver just over 100,000 places and the UNHCR, which is the expert in the field, says that the figure should be up to 130,000 across countries by the end of 2016. Surely if we follow its approach and play our part in the

delivery of 130,000 places by the end of 2016, that will provide a focus and we could ask the Home Secretary to provide details of how we can quickly reboot the vulnerable persons relocation scheme to assess those children and vulnerable people and get them here as quickly as possible.

Yvette Cooper: The hon. Gentleman is right: we should look at all the different ways in which we can play our part and work with the UN. At the same time, the EU is today asking for 160,000 people to be resettled throughout Europe. The hon. Gentleman is also right to say that the UN has called for people to be resettled from the camps themselves. We should be doing that and working together. My proposal was a suggestion of a way forward by asking councils, but there are other ways to do this. The point is that Parliament should make known our commitment and view that Britain can do more to help. That is what people across the country are telling us. I agree with the hon. Gentleman that we should be looking for ways to do more.

Catherine West (Hornsey and Wood Green) (Lab): I congratulate my right hon. Friend on securing this debate. Does she agree that the organisations involved include not only councils, but national charities and local bookshops? We also have a local Songworks choir, and local schools are making collections. Children in Hornsey and Wood Green have been inspired to collect food and blankets and to give their pocket money, and churches and mosques across the piece are also involved. Somebody came to an advice surgery on Friday who was a refugee himself. I thought he wanted to discuss his own housing problem, but he has raised £14,000 through a local charity called Comkar. He was in tears and had a photograph of that little boy. He said, "That was my journey, but I made it and I want to do my bit," so could we also reach out to and help civic communities?

Yvette Cooper: My hon. Friend is right, because people want to help. They want to be able to do their bit and they want us to show that we are also prepared to our bit from this Parliament. One million people have signed petitions in the past week alone and £500,000 has been raised in 24 hours for Save the Children. Almost 4,000 people have offered to open their homes for refugees. Earlier this week, a convoy of 15 cars travelled from Birmingham to Calais filled with donations for refugees in camps there. Faith groups, community groups, workplaces, business and councils are also involved. A business contacted me this morning to ask how it could offer jobs to refugees and give them a new start. That is the kind of country we are—this is the best of Britain. We have to now make this the best of the House of Commons as well by responding to that demand for help and action from our country.

I urge the Home Secretary to ask communities and councils how much they are able to do to help, and to call an urgent meeting with councils, community organisations, charities and faith groups to ask how we can work together to address this crisis. I will hold such a meeting on Thursday, but they could come to her instead and be part of a Home Office and Government-led programme across the country, showing the leadership we need.

[Yvette Cooper]

We need a clear plan. We need the Home Secretary to spend the next month working across the country to draw up a serious plan for how we in Britain can help and to address the target of how many people we can take before Christmas and over the next 12 months. Britain is showing how much it wants to do; now we need a Government who want to do their bit, too, and who are ready to live up to the country they represent.

There is a second area of disagreement. The Government have said that they want to take only refugees from the camps near Syria, not those who are already in Europe. They have said—this point has already been raised—that they do not want to give people an incentive to travel through Europe in order to get asylum in Britain. The trouble is that people are travelling already. They did not wait for any asylum statement by the British Government before deciding to pack their bags and flee. Rations have halved in some of the Syrian border camps. Parents are despairing that their children will never go to school. They cannot work or go home and they are fleeing to Europe whatever we in Britain do or say.

Let us remember that Britain has already used the incentive argument in relation to search and rescue. The boats were withdrawn to deter people from travelling. Instead, many more came, and many more drowned because the boats were not there to help. Refugees are travelling and there is a crisis now.

Peter Kyle (Hove) (Lab): I was an aid worker in the Balkans for almost 10 years during the crisis in the 1990s, and I saw at first hand what it took to make somebody leave their home, their loved ones and the community they love. People do not flee such things lightly; they do so because of desperate conditions and war. Does my right hon. Friend agree that those conditions and the push away from areas of war far outweigh the pull of coming to a country such as Britain?

Yvette Cooper: I agree with my hon. Friend. Any of us who are parents know just how stressful it always is to travel with children; and to entertain the idea that any parent would take the decision lightly to travel with children across a continent—not knowing where they will sleep the next night, not knowing how long the journey will be, not knowing where the food will come from for their next meal—is to misunderstand the huge pressure and anxiety that so many of those desperate refugees are facing.

And they are travelling now. The UN has reported that 7,000 Syrians arrived in Macedonia on Monday alone. Some 50,000 people have arrived in Greece in just one month. In the Greek islands alone, 30,000 people are currently asking for sanctuary and help, including 20,000 on Lesbos.

To be honest, it is the refugees arriving in Greece that I am the most troubled about right now. Germany, Austria and Hungary are understandably focusing on helping the hundreds of thousands of people crossing their borders, while Italy, with help from the EU, is working to help more than 100,000 who have come mainly from Libya. But Greece needs much more help to deal with and respond to those who have arrived on its shores, and to provide them with humanitarian support.

The authorities are doing their best, but the camps are makeshift, without toilets or running water. Many people are sleeping outside, with nothing but cardboard to sleep on—and they include babies and children. There have been cases, too, of police using riot batons against refugees as tensions have risen. How on earth is Greece supposed to assess people's asylum claims and provide them with humanitarian aid when 130,000 people have arrived on its shores this year alone?

The Prime Minister's response yesterday seemed to be that the issues for Greece, Italy and Hungary were just a problem for the Schengen zone to deal with. Why is that? The Schengen zone did not cause millions to flee their homes, whether in Syria, Libya or beyond. The Schengen zone did not draw up the geography of Europe and its islands, by which our British islands are 2,000 miles from Syria, whereas the Greek islands are just three miles from the Turkish shore. I agree with Angela Merkel that the Schengen countries need to rethink their border controls now, but none of that is an excuse for us not to help.

Today, as we debate, the European Commission is drawing up plans to move 130,000 people into other countries. I agree that we should not be part of a quota system drawn up by the Commission, but I do not agree that we should turn our backs, and I do not agree that we should say that the crisis in Europe is nothing to do with us and that the only people that we will help will be from the Syrian camps.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Does my right hon. Friend agree that talking about whether we are or are not members of Schengen is in some sense a red herring? If the European family of nations means anything, it should mean that all European nations stand together in the face of this unprecedented crisis.

Yvette Cooper: My hon. Friend is right because Europe is being tested. We are part of the Europe that is being tested now, and we should show that we are ready to respond.

That is why I think that the Home Secretary should ring up the European Commission today. While it is working out how to provide help across Europe, let us offer to do our bit. Let us offer to take 10,000 people this year, or a different number if she prefers. Let us offer to take the 3,000 children who have travelled to Europe alone, as Save the Children has suggested. Let us just offer to help—just be British, do something bold—say that we will fund the UNHCR to make assessments in Greece right now, say that we will send support to provide help and to bring the refugees from Greece to Britain to get the help that they need.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Given that the Government have made a very generous contribution in providing support in the refugee camps and that they have made the welcome commitment to take 20,000 refugees, does my right hon. Friend agree that failing to work with other European countries to deal with the immediate problems risks our losing the moral leadership in Europe that our financial contribution would merit?

Yvette Cooper: I agree with my hon. Friend. In fact, I want to move on to that point. This should be an opportunity for us to work with other European countries and to get them to do more, both in providing aid for the region, just as we do, and in helping the refugees.

This problem is not going away. The reason I think that this is about responding with both our heads and our hearts is that if we do nothing, this problem will simply get worse. We cannot stand on the sidelines and watch while this happens. We cannot be the generation that turned our backs. We need a bigger plan.

Damian Collins (Folkestone and Hythe) (Con): Will the right hon. Lady clarify? If she is suggesting that we should be taking migrants who are currently in the European Union rather than taking migrants directly from Syria, is she suggesting that we take fewer refugees from the Syrian camps than the 20,000 proposed by the Government, or that a substantially larger number of migrants overall should come both from Syria and from inside the EU?

Yvette Cooper: The Government's current proposal is to take 20,000 refugees over five years, so we assume that that means 4,000 in the next 12 months. Yes, I am saying that it would be right for Britain to take more than 4,000 in the next 12 months. To be honest, it is very hard to set a number for a whole Parliament, because we do not know what the circumstances will be in future. I think we should start with the number we want to help in the next 12 months, and then keep that continually under review. We may need to help more, and we may be able to help more. We may find other long-term solutions, but we know that that will be hard. We should start with those we can help right now, and that must be more than 4,000.

Mr Alistair Carmichael (Orkney and Shetland) (LD): I am grateful to the right hon. Lady for giving way because she has come to the nub of the argument. Is not the distinction between desperate people in one place who have made a journey and desperate people in another place who have yet to make a journey as false as it is offensive? Surely our contribution to helping people who are in need should be based on need, not on a decision that they might have made from sheer desperation.

Yvette Cooper: I agree with the right hon. Gentleman that we need to do both. We cannot simply ignore people who have already fled out of such desperation, been on very difficult journeys and seen many terrible things along the way, including children who have endured all kinds of difficult and degrading treatments, whether at the hands of traffickers or in the form of the abuse they have left behind. We should help them because that is happening on our doorstep: we should be providing help in European countries, as well as in Syria itself, and we need to do so as part of a wider European plan.

We need a bigger plan, and Europe should be part of that plan. We do not have time today to debate a long-term solution for Syria, the military strategy against ISIL or the Government's current approach to the Assad regime. We urgently need a new diplomatic initiative drawing on all the countries of the region, Russia, Iran, the US and countries from the Gulf and the EU, but no

one believes that there is a simple foreign policy or military intervention that will swiftly restore millions of people to their homes.

We need a serious plan to cope with the humanitarian consequences, which could be with us for many years, and a plan for the region and the neighbouring countries of Jordan, Lebanon and Turkey, which have shown great generosity. However, as long as the refugees in those countries have no proper homes and no schools for their children and as long as they cannot work and have no hope, they will of course seek sanctuary in European democracies. In effect, we need a Marshall plan for the area to provide the long-term support that we need to provide the stability that we need.

Lucy Frazer (South East Cambridgeshire) (Con): The right hon. Lady mentioned that we do not have time to debate the bigger issue of what we do about ISIL, but in brief, how far does she think we should go to defeat ISIL in the region?

Yvette Cooper: The Prime Minister himself has said that acting against ISIL is a challenge for a generation. A response is taking place in Iraq and Syria at the moment. We wait for the Government to set out any further proposals that they have, and we will need to look at those in due course. However, that does not change anything about the humanitarian response that we need for those who are fleeing the conflict—not just those from Syria, but people from other countries who are crossing the Mediterranean.

Mr Nigel Evans *rose*—

Robert Neill (Bromley and Chislehurst) (Con) *rose*—

Debbie Abrahams (Oldham East and Saddleworth) (Lab) *rose*—

Yvette Cooper: I am conscious that I have taken many interventions. Many people want to get in and I really want to complete my speech, so I will take just two further interventions and then complete my remarks.

Robert Neill: The right hon. Lady makes a very fair point about the need in the long term for what she terms a new Marshall plan. I have sympathy with that, but the Marshall plan only worked once the totalitarian barbarians in Europe had been removed. How far is she prepared to go to support those of us who think we should use every means to remove the barbarians who are currently destroying these countries?

Yvette Cooper: That is another debate. As I have said clearly, there is no quick military or foreign policy fix that will solve the humanitarian challenge we face. Nobody believes that there is a quick answer that will solve these problems.

Debbie Abrahams: I am in contact with Syrian families who are seeking asylum in the UK and who originally travelled to Europe through Hungary, where they were fingerprinted and photographed. Their concern is that they will be sent back to Hungary. What should we do in such cases?

Yvette Cooper: My hon. Friend raises an important point about those who have travelled to Britain through other countries. That concern relates specifically to what is happening in Syria. I have said that the long-standing Dublin convention has worked well in many areas and could work well in future. However, the nature of the Syrian crisis and the humanitarian crisis that we face is straining that convention at its seams. The Government should think again about the refugees from Syria who have arrived in Britain whom they are deporting back to other European countries, even though those countries may already have taken far more Syrian refugees than we have. That is not about Britain doing its bit to help, particularly given the scale of the crisis we face.

We need a plan for Europe, not just a Marshall plan for the region, because people will keep trying to reach our shores, whatever we do—a plan that involves proper UNHCR-run assessment centres in the region before people try to make a dangerous journey, and EU funding for the UN to do the job; a plan that funds assessment centres in Europe in the places people are most likely to arrive, so that they do not start to travel in dangerous convoys across our continent; a swift system to respond to those economic migrants, perhaps from the Balkans, who need to return and to follow normal immigration rules; a plan to help the refugees get the help and support they need; a plan that takes on the vile criminal gangs; a plan in which European countries work together, rather than making life harder for each other; a plan by which the French authorities and the UN can do full assessments of those at Calais to determine how many are refugees and how many need support; a plan in which Europe stands strong in the face of the crisis in which it is being tested, rather than falls apart.

Why is Britain not leading the way in insisting on the scale of plan that we need? Why are we not demanding that Poland and other eastern European countries do their bit to help, backing up the calls from France and Germany for other nations to do more? Why are we not calling on the Commission to do more, particularly to help Greece provide the humanitarian support that is needed? Why are we not using our leverage in the EU to make sure that other countries do more to provide aid to the region? Why are we not recognising our responsibilities as one of the biggest and longest-standing EU countries to make sure that Europe responds? We should use that basic British diplomacy that we are supposed to be so good at to provide a bit of leadership on our continent at a time of crisis. Yes, that does mean that we have to do our bit to show that we are prepared to help within Europe, too.

Anybody who thinks that we can solve this crisis by pulling Europe apart is profoundly mistaken. Only by working together can we deal with the scale of this. Imagine how much harder it would be, whether to deal with the problems at Calais or the problems of people crossing borders through the continent, if we were to rip Europe apart and make it harder to work together.

In the end, this is about the kind of Britain we are and the kind of Europe we want to believe in. It is about whether we are brave enough and strong enough to act when the times demand it. When we hear the Hungarian Prime Minister—a democratically elected Prime Minister of a European country—warn that we should oppose people coming into his country because we cannot let Muslims into Europe, we should be chilled. We should

remember how hard we fought to defend our democratic values, our compassion and our internationalism, not just in Britain, but in Europe; how hard we fought to build the idea of our common humanity; and how we cannot take those values for granted. In the end, these are the values that we believe in. In the 1680s, 50,000 Huguenots fled here from La Rochelle. Two hundred years later, 140,000 Russians fled here from the Tsar. In the 1930s, despite the recession and hardship our country faced, we took in more than 80,000 Jewish and European refugees.

In the Kindertransport debate 77 years ago, Philip Noel-Baker reminded parliamentarians of our common past. In his speech, he reminded the House of the Russian refugees after the first world war who were resettled in Greece, Bulgaria and Syria. Here is what Samuel Hoare, the Conservative Home Secretary of the day, told the Commons:

“There is no page in our lifetime which is so tragic as that of the sufferings of the refugees...Wave after wave of refugees has drifted across the world, uprooted from their homes, penniless, destitute, no country found ready at hand to receive them, separated from their families and their surroundings”.—[*Official Report*, 21 November 1938; Vol. 341, c. 1463.]

He continued:

“we, the United Kingdom...are prepared to play our full part and to take our full share with the other nations of the world. We accept the responsibility that is on our shoulders...owing to our wealth and other resources, we can play an important part”.—[*Official Report*, 21 November 1938; Vol. 341, c. 1466.]

I hope that our Home Secretary today will respond in the same spirit, and I hope that the whole House will do so too, both in the debate today and as we vote on a motion to follow up tomorrow.

Here is what the Labour MP for Gower, David Grenfell, said towards the end of the debate:

“The House this evening has shown a wonderful unanimity of sentiment and feeling, which must gladden the hearts of Members in all parts of the House. Within the framework of a feeling of common humanity and a common standard of civilisation Members in all parts of the House have filled in a picture which shows the House of Commons at its very best.”—[*Official Report*, 21 November 1938; Vol. 341, c. 1476.]

Another Member stated:

“we are at the turning of the roads...We could never set our hands to a better thing. To-morrow may be a hard day for us, but I feel that, by doing the things that are morally right, we shall achieve something which is worthy of the name of the British nation.”—[*Official Report*, 21 November 1938; Vol. 341, c. 1456.]

Let us today be the House of Commons at our best. Let us live up to our predecessors. Let us live up to our history. Let us live up to the generosity of the country that we seek to represent. Let us decide this week that we will do more to help.

2.27 pm

The Secretary of State for the Home Department (Mrs Theresa May): The whole House, indeed the whole country, has understandably been shocked by the scenes we have witnessed this summer. Men, women and children have taken extraordinary risks to secure for themselves and their loved ones the things we take for granted: a roof over their heads, a home for their family, and a chance to work and provide for their loved ones in a peaceful, stable country. Many have fled horrors we can scarcely imagine.

Since it started four and a half years ago, the civil war in Syria has claimed the lives of 220,000 people and forced 1 million more from their homes. They have seen their schools and hospitals bombed, their towns ransacked, their friends and relatives killed. It is a brutal conflict—one that does not shudder from the use of torture or sexual violence, and that has seen the first use of chemical weapons this century.

No one chooses to be a refugee. The families driven out of Syria are fleeing a conflict they did nothing to start and which they have no desire to see extended. Families up and down the UK, on listening to their stories, have imagined, “What would we do if we were in their place; if that was our town, our home, our children?” The awful scenes we have seen in recent weeks are all the more distressing for the knowledge that they are not unique and, sadly, not new.

As this crisis has grown, the Government have done and will continue to do everything we can to help those in immediate need, and to stop the dreadful situation they are fleeing. Such a huge task demands a comprehensive approach—one that tackles the causes of the problem as well as the consequences. Our approach is focused on four main efforts: providing aid directly to those who need it; preventing people from putting themselves in danger as they seek our help; resettling those who most need our protection; and leading international efforts to bring the situation to an end as swiftly as possible.

Alex Salmond (Gordon) (SNP): The Home Secretary rightly says that no one chooses to be a refugee. That applies to refugees from countries other than Syria. Have the Government any proposals to help in any way those refugees—they do not choose to be refugees—from countries other than Syria?

Mrs May: As has been pointed out, people are fleeing other parts of the world. The Government take a clear approach to that. People have the ability to come to the UK to seek asylum. Those claims are properly considered, and we grant claims for asylum to people here in the United Kingdom. The UK has always been willing to welcome those who are fleeing conflict and persecution. The situation is no different today from what it has been in the past.

Mr Nigel Evans: I have visited camps in Turkey and Jordan. I pay tribute to the support that the British Government and British people are giving to them. It is not a picnic, but my mind goes to what we can do to stop people making that treacherous journey in the first place. I accept what the shadow Home Secretary says about the hundreds of thousands who are already here, but what actions does the Home Secretary believe we can take with the international community to stop the treacherous journey in the first place?

Mrs May: My hon. Friend makes important points. I will come on to the support that we have been providing in the region for people who have found a place of safety outside Syria, but who are in camps in the circumstances he refers to. He refers to the treacherous journey. One reason why the Government and I believe it is important to offer people who have been displaced from Syria and who are in particularly need that safer, more direct route to the UK from those areas is that it clearly says to people that there is a route that does not entail them taking that treacherous journey. Sadly, as

we have seen, many people have died as a result of that treacherous journey, despite the best efforts of countries throughout Europe to ensure that that does not happen.

Sir Oliver Heald (North East Hertfordshire) (Con): Will my right hon. Friend give way?

Mrs May: If I may say so, I am very conscious that this is a time-limited debate and that a large number of Members wish to speak, so I will take only a limited number of interventions.

Sir Oliver Heald: Does my right hon. Friend agree that one of the saddest things we have seen is the death of young Alan Kurdi? He was the victim of people traffickers who were prepared to put him to sea in a dinghy with his family. The traffickers departed, leaving that child at grave risk on the seas. Does my right hon. Friend agree that more needs to be done to clamp down on those people who are so evil?

Mrs May: I absolutely agree with my hon. and learned Friend. If he has a little patience, I should like to say something later in my remarks about what we are doing in that respect.

I set out the four main areas of effort and should like to address each briefly. The first is aid spending. Since 2011, the UK has been at the forefront of the international response to the humanitarian crisis in Syria. Our financial contribution of more than £1 billion is the largest we have ever made to a humanitarian crisis and makes us the second-biggest bilateral donor in the world. To put it in context, the amount of money we are spending is almost as much as the rest of the European Union put together.

The United Kingdom can be proud that we are the only major country in the world that has kept our promise to spend 0.7% of our national wealth on aid, and prouder still of the difference that that money is making. Our support has reached hundreds of thousands of vulnerable people across Syria, Jordan, Lebanon, Turkey, Egypt and Iraq. It has paid for more than 18 million food rations; it means that 1.6 million people have access to clean water; and it is providing education to a quarter of a million children. Last week, the Government announced an additional £100 million of aid spending. As the Prime Minister told the House yesterday, £60 million of that will go to help people who are still in Syria. The rest will go to the refugees in neighbouring countries—Turkey, Jordan and Lebanon. More than half of that new funding will support children, particularly those who have been orphaned or separated from their families.

UK aid from the British people is helping the victims of the Syrian conflict where and when they need it most. Without our aid to those camps, the numbers attempting the dangerous journey to Europe would be much higher. The Government have always been clear on this point: we must stop people putting their lives at risk by taking those perilous routes, as my hon. and learned Friend pointed out a few minutes ago.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Does the Secretary of State agree that one group of people who understandably will continue to want to travel to the UK is those from the

[Stuart C. McDonald]

region who have family members who are already settled here as refugees? Our tightly drawn family reunion rules limit the numbers who could benefit from them. Will she commit to a review, and an extension of, the family reunion rules so that more can benefit from them?

Mrs May: The hon. Gentleman makes an important point, but there are alternative routes for those who are looking for family reunion here in the UK. Under current family reunion provisions within the immigration rules, those who are granted asylum or humanitarian protection in the UK can sponsor immediate family members to join them here. We have arrangements in place that are helpful to those who wish to join family here in the UK.

I want to make another point about the perilous journey. An important point was made by my right hon. Friend the Member for North Somerset (Dr Fox) yesterday. He said:

“If we are genuinely to help refugees, this cannot simply be about helping the fittest, the fastest and those most able to get to western Europe. We must help those who are left behind in the camps, who are sometimes the most vulnerable.”—[*Official Report*, 7 September 2015; Vol. 599, c. 34.]

Indeed, the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) has made that point herself—she made it on one occasion when we discussed the issue last year. She said:

“There has always been cross-party agreement that the majority of refugees should be supported in the region.”—[*Official Report*, 29 January 2014; Vol. 574, c. 881.]

Richard Burden (Birmingham, Northfield) (Lab): The Home Secretary is clearly right about Britain’s record, both on reaching 0.7% and on the camps in Syria and surrounding areas. However, she will know that there is still a crisis of funding in those areas. The World Food Programme, the United Nations Relief and Works Agency and others are talking about the strains on their resources to deal not only with the Syrian crisis, but with other crises. The Government have decided that the refugee resettlement programme on which they are embarking will come from the overseas aid budget. I understand the reasons for that, but has there been an assessment of the impact that funding it in that way will have on other programmes elsewhere?

Mrs May: The hon. Gentleman is correct that the United Nations is looking at how to reach the funding it requires to provide support. As he says, there has been an impact on the World Food Programme. Yesterday, I was able to speak to Stephen O’Brien, who a few months ago took up his new role in the UN. He has been spending some considerable time on the issue and talking to potential donor countries. He is looking actively at how it is possible to increase that funding. The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Bournemouth East (Mr Ellwood), has alerted me to the fact that the UN General Assembly will focus on the issue in the not-too-distant future. The UK has a commitment to 0.7%. Because of our growing economy, that aid budget is increasing—it is not the case that there is simply one pot of money that is being distributed. We are seeing an increase because of that growth in the economy, because

the target that we have set and reached is based on a percentage of national wealth rather than on a specific figure.

I said in response to my hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) a couple of minutes ago that I would comment on the issue of criminality. Our work pits us against the callous criminal gangs that exploit the suffering of vulnerable people by selling them false hope. They are taking their life savings in exchange for a place in a rickety vessel, or cramped in the back of an ill-ventilated lorry. The tragic death toll in the Mediterranean—not just in recent weeks, but over the past two years—illustrates the great risks people are running and the vile disregard for human life of the gangs who encourage them, and so do appalling cases such as the 71 bodies found abandoned and decomposing last month in the back of a lorry on an Austrian motorway.

We have seen people taking dangerous risks in their attempts to cross not only the Mediterranean but the English channel. That is why we are working—not just alone but with our international partners—to smash these criminal gangs and break their disgusting trade. In Calais, the joint declaration I signed on 20 August with Bernard Cazeneuve, the French Interior Minister, cements and builds on the close working relationship of our two Governments. It builds on the important collaboration between our law enforcement agencies and establishes a joint gold command structure ensuring that UK and French officers work hand in hand, sharing intelligence and reporting jointly on a monthly basis to both me and Mr Cazeneuve.

Damian Green (Ashford) (Con): Does the Home Secretary agree that this illustrates a wider point? Many of us will have agreed with large amounts of what the shadow Home Secretary said in opening this debate, but I think she left a faintly false impression that the British Government are not working closely with other European Governments across the board on this issue. Does the Home Secretary agree that the very close and improving co-operation between the British and French police authorities is just one part of wider and deeper co-operation that is necessary and that is now happening?

Mrs May: My right hon. Friend is absolutely correct and I shall say a little more about that in a minute or two. We have very good co-operation with other member states in the European Union on these issues. As he says, the police co-operation we are encouraging is indeed a very good sign of the work that is taking place.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): Will the Home Secretary give way?

Mrs May: I will take the hon. Gentleman’s intervention, but thereafter I really should not take any further interventions given the number of people who wish to speak in this debate.

Mr Mahmood: Does the Home Secretary not agree that rather than just looking at the borders of Europe, we need to go further into the Mediterranean? That is where people are being exploited and put in unseaworthy vessels. People, including young people and women, are suffocating to death. We need to take action there, at that point, to stop the loss of life, rather than leaving them to try to travel here and drown.

Mrs May: The hon. Gentleman makes a very important point. The European Union has agreed a Common Security and Defence Policy programme, to work with a Government in Libya when possible. At the moment, the situation in Libya is such that there is not a Government to provide the support to give the go-ahead for such a programme, but there are already plans on exactly the sort of point made by the hon. Gentleman.

We have established an organised immigration crime taskforce that brings together officers from the National Crime Agency, immigration enforcement, the Border Force and the Crown Prosecution Service to pursue and disrupt organised crime gangs. Some of the team are based in Europol cells in Sicily and The Hague. The rest are on standby in the UK to deploy. They will exploit every opportunity to smash the gangs' criminal operations. Additional officers have already deployed to Senegal, Ethiopia, Greece, Malta and Tunisia to tackle the gangs at source. The taskforce will build on the progress made by the Home Office's immigration enforcement command in tackling the gangs that target the most vulnerable. Working with the French authorities, our teams in Kent have already broken up 27 gangs in the past 18 months.

As others have said, this problem extends beyond the conflict in Syria. The UK is also a leading member of the group of European and African nations developing the EU's Khartoum process, focused on concrete actions to combat people-smuggling and human trafficking in the horn of Africa.

Yvette Cooper: Will the Home Secretary give way?

Mrs May: I will.

Yvette Cooper: I appreciate it; the Home Secretary is being very generous. I think everybody in the House will agree with pretty much everything she has said. There is a lot that we agree on, but I really must press her on the areas of disagreement. Can she give me any good reason why Britain would not help to take some refugees from Greece? We know the difficulties that Greece is dealing with—coping with 50,000 people arriving in a month. Can the right hon. Lady give me any good reason why we should not do our bit, when other countries are doing theirs, to reach out a hand and take some refugees from Greece?

Mrs May: If the right hon. Lady will bear with me for 30 seconds, I will come on to the issues relating to Greece and Italy to which she referred in her speech. I just want to add this on the criminal gangs: it is not only the victims of conflict on whom the criminal gangs prey; some of those making the dangerous journey to Europe are refugees, but others are economic migrants simply hoping to improve their lot. That is why we are leading the argument in Europe about breaking the link between making these journeys and achieving settlement in Europe for those who are not refugees.

The right hon. Lady, as my right hon. Friend the Member for Ashford (Damian Green) said, put quite a lot of emphasis in her speech on portraying the United Kingdom as completely failing to work with other member states in the European Union. That could not be further from the truth. We have been working closely with other countries in Europe. The right hon. Lady referred to Greece and Italy and asked us to do our bit to help Greece. We are indeed already helping Greece.

We are providing support to Greece and Italy. It is very clear to me and to the Interior Ministers of France and Germany that the European Union's concept of providing hot spots, particularly in areas such as Greece and Italy, will make it possible to process people coming through more swiftly and give them better support as they arrive in Europe. That will make it possible to take quick action to grant asylum to those who need our protection and, of course, to be firm with those who do not. We need to get those hot spots or processing centres up and running. It has been taking too long and that is precisely why the Interior Ministers of France and Germany, with me, have asked the European Union to call the urgent Justice and Home Affairs Council meeting next week so that we can press this point and ensure we get action. I assure the right hon. Lady that I and the Government have indeed been leading in Europe on a number of these issues.

Yvette Cooper *rose—*

Mrs May: I said that I would not take any further interventions, but as the right hon. Lady is on the Opposition Front Bench, I will take an intervention from her.

Yvette Cooper: I appreciate it. Once those assessment centres or hot spots are in place, what will happen to the refugees? Will the Home Secretary go into that meeting on 14 September and pledge not only to support the establishment of the hot spots and assessment centres but to take some of the refugees once they have been assessed? That would be Britain really doing its bit. That, I think, would be welcomed right across Europe and give her so much more leverage in getting Poland and other countries to do their bit as well.

Mrs May: Every country in Europe is working and contributing on this issue in a variety of different ways. We are very clear that the focus should be on helping Syrian refugees in the camps and in the region. We are not part of quota systems of resettlement and relocation within Europe for those who have arrived in Europe. We are helping in relation to the problems that Greece and Italy are already finding, as I have just indicated to the House.

I want to talk specifically on resettling refugees, particularly from Syria. As I have said, we are providing aid directly to people in the region. We believe that that is the best way to provide the greatest level of support to the largest number of people. We are embracing the need to provide protection here in Britain. We have always proudly done that. We operate some of the largest and longest-running refugee resettlement schemes in Europe. We have been among those EU member states offering the highest number of places in response to the current situation. Since the Syrian crisis began, we have granted protection to almost 5,000 Syrian nationals and their dependants under our normal asylum rules, in addition to the more than 200 we have taken under the Syrian vulnerable persons resettlement scheme, which is for the most vulnerable people—survivors of torture and violence, women and children at risk, and people in need of emergency medical treatment. As the Prime Minister announced yesterday, we will significantly increase the numbers of people resettled under that scheme—up to 20,000 over the course of this Parliament.

Geraint Davies *rose—*

Helen Goodman (Bishop Auckland) (Lab) *rose—*

Mrs May: I apologise to hon. Members; I indicated earlier that I would not take further interventions. I took interventions from the Opposition Front Bench. I will not take further interventions, because, as Mr Speaker said, 27 Back Benchers wish to speak in the debate. It is only fair to them if we on the Front Benches try to limit our comments.

Increasing the number of resettled refugees to 20,000 people over the course of this Parliament will not replace our humanitarian efforts. However, it recognises the resettlement of vulnerable refugees as an important part of the comprehensive approach needed to address a crisis on this scale.

Yvette Cooper *rose—*

Mrs May: I hope the right hon. Lady will bear in mind what I just said about Back Benchers.

Yvette Cooper: On this crucial point, the Home Secretary has said 20,000 over five years. How many will she take this year? Will she give a target for the number of people she will help this year, and will she make sure it is more than 4,000?

Mrs May: As the Prime Minister said in response to questions yesterday from hon. Members asking him to put a figure on the number in the first year, we will work with the UNHCR, which will identify the most vulnerable people. We will also work with local authorities, as the right hon. Lady mentioned. I and my right hon. Friend the Secretary of State for Communities and Local Government are chairing a taskforce to ensure that across Government we are getting the maximum effort on this point. My right hon. Friend the Immigration Minister has already contacted the Local Government Association and the Scottish Government. We need to ensure appropriate accommodation for people when they arrive in the UK, so we will work with the UNHCR and scale up as quickly as we can, but I am sorry to say to her that I cannot put a figure on the number for the first year. If she thinks about the need to ensure that the UNHCR can identify the most vulnerable people and that the accommodation and support provided to those people here in the UK is appropriate for their needs, she will see that it would not be right simply to chase some figure for the first year. We need to ensure we provide the right support for the most vulnerable people, and we will continue to work with the UNHCR to identify those refugees.

As the Prime Minister said yesterday, we recognise that children have been particularly badly affected by the crisis. In most cases, the interests of children are best met in the region, where they can remain close to surviving family members, but where the UNHCR's advice is that their needs should be met by resettlement in the UK, we will ensure that vulnerable children, including orphans, are a priority. We are already working with the UNHCR and a range of other partners to deliver these changes and to start bringing in additional people as soon as possible. As was referred to earlier, this carries a cost, but as the Prime Minister said

yesterday, we will ensure that the full cost of supporting thousands of Syrian refugees in the UK is met through our aid spending for the first year, easing the burden on local communities.

Mr Alistair Carmichael *rose—*

Mrs May: I apologise to my right hon. Friend, I mean the right hon. Gentleman—[*Interruption.*] Yes, that was pre-May. It is only fair to those whose interventions I rejected that I continue to make progress.

The response to the situation has shown the great generosity of the British people. When there are humanitarian crises across the world, we see an enormous outpouring of generosity from the British people. We have seen local councils, companies, churches, community and faith groups and individual people offering their help. As I have said, my right hon. Friend the Communities Secretary and I will be leading the work to ensure that those generous offers can be turned into the practical assistance that the refugees need most.

If we are to deal with the situation, however, we need to overcome this challenge in the long term, and that is about finding an end to the conflict. The only lasting solution to the problem in Syria is a political settlement to the conflict—one that rids Syria of the murderous tyranny offered by Assad as well as the warped ideology and barbarism of the ISIL terrorists seeking to exploit the violence. The Prime Minister was clear yesterday in the House that there was a strong case for the UK's taking part in airstrikes as part of the international coalition to target ISIL in Syria, as well as Iraq. I hope that when the right hon. Lady winds up the debate, she will say what her position on that proposal would be if she were leader of the Labour party.

A stable Libya is also crucial to our efforts. A political settlement there will do more than anything else to help us stop people making the dangerous journey across the Mediterranean. We must support the creation of a credible national Government whom we can work with and who can work with us to secure the Libyan coastline and interior, as the hon. Member for Birmingham, Perry Barr (Mr Mahmood) indicated earlier, and we are working, unilaterally and through the EU, to ensure that our development work helps those source and transit countries from which people are fleeing not persecution but poverty. We need to make it easier for people to improve their livelihoods without making long and dangerous journeys or fuelling the people-trafficking gangs.

The extension of our existing schemes announced by the Prime Minister yesterday builds on the Government's comprehensive approach to this unprecedented challenge: our largest ever humanitarian aid programme providing help directly in the region; protection for those who need it; stopping people making these dangerous journeys by breaking the link between illegal immigration and settlement in Europe; disrupting the criminal gangs and bolstering source and transit countries; and leading international efforts to end the conflict in Syria, to defeat ISIL and to give the refugees the most lasting help we can—the peace and stability of their normal lives.

Mr Speaker: I call the Father of the House, Sir Gerald Kaufman.

2.55 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): This is a grim world. Dreadful events are taking place in many countries. Innocent human beings are dying and armies and guerrillas are fighting each other throughout the world, particularly in south Asia and the middle east. Only today, we read of a 27-year-old Palestinian woman murdered by Israeli extremists, leaving her four-year-old child an orphan, yet we—not me, but the Government—will welcome to this country Binyamin Netanyahu, the author of the oppression of the Palestinians and the man who will go on trying to wreck the nuclear agreement with Iran, which is one of the few bright spots in international relations.

What was once hailed as the Arab spring has degenerated in every single country in which it appeared to be taking place: Libya is one source of the tragic and pathetic people trying to get to Europe via the Mediterranean; Egypt, an authoritarian country that tries people for exercising free speech and once an attractive country even under a dictatorship, is now worse than ever; and we have Islamic State, the terrible slaughter it has carried out and the threat to historic Palmyra. But the worst tragedy is Syria, where so many people have been killed and made refugees.

What are the Government doing? They want to bomb. Bombing will achieve nothing whatsoever, but will kill more people and create more refugees. They are now following the deplorable Obama in carrying out murder by drones, almost certainly against international law. What is their response to the heart-rending refugee swarm—that is what it is—of people fleeing horrors that, thank God, we in this country will never know. In their programme for accepting—not welcoming—refugees into this country, they have imposed not a target, but a limit, of 20,000. And now the Home Secretary, in her speech this afternoon, has said “up to 20,000”; not 20,000 or more, but up to 20,000.

Mr Nigel Evans: I am extremely grateful to the right hon. Gentleman for giving way. When the refugees come to the United Kingdom, I expect them to be welcomed. I have received a number of emails from constituents saying that we need to do more, as I am sure a lot of MPs have. However, does the right hon. Gentleman not also accept that, in welcoming the number that the Government have proposed, there has to be some limit? Otherwise, what figure might he be talking about? Does he not believe that if there is no limit the huge warmth that the British people will show to the refugees may be jeopardised?

Sir Gerald Kaufman: That would be all very well if that was what other countries were doing too, but over the last few days alone the Germans have taken in 17,000 refugees. It may well be that Angela Merkel, creditably, is motivated by conscience and what the Germans did to the Jews. That is possible, but it is not discreditable. She is to be emulated. The French are taking a very great many more. Other countries are trying. I am not saying it is universal; I am not saying it is by any means satisfactory or creditable. But we are at the bottom of the list, and I find that deplorable, and so do our constituents. The Government, if they reach the target, which is now “up to” 20,000—the Home Secretary has the opportunity to intervene and say, “Yes, definitely 20,000”—

Mrs May: I think we should be clear. As the Prime Minister said yesterday, we are talking about 20,000 people over the course of the Parliament. I said that we will increase the number of people being resettled under that scheme up to 20,000.

Sir Gerald Kaufman: I do not find that reply convincing. I do not think that this Government have got the motivation that other countries in western and central Europe have.

What is more, the people whom the Government are ready to take in are not enduring the present hell in Europe and on the Mediterranean; they are in camps already. I am not saying they are happy in the camps; I am not saying the conditions in the camps are good. I am not saying they want to be in the camps, but at least, with all those shortcomings, they are settled. We are looking at people in Europe who, far from being settled, do not know what is going to happen to them within the next hour. It is about time that we as a country took account of that in whatever policy we have from this Government.

Even the figure of 20,000, however it is calculated and however it is limited, is bogus. Cities such as my city of Manchester are very willing indeed to take a very substantial number of refugees, but the Government's financial arrangement is such that they will fund the refugees for the first year and after that the local authority has to pay. My city of Manchester, which has suffered the worst financial cuts of any city in the country, is being told, “Yes, we'll fund the refugees for a year, and after that you're on your own.”

Geraint Davies: The Prime Minister and the Government have said this week that it is morally right to take 20,000 people, but last week it was not morally right to take 20,000 people. In the weeks to come, what number does my right hon. Friend think will be morally right, as the Government are dragged kicking and screaming in the direction of public opinion? Does he think they will shift again, to a higher figure, or will we have to make do with that?

Sir Gerald Kaufman: I am afraid that the phrase “morally right” is somewhat ambiguous under this Government. My hon. Friend is perfectly right: we do not know what they will do, and one of the reasons we do not know is that they do not know what they will do themselves.

It is not only my city that will be very willing indeed to take in a far larger number of refugees than the Government would propose; it is other cities, too. I have to say, Mr Speaker, I think it is heart-rending. I do not want to dwell on my own personal experience, but my parents were refugees. When I think of people in Europe, I think of what happened to the Jews, and I believe—I am not discrediting anybody else, heaven knows—that Jews have a particular responsibility. I very much wish that the Government had that dimension of empathy that they do not appear to have.

As I have said, the Government funding is insufficient and is limited. That is dreadful. The number of refugees that this Government say they will take—although as my hon. Friend the Member for Swansea West (Geraint Davies) has pointed out, we do not really know what that number is or is going to be—is derisory compared with Germany, which in the last few days has taken in 17,000 refugees, and with France and other countries.

[Sir Gerald Kaufman]

We will look back on this Government's mean response to this heart-rending humanitarian crisis and we will be ashamed. This is not the will of the people of this country. Every indication, both nationally and from our constituents, demonstrates that people want to be more generous—that they will feel fulfilled by being more generous. My constituents would be ready—just as, I am sure, the constituents of hon. and right hon. Members on both sides of the House would—to open their doors and receive people who are going through privations and suffering that are very difficult indeed for any of us in this comfortable House, in this comfortable country, even to imagine.

We need an international plan. We need a European plan. The Home Secretary said that European countries are dealing with this in a variety of ways. That is because there is no co-ordination. The European Union ought to have a plan and we ought to try to instigate that plan. This is not something that feeling human beings can tolerate or live with. We need an international plan—a UN plan—and we need a European plan, but above all we need what we certainly do not have: a Government with a heart.

3.8 pm

Mr Adam Holloway (Gravesham) (Con): People across Britain, including one of my constituents who was on the phone, wept when they saw that little boy's body on the beach. Good people, such as the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), scream out in empathy that we should be doing something to help these people and assimilating more refugees to help the desperate. I completely agree on the need for action and the need to help those whose lives have been crushed by war and to do, with an enormous international effort, much more than we are doing now—as she said, a kind of Marshall plan.

However, I also think that the Prime Minister is completely right when he says that receiving ever more people simply is not the answer. In fact, I believe that much of the EU, and the Germans, are completely bonkers if they give ever growing numbers of refugees and migrants, picked up in the Mediterranean or elsewhere in Europe, the right to settle in Europe. There are hundreds of millions of people in the borderlands of Europe who are poor or affected by war, wanting better lives for their families, so we have to make it absolutely clear that people will not be allowed to live in Europe if they try to get in through the back door.

Neil Gray (Airdrie and Shotts) (SNP) *rose*—

Mr Holloway: Give me a couple of minutes. Just let me get into my stride.

Instead, those who are refugees should be offered a well-resourced place of safety—perhaps in Europe, but more probably in a safe place in the region where they live—and if it turns out that someone is an economic migrant, they should be taken home. This is not xenophobic: it is moral, practical, fair and sustainable over many years. As I see it, it is the only way to slow the number of bodies landing on the beaches and to allow Europe to re-establish control of its borders, which it has now lost. If we fail to achieve this, millions more people will make these journeys and we will be overwhelmed in the years ahead and less able to send resources to the region.

There are big disparities in security and economic opportunities between nations, and they will not be solved by short-term measures, such as giving hundreds of thousands of people asylum within Europe. It is not an idle exaggeration or scare-mongering to say that over the coming years we are looking at potentially hundreds of millions of people seeking a better life in Europe. The numbers have grown and will grow as long as we continue to reward these journeys with the opportunity to settle in Europe.

Let us be hard-headed about this: not all migrants are refugees. By way of illustration, Al Jazeera reporting from the Greek side of the border with Macedonia showed that large numbers of Syrians were trying to dissociate themselves from people from other places. It said:

“They want to separate themselves from the other nationalities; the Pakistanis, the Afghans, the Iraqis...what they say is that all these other nationalities claim to be Syrians as well, because it is the Syrians who have the most valid claim to asylum.”

When populations flee war or famine, they generally flee together, as I saw as a television reporter and a soldier. They flee with the elderly, the infants and the women as well as the men. [Interruption.] Yes, I would. The current migrants are overwhelmingly working-age males who have paid a hefty price to make the trip. Most of the countries they came from are certainly poor, but they are not at war. It costs thousands to board a smuggler's boat and a lot of money in the months before to travel to it.

As a TV reporter in the 1990s, I remember doing a piece about landlords in north London ripping off the housing benefit system. I was living in a house with a lot of people, including many from Congo, many of whom had been soldiers. I remember lying on my bed in this room that I was sharing with half a dozen of these guys, and I thought to myself, “Who is more likely to get to England and to north London: is it the soldier who had an AK47 and a fistful of dollars or the widow with seven children and not a cent to her name?”

Some years ago, I lived under cover for a couple of weeks in the Sangatte camp in Calais when I was working for ITV. I think there are some parallels with the situation today. Living side by side with people in the camp, it seemed to me that the overwhelming majority of the people who got as far as Calais were economic migrants. Every night, hundreds of us, all young men, would burst out of the camp as it started to get dark. We would spend the night cutting the wire, trying to get on to freight trains; we would be picked up the next morning by the French police and what we called the police taxi service to take us back to the camp.

If I had been one of those guys—then from Iran, Kosovo, the Kurdish areas of Iraq and Turkey—I would have done exactly the same as they did. How can we possibly criticise people for wanting a better life? Most were doing just that—looking for a better life. In many cases, their families had sold land to get the money to pay the people smugglers, and they had travelled to northern France unchecked. This still seems to be the case in Calais today. Not long ago, many people got out of an unsafe country to get there and they travelled through many safe countries subsequently. What they are doing now is trying to get into their country of choice.

Neil Gray: Is the hon. Gentleman aware of the information sent by the Immigration Minister to the Home Affairs Select Committee, confirming that the most

common nationalities among those at Calais included Syrians, Eritreans and Afghans? Refugees can be wealthy as well. The fact is that the United Nations has been absolutely clear that this is a refugee crisis and it very likely the majority of people at Calais are refugees. Why does the hon. Gentleman persist in peddling myths?

Mr Holloway: The hon. Gentleman did not listen to what I said. I said that those people had been through dozens of safe countries by the time they get to Calais. It is quite possible to be a refugee and an economic migrant. *[Interruption.]* One of the appalling truths about the Syrian bodies washed up on the beaches is that they previously got to safe countries and are now choosing to come to Europe. Again, I would do the same. Likewise, people in this country have claimed asylum in this country and then they go back on holiday to the places from where they have claimed that asylum. I could not get my hair cut the other day for that reason.

Australia used to have a severe—*[Interruption.]* Labour Members should rise to intervene if they want to say something.

Stephen Doughty: Will the hon. Gentleman give way? *[Interruption.]*

Mr Speaker: Order. The debate must be conducted with some decorum. It has been good-humoured, but it is getting a little out of control, and that is deprecated by the Father of the House as well as by the Chair. I call Mr Doughty.

Stephen Doughty: Thank you, Mr Speaker. I am sorry, but the hon. Gentleman is being very unhelpful by doing what many other Conservative Members are doing in constantly blurring the lines of definition between refugee, migrant, economic migrant and asylum seeker. The reality is that he is out of step with what the British public feel about this. People of all parties in my constituency are making it clear what they feel about the issue. This is a different situation, and the constant blurring of those definitions does not help.

Mr Holloway: We will not get anywhere unless we are clear that there is a difference between a refugee and an economic migrant. *[Interruption.]* I said it was possible to be both. Australia used to have a big migrant crisis, but does not have one now. Why? Because the Government took bold action. As Tony Abbott said—*[Interruption.]* Opposition Members should not laugh; this is true. Tony Abbott said:

“If we do the slightest thing to encourage people to get on the boats, this problem will get worse, not better.”

We cannot have a rational discussion of this issue, unless we accept that not all migrants are refugees. Economic migrants should apply properly, like everyone else, before leaving home. It should not be the case that people have only to arrive in Europe to be allowed to stay in Europe.

Bob Stewart (Beckenham) (Con): I thank my very hon. Friend for giving way. Both he and I know that the real sadness is that some people in Syria will be petrified and unable to move because they do not have a penny. These people are refugees without being able to be refugees because they are stuck in Syria, petrified, slowly watching their families being killed.

Mr Holloway: Absolutely, and I think we have a deep moral obligation to people who find themselves caught up in the wreckage of warring nations, or who find themselves persecuted.

During the Balkan wars, I posed as a deaf and dumb Bosnian Muslim in Serb territory—from the Kosara valley, Banja Luka and over the bridge at Bosanska Gradiška. We travelled down in a great big convoy of escaping Bosnian Muslims and Croats on trains. I ended up living in a mosque with refugees and then in a refugee camp in northern Croatia, followed by a prison cell in Austria, having been arrested with the Macedonian people smugglers who were taking us into Europe. Most of the people with whom I travelled from Serb territory remained in local refugee camps until the war ended. The vast majority now remain in former Yugoslavia, if not in their old homes.

These terrified people were most certainly refugees, and I will never forget the behaviour of the soldiers, and border guards and police towards these families, including an incident in which a child was literally picked up by the hair and thrown out of a bus on to a concrete hard shoulder. With 4 million Syrians displaced outside their country, and many more within it, what will be the effect of an open door from the European Union? Can anyone tell me what number of people would understandably move west? Can anyone tell me at what point our nations would turn round and say, “Hang on, we cannot keep on taking people from poorer countries into our communities”?

Geraint Davies: The hon. Gentleman said that Germany was “bonkers”. Is he aware that after the second world war, Germany absorbed an extra 12 million people, mainly Germans fleeing from Czechoslovakia and elsewhere. It has an open door for another 800,000 next year—it was 300,000 last year—and it has an ageing population so it could do with the workers. It is not “bonkers”. It has an open heart and an open mind—neither of which the hon. Gentleman has.

Mr Holloway: Well, I think it is completely bonkers. In my view, it is also immoral because we will see more and more bodies washed up. We are just going to have to disagree on this.

I think we could help a lot more people if the international community behaved a bit more like my right hon. Friend the Prime Minister, by trying to support as many Syrian refugees as possible through helping the many, as opposed to the few—helping all those camped out across Lebanon, Turkey, Jordan and elsewhere. That would be better than focusing on a lucky minority who will get to Europe.

Back in May, the European Commission made the insane proposal that member countries should take in migrants and refugees under a quota scheme. Notwithstanding other comments that he has made, Viktor Orbán, the Prime Minister of Hungary, noted at the time:

“The proposal on the table from the European Commission...is absurd, bordering on insanity... It is an incentive for human traffickers and will simply tell people: yes, try to cross the Mediterranean at all costs.”

Our Government rightly ruled out the EU asylum policy as an open invitation to uncontrolled immigration. The Australian general Jim Molan put it like this:

“Europe needs to make a very big decision and to make it soon. If it does not want to control its borders then it should

[*Mr Holloway*]

establish a sea bridge across the Mediterranean, let everyone in who wants to come, and not let these people die.”

Let us not forget that there are some very wealthy Sunni states with dogs in the Syrian fight. Refugees should be looked after in the first available country that they come to, or in their regions. There are plenty of very wealthy countries with land that is closer to those regions.

Deidre Brock (Edinburgh North and Leith) (SNP): The hon. Gentleman has referred approvingly to Australia’s treatment of migrants and refugees. I wonder whether he is aware of an editorial published a few days ago by *The New York Times*, which described Prime Minister Tony Abbott’s methods and policies as

“inhumane, of dubious legality and strikingly at odds with the country’s tradition of welcoming people fleeing persecution and war.”

Mr Holloway: I myself wonder how many people have not drowned because of those policies, but, again, we shall have to differ.

We must return those who are not entitled to claim asylum to their countries of origin, and—as we heard from the right hon. Member for Normanton, Pontefract and Castleford—try to find mechanisms to help the very, very large numbers of refugees in the region. We must consider establishing migration centres in safe places outside the EU, or possibly within it, for those who are rescued or those who have arrived. I believe that, in the jargon, that is called “extraterritorial processing”. In 2003, the Labour Government presented their idea for “transit processing centres”. Those proposing such an offshore asylum strategy could also learn from what the Australians have done in Papua New Guinea.

There are millions of genuine refugees from Syria alone, plus millions of economic migrants from numerous countries, whom we must discourage, and those are not numbers that it will be possible to accommodate through dispersal within Europe. Besides, Syria needs a regional solution; relocating people away from the region does not offer the long-term approach that it requires.

At some stage, we shall have to realise that big boys’ toys—that drones, lean men with unseasonal suntans and Viking moustaches, and fast jets—do not end wars. What ends wars, ultimately, is working on the politics, and sometimes that means going into partnership with some pretty unpleasant people. However, that is for another debate.

Let me say this in conclusion—Members will be relieved to hear that. If we do not act to break the link between a journey and a right to remain, millions of migrants may arrive on European soil over the next couple of years alone. Today, if we keep sending people in poorer or less stable countries the message that once they are picked up by the Royal Navy, or walk into Hungary, or reach a Greek island, they will have a ticket to a whole new life in Europe there and then, ever-growing numbers will come. Wouldn’t you?

Stella Creasy (Walthamstow) (Lab/Co-op): The hon. Gentleman’s argument seems to be predicated on the idea that the fact that Australia has said no to boatloads of people has had the effect of stopping people going. Is he aware of the number of people who are continuing to drown while trying to get to Australia? Is there not

just a vague possibility that the boats are not a pull factor, and that it is the need to flee for their lives that is making people take this risk? Operation Mare Nostrum was stopped in the Mediterranean because there was an idea that doing so would somehow stop people coming, but that simply was not true. People are dying and fighting for their lives; surely they deserve our protection.

Mr Holloway: They absolutely deserve our protection, and that is where I am coming from in this debate. We have to be hard-nosed and realistic. It is all very well to try to make oneself feel better, but we must do what is sustainable, moral and right in the long term.

Unless the message gets through to people in these countries, we are inviting hundreds of millions to seek a better life in Europe and Britain. Either we are a nation state or we are not. Either we are able to be serious about helping the many millions who are affected, or we are not. We should decide who comes into our country, not the German Government, and not the people smugglers. The message needs to be much clearer, or the drownings and the chaos will go on.

I completely understand the sentiments of those, here and in my constituency, who are demanding that something be done. We must do the right thing for the long term, in order to prevent the tides of death many of which we will never see in a newspaper. We need to resist the temptation to do what makes us feel better, and start coming up with some proper ideas that could solve the problem.

3.25 pm

Joanna Cherry (Edinburgh South West) (SNP): I intend to strike a very different note from that struck by the hon. Member for Gravesham (Mr Holloway).

Last week, our First Minister in Scotland convened a summit to consider the humanitarian crisis that is unfolding across Europe. She said we should be in no doubt that what we were witnessing was a humanitarian crisis on a scale not seen in Europe since the second world war. As the shadow Home Secretary said, the United Nations estimates that up to a third of a million people have tried to cross the Mediterranean in the last few months, and nearly 3,000 have died in the process. Desperate people are travelling through Turkey, Greece and the Balkans into Hungary as they try to get to Austria and Germany.

The images of people suffocating in the backs of trucks, children drowning, and people on the very doorstep of the United Kingdom losing their lives as they try to cross from Calais to Britain haunt us on a daily basis. Those images will continue to haunt us, and our consciences and our reputation as a Union of nations, for many generations if we do not, together and collectively, act to help those who are in desperate need.

Mrs Madeleine Moon (Bridgend) (Lab): We have just heard that one of the reasons we should have little sympathy for many of the refugees is the fact that many of them are fit young men. Is it at all possible that the hon. and learned Lady agrees with me that perhaps many of those men are also fleeing from conscription into military forces whose values they abhor and whose future they do not want to support, and that they want a democracy that they are unable to find in their own country?

Joanna Cherry: The hon. Lady has made a very good point, with which I agree.

I mentioned what the First Minister said last week. As has been made clear, the Scottish Government stand ready to do whatever they can to help to alleviate the crisis; but these are reserved matters, and the Scottish Government depend on the UK Government's doing the right thing so that we can do the right thing in Scotland. To date, the UK Government's response has been deeply disappointing. We recognise and support the funding that they have committed to the humanitarian initiatives to provide refuge and sanctuary in camps in the war zones of the middle east, but that significant effort must not be allowed to distract attention from the other significant efforts that are needed.

During our Opposition day debate tomorrow, the Scottish National party will elaborate on the action that we believe needs to be taken to deal with this humanitarian crisis. We will present three arguments. First, the United Kingdom should be part of the refugee solution, and we should accept our fair share of the refugees who are in and coming to Europe. We should recognise that these people have embarked on the often fatal journey towards southern Europe precisely because all other routes of refuge have been closed off, and we want the UK Government to assure the House that the UK will work with our EU neighbours in the European Commission resettlement programme to be announced tomorrow. Frankly, the UK Government's refusal to work with the Commission's current resettlement agreement to date has been an absolute disgrace.

The second point we will be making tomorrow when we elaborate our points in the Opposition day debate is that this humanitarian crisis should not be used as a cover for military intervention by the United Kingdom in Syria. The fact is that air strikes are already taking place on a daily basis by a US-led alliance, and since the advent of those air strikes the refugee crisis has not diminished; it has intensified. To bomb both Daesh and Assad-controlled areas, as the Chancellor has suggested, would not leave much of an already ravaged country unbombed, and that can only contribute further to the crisis before us.

Thirdly, the SNP will argue that the UK should sponsor a renewed UN initiative to secure and support safe corridors and camps throughout the middle east. If we base our response on humanitarian necessity as opposed to military intervention, we might help, rather than hinder, our fellow human beings. The UK must now play a proportionate role in conjunction with its European partners. It simply will not do for the Prime Minister to say that the UK will take only 20,000 refugees over the course of this Parliament, and those only from camps and elsewhere in Turkey, Jordan and Lebanon. Germany has said that she will take up to 800,000 refugees, and in a matter of days will easily have outstripped the 20,000 the Prime Minister has said he wants to take over five years.

Who could forget the images on our television screens at the weekend of refugees walking towards the border with Germany carrying images of German Chancellor Angela Merkel torn from newspapers? How proud Germans must feel that their leader has taken such a moral lead; I wish that we, as members of this Union of nations, could have a similar pride in our United Kingdom Government.

Richard Arkless (Dumfries and Galloway) (SNP): Does my hon. and learned Friend agree that the crystallisation of the embarrassment we on the SNP Benches feel about the UK Government approach is in the numbers? When the 20,000 over five years is stripped down, it is six per constituency per year across the United Kingdom. I have had hundreds of emails and crying phone calls from my constituents who are ready to take vastly more than this pitiful number of six per constituency. Does my hon. and learned Friend agree that it is the numbers that are embarrassing?

Joanna Cherry: I agree with my hon. Friend, and all Members in this House will probably have shared that experience of being absolutely inundated with emails and letters over the last few days.

I was talking about German generosity in the face of this humanitarian crisis, and I pose this question: on what basis do the UK Government think it is fair for Germany and our other EU neighbours to accept so many of these refugees who have arrived in Europe when the UK turns its back completely on the refugees who have arrived in Europe? There is a depressingly large contrast between Angela Merkel's announcement yesterday of a €6 billion investment in shelters and language courses for refugees and the UK Government's rather frosty approach.

There is also a danger that the UK Government policy of only taking those refugees who have stayed behind in the camps will label them as "good" refugees and those who have come to Europe as "bad" refugees. Such an approach is not helpful and does not begin to engage with the reality of the situation.

Mrs Flick Drummond (Portsmouth South) (Con): What does the hon. and learned Lady think about the leaders of other countries who have not given quite so much aid? We are giving 0.7% of our GDP in aid. Would she put those leaders in the same category as she is just about to put our Prime Minister in?

Joanna Cherry: We are here today to debate the response of the UK Government. I have already said that the SNP accepts that the UK Government have been generous in aid terms, but that is only part of the picture. What we are here today to discuss is the adequacy of the UK Government's approach overall.

I found it very worrying that yesterday the Prime Minister seemed to conflate issues regarding what is a humanitarian crisis with economic migration and, even more worryingly, security and terrorist issues. This seems to me to be a cynical attempt to distract people from the moral imperative presented to us by recent events. Going on the evidence of our mailbags and emails over the last few days, I do not think that cynicism is going to succeed in the face of the fundamental decency of the people of the UK.

Mark Field (Cities of London and Westminster) (Con): Will the hon. and learned Lady give way?

Joanna Cherry: I should like to make a little more progress; then I might give way.

I do not believe that people in the United Kingdom will tolerate a situation in which the Government simply wash their hands, Pontius Pilate-like, and walk by on

[Joanna Cherry]

the other side of the street in the face of the desperate plight of those people who are now in Europe. The point has already been made that the UK has a proud history of taking in refugees, from the Kindertransport of the 1930s through to the Ugandan refugees in the late '70s. Even Mrs Thatcher's Government took in 10,000 Vietnamese boat people after a bit of pressure was applied. The people of the United Kingdom will be ashamed if this Government do not relent and take a fair share of the refugees who have come to Europe.

We should not use the fact that we are not part of the EU's borderless Schengen agreement, or that we are not at present part of the relocation initiative, to distract from what is a moral imperative to reach out to those who are suffering and in need, and who are coming to our relatively wealthy continent of Europe seeking sanctuary. They are, of course, coming to the poorest part of Europe, the south, and the people in the south, particularly in Greece, need the support of the richer nations in the north if they are to cope with the crisis that is unfolding on their doorstep.

Stewart McDonald (Glasgow South) (SNP): Another thing that the UK Government could do—I think both sides of the House could unite around this—is put pressure on other states in the region such as Qatar and Saudi Arabia, which are supposed to be Britain's allies, to take in some refugees. Some of those countries do not even recognise refugees in their constitutions. Does my hon. and learned Friend agree that the southern European states could be helped if the UK Government exerted their influence in that way?

Joanna Cherry: Yes I do, but it will be difficult to have any great influence when we are not seen to be making an appropriate response to the crisis ourselves.

We are an island Union of nations, and the point has been made that we are at the northern end of Europe and therefore rather removed from the apex of the crisis. We are also Europeans, and we will continue to be Europeans even if this Government take us out of Europe following their referendum. We have been good Europeans in the past, so let us not dishonour our forebears by turning our backs on those in need who are arriving on our doorstep in numbers bigger than at any time since the second world war.

Yesterday, the House debated the European Union Referendum Bill. In the context of that debate, we should be asking what sort of Europe we want to see. The Scottish National party is in no doubt that what Scotland wants—and, I believe, what the United Kingdom wants—is a humanitarian Europe that extends compassion to our fellow human beings in their hour of need.

Julie Cooper (Burnley) (Lab): Will the hon. and learned Lady give way?

Joanna Cherry: I should like to make a little more progress.

At last week's emergency humanitarian summit in Edinburgh, the First Minister made it clear that Scotland was willing to take its fair share of refugees, as agreed by the UK Government, to help some of the most vulnerable people in need. We welcome the Prime Minister's

shift in attitude, and his late recognition that the UK has a role to play, as an important first step. However, the 20,000 refugees over five years should not be seen as a cap or an upper limit and, crucially, we must also play our part in responding to the crisis on the southern European coastline.

We believe that the UK should opt into the EU relocation scheme. The Prime Minister has made it clear that one-year resettlement will be funded from the UK's international aid budget, but we are seeking urgent clarification on the impact that that will have on the work of existing aid projects. The refugee situation is now at crisis point, and stretching UK support and refugee intake over the next five years will mean that a number of people who could be helped immediately will be left without the vital help they need.

The Scottish Government want to work constructively with the UK Government, and the First Minister has written to the Prime Minister outlining the proceedings of Friday's summit in Scotland, which focused on some of the practical issues involved in integrating those who come here seeking protection. Today, the first meeting took place of a taskforce that will bring together stakeholders from across Scotland in the areas of local government, housing, health services, language support and social services. The taskforce will try to co-ordinate Scotland's humanitarian and practical response. These are reserved matters, however, and we cannot act until the UK Government act.

The UK is increasingly isolated in the international community over these issues, and the international community is stepping up to the job of sheltering refugees. Over the past 24 hours we have heard that the following places will increase their share of refugees: France to 24,000, Germany to more than 31,000, Quebec to 3,650, Venezuela to 2,000 and New Zealand to 600. His Holiness Pope Francis said at the weekend that every Catholic parish in Europe should take a family of refugees, as should every religious community in Europe.

Mark Field: Does the hon. and learned Lady not recognise that deeply seared in the collective German psyche is the memory of the 9 million or so displaced German civilians as the second world war came to a close, and so to make a comparison between this country and Germany is wrong? I do not say that in an unkind way, because when my own late mother was a five-year-old girl she was one of that number. She was forced to leave a village outside Breslau, as it was at the time—it is now called Wrocław—where my forefathers had lived since the 1720s. To make that comparison between the German psyche on these sorts of issues and the UK is very unfair.

Joanna Cherry: I do not think it is unfair to draw an unfavourable comparison with the generous response of the Germans. I accept that they have a rather different history from us—there are many reasons for that. We have benefited in the past—

Mrs Helen Grant (Maidstone and The Weald) (Con): Will the hon. and learned Lady give way?

Joanna Cherry: Let me answer this point. We have benefited in the past from being an island that is separate from the rest of Europe and perhaps we have not

experienced a refugee crisis, although many people were forced to leave my country of Scotland as a result of the clearances, people had to leave Ireland as a result of the potato famine, and people have had to leave England and Wales as a result of extreme poverty. We have therefore experienced some of these pressures—

Mrs Grant: Will the hon. and learned Lady give way?

Joanna Cherry: I would like to make some progress, because I am nearly finished and I am conscious that a lot of other people wish to speak.

The Prime Minister came to the Dispatch Box yesterday and presented a wholly inadequate response to a truly horrific humanitarian crisis. The point I wish to make is that the international community has not thought twice about stepping up to the table and helping share the burden of refugees. That is why I have listed so many countries other than Germany that have been stepping up to the plate in the past few hours. It is a striking fact that halfway around the world from Syria, Brazil has taken in 2,000 Syrian refugees since the start of the conflict in 2011.

Julie Cooper: Will the hon. and learned Lady give way?

Joanna Cherry: I am sorry but I will not, as I do want to finish now.

Just yesterday, speaking on Brazil's Independence day, President Dilma Rousseff said Brazil will welcome Syrian refugees with "open arms". She said that she wanted to reiterate the Brazilian Government's

"willingness to welcome those who, driven from their homeland, want to come live, work and contribute to the prosperity and peace of Brazil."

That is the sort of humanity we need, it is the international initiative that refugees need and it is the moral compass that I hope will make the UK Government wake up to their now shameful position on the international stage.

Several hon. Members rose—

Mr Speaker: Order. I am sorry, but in the light of the number of people seeking to contribute to the debate a five-minute limit on Back-Bench speeches must now apply.

3.43 pm

Damian Collins (Folkestone and Hythe) (Con): It is useful to reflect that we are not starting this debate from a position in which Britain has done nothing in the past. Britain has a proud tradition in providing a home for genuine asylum seekers and refugees, and international aid around the world. According to the Red Cross, last year 126,000 refugees were living in the UK and more than 30,000 people entered the asylum system, seeking asylum in this country. According to figures from the Home Office, nearly 5,000 Syrians have already been granted asylum in the UK. That is before the announcement made by the Prime Minister that we would take a further 20,000 people, through the Syrian scheme, during this Parliament.

We have had a big debate about that number, but I have heard nothing from the Labour party to say that it would take more than 20,000. Labour may take these people from different places but it has not said it will

take more. All the shadow Home Secretary would say when asked about this point was that she thought we should take more than 4,000 this year. But as we have seen from what the Government have said, they are open to the fact that we may take more than 4,000 this year, because no fixed number for this year has been set.

Yvette Cooper: Let us just clarify: I think we should take more.

Damian Collins: More than 20,000?

Yvette Cooper *indicated assent.*

Damian Collins: Any advance on 20,000? The shadow Home Secretary did not do this in her remarks when she was asked, but will she now give a figure? I think it would be helpful for the House to have some idea of what "more than 20,000" might be.

Yvette Cooper: The hon. Gentleman should target his remarks at the Home Secretary who has given us no figure on how many we are to take this year. I started by saying that we should take at least 10,000 right now; we could do that. Government Members are trying to spread the number to 4,000 a year. That is simply not enough. We want to go further. Will they come back and say how many they want to provide for this year, by Christmas. The crisis is now.

Damian Collins: The problem is that the 10,000 figure for this year that the shadow Home Secretary has asked for could still be only 20,000 over the lifetime of the Parliament. The Government have not given a fixed number for this year; it could be more than 4,000. In many ways, this debate about numbers, while important, gets away from the main point, which is that the Opposition are not proposing a substantially different number of people to be granted asylum from Syria. That point has not been made during the course of this debate.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Does the hon. Gentleman accept that the question is not really about figures, but about our whole approach to the asylum crisis? The figures will make sense in the context of the correct approach, and we do not believe that the approach of Her Majesty's Government is correct.

Damian Collins: I agree with the hon. Lady on that point, which is why I think the Prime Minister was right to focus our efforts on the region itself. We should be looking at the aid we are delivering to Syria and the support in the camps in the region where we are playing a leading role. That is where we and other countries should be making more of an effort, rather than encouraging people to make perilous journeys across Europe. I do not think that that is what any Member wants. All Opposition Members have done during this debate so far is to focus purely on the numbers and to ignore the broader contribution that this country is making. Help is needed on the ground, close to Syria. Millions of people are on the move. No one is suggesting that any one European country can accommodate millions of people. There should be a bigger international effort to provide safe havens in the region itself. The hon. Member for Glasgow South (Stewart McDonald) asked

[Damian Collins]

whether the Gulf Arab states should be doing more. Providing financial support to safe havens on the ground is exactly the sort of thing they can do.

Jim Shannon (Strangford) (DUP) *rose*—

Damian Collins: I am afraid that I have very little time left. I just want to make a couple more remarks.

The Home Secretary was absolutely right to focus on the efforts that have been made by the Government in conjunction with the French Government in Calais. This is very important. Although the death of a three-year-old boy touched the heartstrings of everyone all around the world, it has not been the only death this summer. I represent the constituency where the channel tunnel enters this country. Migrants have died seeking to access the channel tunnel to get into this country. That cannot be allowed to continue. We have an obligation to protect our borders and to safeguard the lives of people seeking to enter this country. We need to ensure that the border and the frontier are secure. The Government have provided millions of pounds for proper security fencing, which has safeguarded the channel tunnel site and led to a massive reduction in the disruption of services, which has been a terrible blight on the people in the south-east of England and Kent throughout the summer. The fencing has also prevented people from breaking into the tunnel where they can not only lose their lives but endanger the lives of other people as well. That support, in conjunction with the extra policing effort from the British and French police forces, has been a huge step towards securing the site at Calais.

We all want to see proper humanitarian intervention in the camps as well. No one is advocating that we should let everyone who is at Calais into this country without any checks. If we did so, we would encourage greater numbers of people to make that treacherous journey to get to those camps, believing that simply arriving there is enough to provide them with instant access to the UK. That is not what should be done. There has to be proper processing of people on the sites to determine who are the genuine refugees and asylum seekers. Decisions can then be made about where they should go to seek asylum. That is the next necessary step.

Mark Field: I regretted the rather cynical approach of the hon. and learned Member for Edinburgh South West (Joanna Cherry). I fear that it is not entirely fanciful to suggest that some ISIS sympathisers might well be infiltrating this massive flow of refugees with a view to obtaining asylum and becoming sleeper agents ready to agitate and foment terrorist activities in the west in the years ahead. That is not a fanciful or cynical idea that the Prime Minister has put into our minds. It is something that we should take very seriously, especially given the large numbers that will be coming onto these shores.

Damian Collins: I agree that we cannot ignore the security situation, which is why the Prime Minister was right yesterday to address the two things together. We cannot ignore the debate about what is causing this massive migration crisis. This refugee crisis has been caused by an out-of-control war and civil war in Syria and Iraq, which is displacing millions of people. There must be an

international solution to stabilise the region and provide safe havens, but we must also consider what other tools we have at our disposal to limit the murder gangs and the genocide being committed by ISIL forces in the region.

We would be doing a massive disservice to the refugees and the people living in these countries if we refuse to consider whether using our armed forces and airstrikes in Syria as we have in Iraq is the only appropriate step to prevent likely murder, the likely displacement of even more people and even more misery. We must consider that alongside our efforts in the region, to provide safe haven in this country and to protect our borders. That is the broad strategy that the Government have set out and they are correct to have done so. I do not think that there is too much of a difference between the positions of those on both sides of the House, but we must consider seriously the efforts to provide more safe havens and ultimately, if necessary, the use of our armed forces if we are to provide a decent service and decent hope for the people living in these countries.

3.50 pm

Stella Creasy (Walthamstow) (Lab/Co-op): It is sobering to realise that one in every 122 people in the world is a refugee, internally displaced or seeking asylum. The hon. Member for Gravesham (Mr Holloway) might be surprised to learn that they are not just coming from Syria. People face political persecution in Pakistan and in Iran. Those coming to us today from Syria, Lebanon, Sudan, Eritrea, Somalia, Afghanistan, Sri Lanka and Zimbabwe are not a new phenomenon—the Huguenots, the Jews, the Ugandan Asians, the Vietnamese boat people and the Kosovans came before them. Every generation faces those who meet the test of being people who are

“outside their country and cannot return owing to a well-founded fear of persecution”.

Jim Shannon: One of the greatest groups of people persecuted across the world includes those of a Christian denomination or religious view. Does the hon. Lady accept that many of those who are trying to escape Syria have been given the ultimatum of convert or die? In other words, they are being asked to give up their Christianity and their beliefs. We need to respond to that welfare need, too.

Stella Creasy: The hon. Gentleman raises the point about the well-founded fear, but my point is that every generation faces the test that the 1951 convention sets us. When a person comes to us and says, “I am in danger, will you help me?”, how we answer defines us as much as it defines their future. As the hon. Member for Gravesham said, it is a moral question. When we signed the convention in 1951, nobody could have predicted the situation that we are in now, but the fact that we could not predict it does not absolve us of the responsibility to answer the question. We are not absolved when the people fleeing the murderous intent of ISIL ask, “Will you help?” Our answer should be yes. When people are fleeing sexual violence in the Democratic Republic of Congo, will you help? Yes. When people are fleeing the repressive regime of Robert Mugabe, will you help? Yes. When people are fleeing civil war in Sudan and Eritrea, will you help? Yes. How we answer says as much about

us as it does about them, so when we quibble about numbers and qualify them by saying that we will take 20,000 but over a number of years, or perhaps that we will take not 20,000 but up to 20,000—

Mr Holloway: Will the hon. Lady give way?

Stella Creasy: I will give way very quickly, and only once.

Mr Holloway: So rather than quibbling, will the hon. Lady tell me how many people we should be taking in her constituency and for how long?

Stella Creasy: I shall come on to talk about Walthamstow and am happy to invite the hon. Gentleman, who need not come under cover, to see the welcome that we give to people in Walthamstow. It is not easy, but we do it because it says something about us as a country and a community that when people are at risk we answer the call. When the people of Germany have answered the call to the tune of 800,000, when the people of Sweden have answered the call by taking eight per 1,000 of population, that challenges us all in the UK.

Let us look at the camps, because the Government are specifying that we should take people from the camps alone. When we consider the figure of 800,000 taken by Germany, it is sobering to realise that Lebanon has taken more than 1.1 million people in a country of 4.5 million.

Mrs Helen Grant (Maidstone and The Weald) (Con): Will the hon. Lady give way?

Stella Creasy: I am sorry, but I have taken a number of interventions.

Turkey has taken 1.9 million people. If we think that taking 20,000 over five years is big, we do not understand our own history or the scale of the challenge. The UK has taken just 1% of the world's refugees. What does that say about us?

I know that answering that question is not easy, because we have answered it in Walthamstow. It is not an easy challenge to accept people and be able to integrate them. I am proud of the way that people in Walthamstow have responded to the situation in Calais. Many have gone there themselves with goods to help support people and show their solidarity. I am proud that that is not a one-off—we have set up our own migrant welcoming centre. Walthamstow means welcome; it is what we do in my community.

I know that it is a hard question to answer when the voices of the persecuted are sometimes quiet and vulnerable, by comparison with the other voices we hear, such as the headlines that say, "Halt the asylum tide now", "Draw a red line under immigration or else" or "The swarm on our streets", or calls for deployment of the Army against the people that the hon. Member for Gravesham (Mr Holloway) has accepted may well be fleeing persecution. It is hard to hear their voices. We should also understand the consequences of not hearing their voices. We cut the funding for Operation Mare Nostrum, thinking that somehow that would stop the boats. The boats came anyway, and the lorries are still running.

Let us think about the people whose lives we have not been able to save, and of the contribution that they would have made to our world. Think of the men who might fail school exams or lose jobs and who we will not give visas to—men like Einstein, or the father of Steve Jobs. The people fleeing persecution have so much to contribute to our world, so when we answer the question "Will you help?" with a yes, we do everybody a benefit. Think of the doctors, engineers, writers and lawyers currently in those camps.

It is not the thought of life in Britain that is the pull factor. It is not the £35 a week we give people. It is not the misery of dealing with UK Border Force, or the threat that even if you are a victim of sexual violence we will lock you up in Yarl's Wood. The pull factor is staying alive. The pull factor is being able to give your children the possibility of adolescence. That is why people are making that choice. There is no speech we can make here, no threat we can make to those boats and no lesson we can learn from Australia that will override the enduring wish of every parent to give their child that kind of future.

If we do not hear those voices, the question is not about them; it is about us. The problem is not refugees or migrants; the problem is politicians not doing their job. It is our job to ensure that the benefits of migration are equally distributed in this country. It is our job to ensure that we help those people who are fleeing persecution, and that is what we should do. Let us not be the problem; let us be the solution. If we can take 20,000 and there are 20,000 now, let us take the 20,000 now. Let us not quibble or qualify that; let us take them now. The Government accept that we can house these people, so let us do it now. Let us not make it an either-or with our European neighbours; let us help all those people. If we want to stop the boats and lorries, that is what we must do.

I want to make a final plea to the Home Secretary. Save the Children is putting out a charity single that has been set up by Caitlin Moran, Pete Dinklage and Mat Whitecross. Will the Home Secretary please join me in calling for the VAT on that charity single to be waived so that the money can be used to help the refugees? The single is called "Help is Coming". Let that be the message that comes from the House of Commons today, not the quibbling, quantifying and denying. Let us send the message that help really is coming.

3.58 pm

Nusrat Ghani (Wealden) (Con): Let me first offer my apologies, Mr Speaker, for having to leave the Chamber immediately after my speech; we are interviewing the mayor of Calais about the refugee crisis. No one can have failed to be deeply moved by the picture of Aylan's lifeless body on a beach in Turkey. We can do nothing for him but mourn, while our consciences cry out to act now, and to act with compassion. It is a hard-headed duty to address the root causes and ask the difficult questions.

I welcome the Prime Minister's statement yesterday that on top of aid spending on the humanitarian crisis, which will reach £1 billion, we will be welcoming 20,000 refugees to the UK. Especially welcome is the news that they will be taken from the camps around Syria, because it is often the women and children who remain behind in the camps closest to conflict. Those are the most

[Nusrat Ghani]

vulnerable, where duty and conscience collide. It is our clear duty to do all we can to deter the people traffickers peddling false hope by selling death in airless lorries and cramming families on to leaking dinghies that seal their fate.

We are seeing levels of migration not experienced since the second world war, or indeed since the partition of India and Pakistan, when over 1 million people perished and many millions more were left homeless and were settled elsewhere. Those were the harrowing stories that I grew up with, with distant relatives never getting over their journey and having lost their relatives.

A global crisis needs an international response. That is why it is right that our generous international aid budget will be reassigned to provide the funding to support 20,000 refugees. I would however urge us to assess how and where our money and humanitarian relief is allocated and to which agencies. We should consider assigning more of these funds to local authorities and British-based agencies so that they can offer a longer period of support and shelter.

Aylan's father gave a heart-rending speech at the funeral of his wife and children that revealed an important truth: the family, all Syrian Kurds, did not feel welcome in Turkey. Turkey has borne the brunt of the refugee crisis, but we must ask whether its attitude towards the Kurds—the one group proven to have taken the fight to Daesh—has not made the situation worse. Equally, Aylan's father asked what the Arab-speaking countries in the region were doing. The lack of welcome for refugees across the middle east cannot be ignored any longer. Let us ask the hard-headed question: where are the Arab countries in all of this? It is not enough for them to speak passionately about Muslim solidarity but fail to step up to the plate in the midst of this crisis. We should ask why none of the Gulf countries has signed the refugee convention, and we should make our aid to them conditional on acceptance of international norms.

We must be prepared to tackle the fundamental cause of the instability wreaking havoc in the middle east. Wahhabi extremism is the cancer that has destroyed the body politic of Syria and Iraq. Daesh needs to be destroyed. There can be no political solution until that has happened. We must hold our nerve and consider effective military intervention at the earliest opportunity.

4.1 pm

Mr Alistair Carmichael (Orkney and Shetland) (LD): Thank you, Mr Speaker, for allowing the House to have this debate today. I congratulate the shadow Home Secretary on her initiative in seeking the application for it under Standing Order No. 24. We will return to this subject again tomorrow in the Scottish National party's Opposition day debate, so I think it is fair to say that it will not suffer from under-scrutiny.

I welcome and recognise the significant movement in the Government's position that we have seen in recent days and weeks. I say to the Home Secretary, who I am delighted to see remains in her place throughout the debate, that where the Government get things right they will have the support of Liberal Democrats and, I suspect, of all Opposition parties. Yesterday's announcement by the Prime Minister of humanitarian visas for five years is exactly the sort of initiative that we ought to be

taking. It is welcome and we commend the Government for it. I also commend them for the work that they continue to do in-country with refugee camps, especially in Syria. That work is absolutely essential and a very good use of the money that we have in our international aid budget.

I also welcome the announcement that the number of refugees to be taken from Syria is now to go up to 20,000. However, spreading this over the five-year period of the Parliament needs to be looked at again, because the need for these people to come to this country is in the here and now. The Government's refusal to accept the urgency and immediacy of the problem requires revisiting.

The other issue that requires revisiting is the Government's insistence on raiding the international development budget to pay for this in-country work. It has been paid for from the reserves in the past, and I do not see why it should not be again now. The work of the Department for International Development is absolutely crucial in ensuring that, in the medium to long term, the need for people to leave their country as refugees is eliminated. Using this money for spending in-country is an exercise in robbing Peter to pay Paul.

As I said in my intervention on the shadow Home Secretary, I would like the Home Secretary to look again at the exclusion from assistance of those who have already made the journey and are already in Europe. The Government are right that in the medium to long term the solution will be to keep people within the country or within the region as far as possible, but does the Home Secretary really think that people are going to stop making that journey simply because we have punished those who have already made the decision to do so in the most desperate of circumstances? It brings to mind the Victorian distinction between the deserving and undeserving poor—that somehow some desperate people are worthy of support while others are not. We should help all those who need our help on the basis of their need and not on the basis of a decision they have made in desperate circumstances.

As has been said, this is a significant moment for our country. This debate is not just about refugees; it is about how we see ourselves and our place in the world. I say to the Home Secretary that it is clear that the Government have a lot of catching up to do with public opinion. The Prime Minister often speaks with dewy-eyed fondness about his support for British values. If that is true, we should consider his current position and compare it with that of the German Chancellor. When asked about the numbers arriving in Germany, she replied:

"If so many people brave such hardship to come here, this is a sign of approval for us...The world sees Germany as a country of hope and of chances. That hasn't always been the case."

That is masterful understatement, but the question it brings to my mind is how the people of Britain will be seen on the world stage. That is what is at stake here. It is not a question of numbers, but of our standing in the world. Although it is welcome that the Government have moved their position, that is why they now need to do a great deal more.

Several hon. Members rose—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I want to move on quickly and make the time limit four minutes. We should get everybody in.

4.6 pm

Bob Stewart (Beckenham) (Con): Syria is like nothing any of us have experienced. I and my hon. Friend the Member for Gravesham (Mr Holloway), who is not in his place, saw the Balkans. The situation is Kafkaesque. It is worse than anything we can imagine and terrifying for the people who live there. It is hardly surprising that so many people want to get out of the place and have become refugees.

There are two reasons for that: one is the Daesh thugs who are killing so many people, and the other is the Assad regime. Our old plan to try to help and at least get rid of Daesh was for the west—by which I mean the United Kingdom and the United States—and a few Arab allies to look at things from the air and possibly direct air strikes, which are much more surgical than people think, and for the Arab nations on the ground to sort themselves out and deal with Daesh and possibly Assad. That has not happened. The old plan has failed. By now, Daesh should be no more.

I do not have a problem with extending UK air strikes into Syria—it does not make military sense for it not to happen—but that would be a pin prick and it would not solve the situation, because the other part of the plan has not worked. The Arab nations were supposed to do something on the ground, but, while the Kurds are doing very well, others are not.

As for the idea of safe havens, I set up a safe haven in Srebrenica in April 1993. What a disaster. A battalion tried to stop people coming in and attacking innocents. It is not possible. It requires compliance by all the actors in the area, including the belligerents, and internationally. When that is achieved, people have then to be looked after properly and there has to be a plan of civil administration. It did not work in Srebrenica. Two and a bit years after my soldiers set up the safe haven, 8,373 men and boys had been murdered. Safe havens are a good concept, but dealing with them is almost impossible.

We need a short and a long-term plan to sort out what is happening not only in Syria, but in the whole middle east. We must destroy Daesh and change the regime in Syria. We have to get a Security Council resolution to give us legitimacy. We must have a plan, which will undoubtedly mean people going in with rifles to sort out thugs, because thugs do not actually listen to anything else. I do not want those people to be British; I would much prefer local nations to do it.

In the end, if this threat is spreading right across the world, the world has got to sort it out, and we may well have to play our part. The United Nations will have to give its sanction, and we may well have to risk our precious armed forces in defence of everything we stand for.

4.10 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I congratulate my right hon. Friend the shadow Home Secretary on securing this very important debate. The International Development Committee met this morning and agreed to undertake an urgent inquiry into DFID aspects of the refugee crisis. As other Members have said this afternoon, the very strong public response throughout our country surely shows our country at its very best.

Both yesterday and today, we have seen the Government's response with the new figure of 20,000. I support those who have said that there is urgency about granting access to as many of those 20,000 as possible. With the onset of winter, this is an immediate crisis. I particularly highlight the point made by Save the Children about the need to give the 3,000 unaccompanied children safe haven.

Part of the announcement concerns what the Chancellor said on Sunday about the use of the DFID budget to accept more refugees. That will require very careful scrutiny. The rules on official development assistance are clear: they allow for domestic expenditure to fund refugees for the first 12 months. However, I urge the Government to proceed with caution, for the reasons that Members have set out in this debate. Surely the focus of effective development policy must be to prevent crises from happening in the first place.

There is a balance to be struck. The Home Secretary spoke about the 0.7% commitment and about how, with the growing economy, the amount of cash available will increase. I seek a commitment from the Government that if the costs associated with refugee resettlement exceed the increase in the cash available, they will look elsewhere for the money, including to the contingency reserve.

Mark Field: The hon. Gentleman is absolutely right, because his Committee should scrutinise such issues very closely. Does he accept that community cohesion should be one of the goals of DFID expenditure? It is right that a safe haven for people who will come to this country—I hope, temporarily—should be done under the DFID budget, rather than through the Department for Communities and Local Government or other Departments.

Stephen Twigg: We will certainly examine that matter as part of our inquiry. My instinct is that the current provision for 12 months goes as far as we should. If the Government proposed going beyond that, we would want to look at it in real detail.

The hon. Gentleman brings me to my next point. I am delighted that in my own city of Liverpool, our mayor, Joe Anderson, has responded to the shadow Home Secretary's call to take 10 refugee families by saying that Liverpool City Council will take 100 refugees. As Joe Anderson put it:

"In Liverpool, a city famous for our warm welcomes and as a safe port in the storm of global conflict, we are prepared to play our part."

Like other cities, however, Liverpool faces very large cuts in its funding from central Government. It is important that central Government provide support to enable communities across the country to take the refugees.

One of the central themes of this debate is the prevention of and the response to conflict. There is no doubt that we can be proud as a country of reaching the 0.7% target, about which the Home Secretary was right to remind us. We are second only to the United States in what we have contributed in bilateral aid to Syria, and we should be very proud of that. We need to say to our European partners who are nowhere near achieving 0.7% that they should rise to the challenge and match what we have done.

[Stephen Twigg]

However, I do not believe that this is an either/or situation in which we either fulfil our obligation to 0.7% or take more refugees. In the crisis that we face, we have to do both. We need to say to our European partners that they need to rise to the 0.7% aid challenge, but we need to rise to the challenge of accepting more refugees. The figure of 20,000 is a very important development, but as others have said, the need is immediate, the crisis is now and we should seek to accept refugees as quickly as possible both from the camps in Syria and from among those in Europe. It is only right that we share that burden with our European partners.

4.15 pm

Byron Davies (Gower) (Con): I am grateful for the opportunity to speak on this issue of critical importance. As the Prime Minister said yesterday, this is the biggest challenge facing countries across Europe today.

Many people have taken the perilous journey, fleeing the ravages of the conflict that has torn Syria apart. They are fleeing the terrors of Bashar al-Assad, ISIL and other perpetrators of the terrible and unimaginable violence in Syria. The conflict has driven more than 11 million people from their homes. We have all seen and despaired at the heart-breaking photos and stories from the conflict. Therefore, it is absolutely right that the Government and Britain will fulfil their moral responsibility to help those fleeing the horrific conflict that is gripping parts of the middle east.

The United Kingdom has a long and distinguished history of helping those who are most in need, as we have heard from others this afternoon, from Jewish refugees fleeing the horrors of Nazi Germany to Hungarian refugees following the crushing of the Hungarian uprising by Soviet tanks in 1958 and those fleeing the clutches and horrors of the Idi Amin regime in Uganda. We have always, as a nation, helped those who have desperately needed to flee the persecution and terror of different conflicts and regimes.

Furthermore, we are the only major nation in the world that has kept its promise to spend 0.7% of its GDP on aid. That is a record that I am proud of and that all in this Chamber should be proud of. It is the mark of a nation that will always try to alleviate suffering, wherever it may be found.

Alex Cunningham (Stockton North) (Lab): The hon. Gentleman is talking about vulnerable people. A Save the Children briefing issued at noon today says that of the 13,000 lone children who arrived in Italy in 2014, 4,000 have already disappeared. Who knows what life they are now living, if they are still alive. Will he join me in supporting the call of Save the Children for the UK to take 3,000 child refugees now in order to take them out of the trouble that they are facing in their lives?

Byron Davies: Save the Children does a remarkable job and I would always be open to helping with any of its initiatives.

We are the second largest bilateral donor of aid to the Syrian conflict. We are providing more than 18 million food rations, 2.4 million medical consultations and 1.6 million people with clean water. That is the largest ever response to a humanitarian crisis.

I welcome the Government's response. It is only right that we have gone further and done more to help. I will always be a supporter of our welcoming refugees who are fleeing the horrors that have engulfed their former homes. It is only right that Britain plays its part, as it always has done, to support and take in such refugees. I have received countless letters and e-mails from constituents who are willing to help those in need, as I am sure has everybody in this Chamber. There have been offers of support from families and communities the length and breadth of Britain. That is the hallmark of the generosity of spirit in Britain.

I am therefore sure that people and communities will strongly welcome, as I do, the Government's proposal to resettle 20,000 Syrian refugees. It is a measured approach. It is crucial that our approach ensures that we not only act with our heart, but think with our head. I fully support the Government's approach of taking refugees from camps and elsewhere in Turkey, Jordan and Lebanon.

Bob Stewart: Will my hon. Friend give way?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Many Members wish to speak and, in fairness, the hon. Gentleman has had a good chance to speak. I want to get everybody in, if possible.

Byron Davies: We must try to provide refugees with a more direct and safe route to the UK, avoiding the clutches of people traffickers. This point brings into sharp focus the current crisis in Europe. Tragically, the hazardous journey has cost many lives. When the Home Secretary winds up the debate, perhaps she will say whether she agrees that resettling refugees directly from the camps in the middle east, which is the approach of the UK but not of all other EU nations, is the best way to discourage vulnerable people from making the dangerous journey to Europe.

I should add that the current situation has shown the complete failure of the EU's borderless Schengen area agreement. I witnessed that first hand when working in eastern Europe. I have long said that that was a major problem waiting to collapse in Europe. It has exacerbated an extremely complex and difficult situation. The writing was on the wall long ago.

Simply taking refugees will not alone solve the crisis. We should make no mistake: we need a comprehensive solution that deals with those responsible for the terrible scenes we see—President Assad, ISIL and criminal gangs. We need to be tough on all those who are guilty of perpetrating the terrible crimes that we see daily. I strongly welcome the Government's commitment to invest more to tackle the causes of the crises in the middle east and north Africa. As one of the five permanent members of the United Nations Security Council and one of the most important nations in the world on matters of foreign affairs, we must seek to bring all our influence to bear to provide a solution at the source of the problem.

I am sure that my right hon. Friend the Home Secretary shares my pride that Britain is the only country in the world that can say that we stand up to the world's poorest by meeting our commitment on development spending while defending our own citizens and working for peace by meeting our NATO defence spending obligation of 2%. The Government must use every tool at their disposal to achieve that.

4.21 pm

Toby Perkins (Chesterfield) (Lab): I commend my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), the shadow Home Secretary, for securing the debate, and for the tremendous way in which she has led the fight. Labour Members are of the view that the Government's response is inadequate, but the Government have responded more generously than they did a few weeks ago. The shadow Home Secretary deserves great credit for getting the Government at least to take the steps they have taken.

The tragic death of Alan Kurdi is a bucket of cold water over the whole of our nation and the Government. It was the moment at which public opinion changed and when people said we must do more. We recognise that the appalling suffering of those refugees is a moment in history. History will look back on our generation, and on this Parliament and this Government, and ask what we did when we faced this appalling moment. I believe that we are failing to live up to our historical role as a place of safe haven, and to live up to the incredibly proud role that Britain has played over many years to support refugees, whether that is the 10,000 of the Kindertransport in the late 1930s, the 300,000 Poles who came here after the second world war or the 42,000 Ugandan Asians who came to Britain after the historic situation there. When history looks at our generation and our current response to this appalling situation, it will judge us badly for the failure to take more refugees.

In the Government's response, they not only fail to appreciate the suffering that people are experiencing, but underestimate the capacity and desire, which the harrowing pictures have evoked, to help people. I said yesterday to the Prime Minister that if ever there was an opportunity for him to make the big society something that means something to people, this is it. People all over our communities are saying that they want to make a difference.

Mrs Helen Grant (Maidstone and The Weald) (Con): Will the hon. Gentleman give way?

Toby Perkins: With respect to my colleagues, I will not give way.

People are saying that they want to make a difference. They are saying, "Please let me know how I can help." Councils in Derbyshire have offered to act as reception centres for refugees. The Labour council in Chesterfield has said that it stands willing to do whatever is needed to support people in that terrible situation. The Government underestimate the capacity in our country to make a stand in the once-in-a-lifetime atrocious situation that we face.

The Government should explore the far greater potential that there is among proud Britons who are standing ready and willing to help people in their hour of need. In our history, when the world has needed heroes, Britain has so often come forward and shown how truly great our nation can be.

Let us not let this generation, when the world is expecting so much of us, be the one that lets our country's reputation down. Let us not be the ones who, when we tell our children and grandchildren about the roles we played, have to look down at our shoes and say that when this country was needed we did not do what

we could. There is more we can do. We should be taking more refugees. In all our communities, we know we can do more. Let this Parliament and this Government be the ones to say we will do more. Let us lift what we are doing right now.

4.25 pm

Wendy Morton (Aldridge-Brownhills) (Con): The news we read, the images we see and the stories we hear of the refugee crisis are, all too often, heartbreaking. I am sure we all agree that recent events in particular have been deeply moving. They have brought the events in Syria once again to the forefront of our minds.

Eighteen months ago, I travelled to Turkey with some other Members of this House to visit one of the camps on the Turkish-Syrian border. What struck me was the size of the camps. The one I visited was home to 17,000 refugees or guests. It was a city of tents and container homes, with a school and other facilities. This was just a fraction of the total number of those who, at that time, had escaped and fled Syria to seek refuge. Many, many more were still in their home country, but displaced from their homes by the brutal civil war. In many ways they too are refugees, but refugees in their own home.

Current figures show there are 16.2 million people in need of humanitarian aid. Some 12.2 million of those are in Syria and the other 4 million are in the surrounding area. What also struck me when I visited the camp and spoke to some of the families was that they viewed it as their temporary home. They wanted to get back to their homes and their homeland. It may well have been destroyed, but they wanted to go back home and their real home was Syria. Here we are, many months later, facing this ongoing and worsening situation.

We must not let those refugees down. We have a humanitarian and moral duty to help them. I believe we are a moral nation. Last year, the UK received 25,000 applications for asylum, just over 2,000 of which were from Syria. Since the beginning of the Syrian crisis back in 2011, the UK has granted asylum to about 5,000 Syrians. Yesterday's statement from the Prime Minister proposed that Britain would settle a further 20,000 Syrian refugees over the next five years. We have sent the Royal Navy to help in the Mediterranean to help to save lives. We committed to spending 0.7% of GDP on international development, and I think all of us in this House should be very proud of that. We are the second biggest bilateral donor in the world to Syria and Syrian refugee camps. We have contributed considerably more than any other country in the EU, including food, water, sanitation and medical care to people in need. Those are some of things that I saw in the camp I visited. Our contribution is significant and it is right that we make it.

We must not let the refugees down, but we must not give in to terror. We must not do anything that encourages trafficking and we must not encourage people to make those perilous sea crossings. We need to recognise that people migrate for different reasons. It is vital to be able to distinguish between refugees and economic migrants. As we seek to help in the short term, we must seek to secure a long-term solution. That is why I support the Prime Minister's statement and the work of the Home Secretary. We can, of course, always do more; and we should always ask whether we are doing enough and what more we can do.

4.29 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Over this debate hangs a shadow—the shadow of the toxic political discourse we have had on migration month on month and year on year. That is what has made it difficult to fashion a coherent approach to the migrant issue and why the Prime Minister was so slow to understand the change in the public mood. I give all credit to the Government for the money they have given to the camps and the region, and I believe that other European countries should match what Her Majesty's Government are doing, but we should not use our non-membership of Schengen as an excuse not to step up to our responsibilities as part of the European family of nations. We should take our quota of refugees, whether from the camps or elsewhere, and we should actively support Italy and Greece, which are bearing the brunt of some of the Mediterranean migration of refugees.

I believe that refugees should apply for asylum in the first country they come to, but, for that to happen, much more support needs to be given to countries such as Italy and Greece. The Baltic states, which have been so noisy about not wanting any refugees at all, should be made to make an appropriate financial contribution. Unless we recognise that this is a Europe-wide issue that requires a Europe-wide co-ordinated response, we will fall short of what is necessary. There is also the question, raised earlier, of the regional powers. How many refugees is Saudi taking? How many refugees have the Gulf states taken? We need to make the historical allies in the region step up and play their part in helping with Syrian and other refugees.

Government Members were jeering earlier and asking some of my colleagues, “How many refugees would you take?”. Do not challenge a Hackney MP over how many refugees we would take. Hackney has been a safe haven for refugees for hundreds of years. We are proud of our position and our history of welcoming refugees, whether from eastern Europe, east Africa or Syria. Hackney is proud of what refugees have done for our community. Londoners are proud to live in an open city. Rather than worrying about what the polls tell us about people conflating refugees with migrants and not being happy about the numbers, we need to build on our history as an open and tolerant country and move towards a coherent, integrated, Europe-wide approach that will last not just one 24-hour news cycle but for decades to come.

4.32 pm

Tom Tugendhat (Tonbridge and Malling) (Con): I stand here proudly as the grandson of a refugee who came here in the 1920s. When my great uncle came as a Jewish refugee from Austria later in the late 1930s, the nation's security was in such question that he was interned, as was every other adult Jew leaving Austria or Germany. I therefore welcome the Government's efforts to take the nation's security seriously while not damaging the right of refugees to come. It is right that, as we have done in the past, we balance our security with our generosity.

It is also right that we treat the cause, and not just the symptom, so I welcome the Government's position. It is easy to say we should take more individuals, in their ones and twos, tens and even thousands, but unless we

address the cause, we will be talking about millions, not thousands. Only 3% of the population has so far left the region, leaving 97%, and it is right that Britain has made the single largest contribution per capita in helping those people. That 97% is being helped by Britain. That is what we are doing for Italy and Greece. We are stopping the migration by supporting those in the region.

More than that, we are helping Syria. It is not enough to take the fittest, the strongest, the cleverest and the richest—those able to make the trip—and to integrate them into our societies to have them as our professors, our doctors and our lawyers. They would undoubtedly contribute handsomely to our future, but they should not be stolen like that.

Civil wars tend to last between seven and 12 years. Tragically, we are already four years into this one, but that means—I hope this is true—that we are approaching the final stages. I cannot tell the House whether that is guaranteed or not—nobody can—but we all hope very much that the war will end and soon. At that point we will want the people nearby to be able to go back and rebuild their society.

That is why I call on Her Majesty's Government to do one more thing than they are already doing: to use the good offices of the Foreign Office and the efforts of the Minister for the middle east, the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Bournemouth East (Mr Ellwood), who has done much already on this, to talk to our allies in the region—the Jordanians, the Turks, the Lebanese and the Iraqis—and to extract financial support from our Gulf allies and the other wealthy nations so that the camps can be used not just as refuges, but as lily pads from which we can jump back into Syria with economic development. If we can turn the camps—as others have in other parts of the world—into zones of industry and economic growth for refugees in exile, they can re-import their labour, their ideas and that drive back into Syria, so that instead of needing to have a Marshall plan lasting 30 or 50 years to support Syria, it will rebuild itself in half that time.

It is possible. The Government are making the right noises and doing exactly the right things. I would encourage them to go further and harder on that path, but I am very grateful for the work of the Home Secretary and the Prime Minister.

4.36 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I very much welcome the opportunity to make a contribution to this extremely important debate on an issue that has galvanised support right across the political spectrum. Rarely in my lifetime have I seen so many ordinary members of the public not happy with just donating money to a financial appeal, but desperate to do something themselves: to organise, to collect, to donate—indeed, to drive hundreds of miles to get to those in need.

I am sure this is common across the UK, but in Renfrewshire I have been inspired by a number of individuals and groups who were sick of waiting for their Government to show leadership and decided to stand up themselves. Over the weekend, I contacted a number of those groups to organise a meeting with a view to bringing them together to work more efficiently.

I am pleased to say that Renfrewshire Aid was born out of that meeting and is now operating out of two substantial hubs, in Gallowhill and in the students association of the University of the West of Scotland in Paisley. The actions of those individuals and groups show how great and welcoming our country is. They are showing this Government how they should be acting. They are showing them that when someone is crying out for our help, the answer is not to close our eyes, put our heads down or walk the other way. The answer is to extend the hand of compassion and friendship and to help those who badly need our help.

However, this is not the first time that Paisley has come to the aid of refugees. During the first world war, Paisley played host to hundreds of Belgian refugees. Indeed, the UK took in an estimated quarter of a million, including 16,000 in a single day through Folkestone in October 1914. Sixteen thousand in a day rather highlights the complete inadequacy of 20,000 over five years. The Government's capacity for compassion seems a little smaller 100 years on.

This absolutely should not be a party political issue. It is an issue on which parties should unite in common cause and demonstrate that such issues should be above the fray. That is certainly true at the local level, where members of many political parties and those belonging to none are coming together to help those affected. However, having listened to the Prime Minister's statement yesterday, when he attempted to muddy the waters and conflate the refugee crisis with counter-terrorism, I am not entirely sure that he shares that same ethos of solidarity. The two issues that were brought up yesterday are two of the most important topics that can be brought to this Chamber. These topics deserve separate statements and debate.

Last week I wrote letters to my local Labour council leader and to the Prime Minister. It should be noted that I received a very positive reply from the council leader, who would like to do more, but requires the funds to be able to do so. I urge the Government to financially support local authorities such as mine so that they are able to play their full part in the crisis. I still await a reply from the Prime Minister. In my letter to him, I urged him to show true leadership and accept the UK's moral responsibility to do considerably more. After yesterday's statement, it is clear that he is shirking that responsibility.

However, it is not only the Prime Minister's failure or unwillingness to act that disappoints me about the way he has responded—or, more appropriately, not responded—but the language that he has used to describe those fleeing persecution or violence. Let me be clear: these are not economic migrants who, as some on the Government Benches would have us think, want to come to our country to live a life of luxury on benefits; they are human beings. They are mums, dads, grans, uncles and, yes, sons and daughters too.

Mrs Helen Grant: Will the hon. Gentleman give way?

Gavin Newlands: No, I am afraid I have very little time.

The people affected by this humanitarian crisis are just attempting to do what we would all do in the same situation: protect their families from harm. The families and individuals caught up in the crisis are willing to

leave their homes and travel thousands of miles in the worse circumstances possible to move to a new country. These are people who are willing to go through hell and high water to protect their children and flee the violence that awaits them back home. To suggest that these people are “economic migrants” is nothing short of appalling, and it shows how out of touch some Conservative Members actually are.

It saddens me to say that the Prime Minister seems uninterested, unwilling or just plain unable to act in the way that the country demands. In the biggest mass movement of people in the world for over 70 years, future generations will judge how we respond to this escalating crisis. The Prime Minister is currently facing a guilty verdict, but he has time to change course and do what is right—I urge him to do so.

4.40 pm

Mrs Flick Drummond (Portsmouth South) (Con): I welcome the opportunity to debate the plight of the refugees, having been a supporter of our efforts throughout the crisis. I am disappointed that the shadow Home Secretary did not extend the motion. The refugee crisis is not just in Europe, and the cause of the crisis is not in Europe. This is a refugee crisis far bigger than Europe, and we should be working further with the countries of the middle east.

There are 9 million displaced people in Syria: 3% have left for Europe, but there are still 1.9 million in Turkey, 1.1 million in Lebanon, 600,000 in Jordan, while Algeria has taken in only 25,000, Bahrain 500 and Saudi Arabia 561 with 100 asylum seekers. They have given some money, but nowhere near the £1 billion that this country has led with.

This humanitarian crisis has been happening ever since the Syrian civil war. It has taken us time to start putting the aid in. I welcome the announcement that this country will take refugees directly from camps around Syria. There are 4 million in the camps, 39% of whom are 11 or under, with 51% under 18. I am pleased that the Government have said that they will concentrate on the most vulnerable people. Those are the people in the gravest danger.

We have led the way as a country in delivering humanitarian aid to people in the region, and £1 billion is no small sum. To those who say we are not doing enough, I have to say that that does a disservice to those who have been working with DFID and its partner agencies. We have been leading the world in hitting our 0.7% target.

We are absolutely right to be taking people from the camps and not to be helping the traffickers gain out of others' misery. The best place to deliver that aid is in theatre—in Syria and the region. When the war is over, we will eventually have to tackle the problem with our international partners. I want Syria to be restored to the diverse, educated and economically stable country that it once was. The Syrian people have been afflicted by brutal and undemocratic regimes, but they are a tolerant people and have it in themselves to recover.

We must reach out to the Syrians and others affected by Daesh atrocities, including the Kurds and the Yazidis as well, but we have to be mindful of our responsibilities. We cannot look after anyone else if we cannot look after ourselves. In my own crowded city of Portsmouth,

[Mrs Flick Drummond]

I spend a lot of time working with people who face housing difficulties or helping to resolve problems in education and health.

Many Portsmouth people have written to me, as other constituents have written to their MPs, because they would like to help by taking people in. Some have been collecting aid already and they have taken it off to Calais. I am going to urge them to keep some of it for the people who will be coming into the UK. We will need to support the care for refugees beyond their first year in the UK; the burden must not fall only on the local authorities. People want to be assured that we are not undermining our own society in trying to support others.

We must not decrease our overseas aid while we put in aid to fund the refugees here. I urge the Government to carry on contributing part of the £1 billion or more to the Syrian camps. We must give the refugees shelter now and offer them the prospect of a return home after the war. We cannot permit the collapse of society in one of the cradles of civilisation. We know Daesh has been on a campaign of atrocity against Syria's history and its pluralistic society. Unless we restore Syria as a state and a people, we will have failed.

4.43 pm

Ian Murray (Edinburgh South) (Lab): I am grateful for the opportunity in a couple of minutes to represent the thousand or so constituents who have contacted me, as well as the international organisations based in my constituency such as Mercy Corps.

I would like to make three brief points and not reiterate what has already been said in this excellent debate. My first point is that this is a refugee and humanitarian crisis on an unprecedented scale. This year alone, 350,000 have crossed the Mediterranean, and it has been the worst place in the world for a humanitarian crisis. According to the Scottish Refugee Council, 2,643 people have been killed and lost their lives making those journeys this year. This is not an economic migrant crisis; it is a refugee crisis, with people fleeing persecution from places ravaged by war. They are risking their own lives and those of their families as a very much a last resort.

That brings me to my second brief point in this short speech, which concerns unaccompanied children. We need to participate in helping such children who are already here in Europe. The Prime Minister's announcement yesterday involved only people who were directly airlifted from the region. Although there are reasons why that is desirable, we must bear in mind the children who have been coming into Europe and across to Calais looking for sanctuary. We cannot imagine our sons or daughters,

our nieces or nephews, our grandsons or granddaughters, making those journeys on their own. Those children need to be given sanctuary in this country.

Let me make my third very brief point directly to the Home Secretary. When she goes to the home affairs Ministers' meeting in Europe, she must play a full role in ensuring that Britain maintains the search and rescue missions in the Mediterranean and improves the safe and legal routes into and through Europe, that we strengthen the reception and processing of refugees, and that the burden is spread across Europe, relieving, in particular, the pressures on southern Italy and Greece. Ministers must agree to share the burden of resettlement across Europe. Twenty thousand is just a number; this must be about individual people who are fleeing persecution and war zones to countries across Europe.

I hope that the Home Secretary will step up to the mark. The Prime Minister has been shamed this week, but the Home Secretary has an opportunity to resolve the situation next week. I hope she takes that opportunity to ensure that Britain, once again, takes the responsibility that it has been known for taking throughout history.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. As we are almost out of time, I call Yvette Cooper.

Yvette Cooper: With the leave of the House, Mr Deputy Speaker.

I thank the House for a very thoughtful debate. It has been an important debate, but we have not yet heard what we need to hear from the Government. We all agree on the need to provide aid for the region, to take refugees from the camps and to tackle trafficking, but we need two more things. First, we need a commitment to providing more help this year, now, and to taking refugees straight away, because the crisis is happening now. Secondly, we need a commitment to take refugees from Europe, not simply from the camps. This year, 130,000 people arrived in Greece seeking sanctuary. Where do we think they are going to go if they cannot all stay in Greece? How are we going to persuade other European countries to help if we will not do so?

Tomorrow we will debate this issue again, and we will vote. I urge all Members throughout the House to read the report of the Kindertransport debate of 77 years ago before the SNP's Opposition day debate, and before the vote. I ask them not to vote against the additional help that we need. We have a moral responsibility to do more. What the Government have done is good, but it is simply not enough. Let us do more.

4.48 pm

Three hours having elapsed since the start of proceedings, the motion lapsed (Standing Order No. 24).

Finance Bill

(Clauses 16, 17, 43 and 45; Schedules 2 and 3; any new clauses and new schedules relating to the subject matter of those clauses or schedules)

Considered in Committee

[MR LINDSAY HOYLE *in the Chair*.]

Clause 43

INSURANCE PREMIUM TAX: STANDARD RATE

4.49 pm

Barbara Keeley (Worsley and Eccles South) (Lab): I beg to move amendment 1, page 59, line 19, at end add—

“(6) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake, and lay before both Houses of Parliament, a review of the impact of any further rise in the standard rate of insurance premium tax with particular attention to the impact on—

- (a) the price charged for insurance policies; and
- (b) the take-up of insurance policies”.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to take clause 43 stand part.

Barbara Keeley: The change in the level of insurance premium tax from 6% to 9.5% will have an impact on insurance premiums, and it will mean increased costs for families. Treasury figures show that the increase will have one of the biggest impacts on Government finances of any policy revealed in the summer Budget. By 2021 Ministers will have brought in an extra £8 billion from the measure, a cost that is likely to be passed on by insurance companies to consumers, so as we debate clause 43 and Labour’s amendment I want to ask the Minister to explain the reasons behind the level of this tax rise and to ask whether Ministers have fully considered where the impact of this rise will be felt and which groups will be most affected.

In 2010 the coalition Government announced a similar but much smaller rise in insurance premium tax from 5% to 6%, but this most recent change increases the tax by 58%. I want to ask the Minister for the reasoning behind that scale of change.

A colleague of the Minister in the Lords, Lord Northbrook, has described the insurance premium tax increase as an easy target. Taxes should not be increased just because they are easy targets. Indeed, any decision to increase Government revenue should be undertaken after a robust analysis of the impact the changes will have on individuals and businesses. There are still many questions to be answered about the impacts of this measure on family finances and on the take-up of insurance. So in addition to other questions later, I want to start by asking why the Government have chosen to make such a marked increase in insurance premium tax from 6% to 9.5%, an increase of 58%.

Mr Alan Mak (Havant) (Con): Does the hon. Lady agree that the proposed new level of tax will still be substantially lower than the 19% rate levied in Germany, and that the proposals strike the right balance between raising revenue and making sure premiums are competitive?

Barbara Keeley: I do not think making such comparisons is particularly valuable and I will come on to the reasons why.

The insurance industry has raised concerns about the impact of this increase. Huw Evans, director general of the Association of British Insurers, responded to the proposed increase in insurance premium tax by warning that consumers would be worse off. He said:

“Insurance Premium Tax is a tax on people and businesses at the point at which they buy a general insurance product. So it’s very disappointing to see a more than 50% tax increase being imposed on consumers, especially when the insurance industry and Government has worked so hard in recent years to bring down the cost of essential insurance.”

The ABI calculates that the new rate of insurance premium tax will add almost £10 to the average annual household insurance policy for buildings and contents combined, and over £12 to the average annual comprehensive motor policy. However, the increase will be much higher for some groups, and I want to come on to talk about them.

Diana Johnson (Kingston upon Hull North) (Lab): Does my hon. Friend share my concern about householders in areas prone to flooding who might already have to pay high premiums and for whom this is an additional amount they will have to find on top? That is certainly the case for a number of properties bought under the Help to Buy scheme set up by the Treasury, as those properties built after 2009 are not eligible for the Flood Re insurance scheme the Government have brought in.

Barbara Keeley: Indeed, and I will come on to that, because the cumulative impact of this and other changes in the Budget on specific groups is of great concern. My hon. Friend is right that there could be a real issue in parts of the country prone to flooding. We do not want to see families in the properties my hon. Friend talks about that are outside the Flood Re scheme go without insurance.

John Redwood (Wokingham) (Con): If the hon. Lady wants to forgo this substantial increase in revenue, what would she replace it with, given that her income tax proposals would also cut the revenue because the higher rate would collect less?

Barbara Keeley: It is not for me to make those suggestions; it is the Government’s Budget, not mine.

As I have said, the increased cost of this will be much higher than the averages for some groups. The AA has also shared its concern. After the Budget, AA president Edmund King said:

“The sting is in the tail. The Insurance Premium Tax increase on the average car insurance policy is still equivalent to a fuel duty increase of almost 2p per litre. Either way drivers are being hit in their pockets. This is an outrageous hike which could well backfire by leading to an increase in uninsured drivers.”

Chris Philp (Croydon South) (Con): Will the hon. Lady join me in welcoming the fact that the freeze on the motor fuel duty escalator over the past three or four years has saved motorists far more than the 2p a litre to which she has just referred? It is saving the average motorist about £10 every time they fill up, which is far more than the 2p that she mentions. Will she join me in welcoming that measure?

Barbara Keeley: No I will not. As I have just stated, the president of the AA, Edmund King, has said of the Budget:

“The sting is in the tail.”

It is fine to make improvements that help the motorist, but the sting is in the tail and he has made the point that this is an outrageous hike. I ask the hon. Gentleman to reflect on the impact on young motorists and the possible increase in the number of uninsured drivers. If that were the result of this hike, it would be a very dangerous development.

The chief executive officer of the British Insurance Brokers Association, Steve White, has also raised concerns about the impact of the tax on insurance policies and on the industry. He makes this important point:

“Those hit by this stealth tax will include the 20.1 million households with contents insurance, 19.6 million with motor insurance and 17 million with buildings insurance. The Government has been working with the industry to reduce the cost of insurance for consumers...It therefore seems counterintuitive to be taking measures which will add to the cost—effectively taxing protection.”

Let us be clear about what is going on. This is a tax on the protection that families need.

The Financial Secretary to the Treasury, who is now in his place, has made clear in the past his views on the impact of increases to this tax. In 2010, he said of the smaller rise that was introduced at the time:

“I am not denying that we expect the increase to be passed on predominantly to consumers; we expect that the bulk of it will be.”—[*Official Report*, 15 July 2010; Vol. 513, c. 1130.]

Indeed, some of the UK’s biggest insurers, including Aviva and RSA, have already confirmed that they are planning to pass on the cost to consumers.

We need to be clearer about which groups will be affected by this increase and what impact it will have. Car insurance and home contents insurance policies will clearly be affected. Of course we welcome the assurances that the Government have given about preventing a rise in VAT, income tax and national insurance, but families in the UK will still be hit by these changes to the insurance premium tax. This tax increase on families comes in addition to other Budget measures that will hit families, such as cuts to tax credits. We must always keep in mind the cumulative impact on families of all the Government’s policies.

Hon. Members have asked what else we would do. The tax rise is also contrary to what the Chancellor promised before the election. He said that

“tax increases are not required to achieve”—

further consolidation, and that this

“can be achieved with spending reductions”.

So the Chancellor did not foresee these measures. Despite his claim, however, he has chosen to deliver a Budget that increases taxes as well as placing a significant squeeze on public finances and services. The average household is likely to be affected by these changes in multiple ways. Many families purchase more than one type of insurance, which means that they will have to pay this tax increase more than once.

We must also consider the effect of the policy on different groups. People’s insurance needs differ depending on their age and income and on whether they own their home. Those who have high premiums are more likely to be adversely affected by this increase to the taxation rate. The groups that I single out are young motorists,

homeowners and some businesses. For example, insurers have estimated that the average cost of a year’s cover for drivers under 25 will jump by around £50. The British Insurance Brokers Association has stated that

“a young driver or an experienced driver in an inner city area would see the amount of tax on an annual car insurance premium of £1,500 increase from £90 to £142.50”.

Young motorists already pay the highest premiums, with the average policy for someone who is under 25 already costing more than £1,200 a year. For a young apprentice, jobseeker or student, the increase could make the difference between being able to afford insurance so that they can travel to work for their first job and not being able to do so. Young people are already having their eligibility removed for housing benefit, jobseeker’s allowance and the new minimum wage, and this is just another financial burden that the Government are placing on them.

Another group facing higher insurance premiums are people who have become unemployed. A BBC report in 2012 showed that those without a job are generally asked to pay more for motor insurance cover than those in full-time employment. BBC research with three different brokers found that car insurance premiums averaged almost a third more—30%—for those out of work, but that the cost could be as much as 63% higher. People who are out of work already face many challenges: looking for a job; finding the money to pay their rent or mortgage; and finding the money to feed their families and run their homes. Insurance premiums are higher than regular premiums, so this increase is just another blow to people who are struggling to find work.

5 pm

We must also consider the impact this policy will have on businesses, as corporate insurance premiums will also be affected by this increase. Although large companies might be able to absorb it, concerns remain about how small and medium-sized businesses will be affected by the extra cost. Will the Minister therefore tell me what assessment has been made of the impact of the tax rise on the take-up of insurance by business?

The insurance industry is also under a significant amount of pressure to implement the changes needed for this tax increase, which will apply from 1 November 2015. The Association of British Insurers has stated:

“Firms had no advance warning of the increase in Insurance Premium Tax announced in the Budget, meaning preparations for the implementation date of 1 November have placed sudden pressure on IT and back-office services.”

The Government’s failure to foresee this difficulty suggests the need for a more thorough assessment of similar tax increases in future and a consideration of whether industries can implement changes in such a short period of time.

The rise in insurance premium tax may also put extra pressure on insurance companies, given their other obligations. We have already touched on the Flood Re scheme, which was introduced in 2011 as a mechanism to protect households at risk of flooding from high insurance premiums. In 2013, as part of the Flood Re scheme, the ABI and the Government agreed to a cap on flooding insurance premiums in order to ensure that affordable home insurance was made available to those most likely to need it in the event of a flood. The Flood Re pool has two sources of income: the flood element

of the policies passed into it; and an additional levy on the industry. Although the amount of money the levy needs to raise each year is fixed, if insurance companies start to see a significant decrease in profits because of the rise in insurance premium tax, they may consider passing on more of the cost of this levy to policyholders, again meaning a steeper increase in their premiums. My hon. Friend the Member for Kingston upon Hull North (Diana Johnson) has already raised the issue of households outside the Flood Re scheme suffering higher premiums. Once again, those with the highest premiums could suffer the most, particularly if those with lower risks decide to forgo insurance altogether.

Her Majesty's Revenue and Customs' policy paper reports that the mechanism for monitoring and evaluating the policy will be through

"information collected from tax returns and receipts".

We believe there is a need for more in-depth analysis and understanding of exactly who will be affected by the increase and the impact this will have on the take-up of insurance. Concerns have been raised that the increase in the insurance premium tax rate could create perverse incentives and market distortions, meaning that fewer people take up the correct level of insurance to cover them against certain risks and liabilities. Clearly, insurance is a vital tool that helps people plan for risks in their lives. We should be encouraging people to take out policies that suit their needs and encouraging the insurance industry to offer competitive and affordable policies—it seems the Government were concerned about that but their concern has now ended.

We believe that vehicle insurance is of the greatest importance, because drivers are legally required to insure their vehicles if they want to drive in the UK. The legal minimum of third-party insurance covers drivers if they have an accident causing damage or injury to any other person, vehicle, animal or property. It is right that the UK law encourages drivers to take that responsibility. When fines for driving uninsured are becoming a fraction of the costs of insurance, higher premiums could lead to more uninsured drivers, and there is a real fear about that in the industry. Young drivers already face premiums of more than £1,200, and that will increase with this tax increase, so a fixed penalty which can be only £300 and six penalty points could be seen increasingly as a risk that people are—wrongly—prepared to take.

Huw Merriman (Bexhill and Battle) (Con): There seems to be the assumption that the entire increase will be passed on—perhaps in part it will—but I visited one of the country's largest insurers in my constituency and it did not seem to have cause to pass on the increase. Perhaps the hon. Lady should reflect on that and see that passing on such costs may not be automatic. It may be that a reduction in corporation tax means that the costs can be absorbed.

Barbara Keeley: I think that I have already covered that. In a debate in 2010 it was accepted that these costs are almost always passed on. Almost every commentator has said that the costs will be passed on. Aviva and RSA have already announced that they will pass them on, so all the signs are that they will be passed on. Clearly, it would be good if any part of the insurance industry decided not to pass on the costs, but what we are seeing is an increase in premiums across the piece.

This tax increase on a merit good like insurance could undermine the message that individuals and society benefit if the correct level of insurance is taken out. An increase in the insurance premium tax of 58% punishes families and individuals for acting responsibly. When there have been previous increases in the tax, they have been something in the order of around 1%. There is a major concern that this steeper increase could be large enough to alter the coverage chosen by customers, which means that they would become underinsured. It may be that Conservative Members do not face problems of underinsurance in their constituencies. I must say that I have seen a lot of it in my constituency. People really suffer when they are underinsured. If levels of crime are high and there are other issues affecting them on the roads, underinsurance is a real issue.

The Government need to ensure that tax policies do not lead to a situation in which families struggling on low incomes decide to forgo insurance or let their previous policies lapse because prices have risen and they decide that they can no longer afford insurance. That could leave many families at risk of great loss in the event of burglary, or if they have a road accident.

Underinsurance could be a consequence of this rate rise. People could also opt for cheaper policies, which means that they do not get the right coverage, or they opt for higher excesses, which effectively means that their coverage is less. Buying insurance can be a complicated business and a good price may often take precedence over having the right level of coverage.

The HMRC policy paper for this rate rise estimated that there would be

"a small reduction in the demand for standard-rated insurance."

Any fall in demand for insurance that leaves families open to greater risks should be avoided. Where does the Minister believe this "small reduction" is likely to occur and what is she doing to prevent reductions in the demand for insurance?

Finally, HMRC suggests that there could be changes in the behaviour of insurance companies. It states that there is likely to be

"a small increase in tax planning activity by insurance companies."

What are the Government doing to minimise this further potential unwanted consequence?

Clause 43 is a typical measure from a Conservative Government who promise one thing and then deliver the opposite. In this case, the Chancellor promised before the election that he had no need to raise taxes, but then he raised this tax, which will have an impact on households throughout the UK and on their usage of insurance. The increase could have a number of negative consequences. Higher insurance premiums may lead to fewer families and individuals purchasing much-needed insurance to protect themselves against everyday problems, which happen much more often in some parts of the country than in others. I am talking about burglary and damage to property and possessions.

The Government must provide more information and analysis of the wider impacts of this tax increase, as well as strategies to prevent the negative consequences that are likely to result from this policy. Labour's amendment to Clause 43 asks the Government to consider the impact of any future increase of the tax.

[Barbara Keeley]

The Institute for Fiscal Studies has called for a road map to indicate a long-term strategy for our tax system. The CBI has outlined its concerns about the UK tax system in a letter to the Financial Secretary, stressing the need for Ministers to recognise that

“changes to the tax system that appear innocuous can have wide-ranging effects.”

The CBI also stated that there was a need for “renewed discipline” in tax policy making and that the lack of consultation and notice period for tax changes can cause great uncertainty for businesses. None the less, the Government continue to increase and lower taxes for short-term policy goals. Labour believes that we need to consider how to reform our tax system so that people and businesses are taxed efficiently and fairly.

As I have outlined, there are particular concerns about this and any future potential rise in insurance premium tax because of the impact it might have on the price of insurance policies and the take-up of insurance by families and individuals. With that in mind, will the Minister comment on the potential for any further increases in the insurance premium tax during this Parliament, given the comment of her colleague in the Lords that the tax is an easy target?

Labour’s amendment will ensure that the impact of any future increase is properly considered by the Government. It will ensure that there are careful deliberations—much more careful than we have seen on this occasion—on the short and long-term consequences of any further increase in the insurance premium tax and its effect on families and business. I ask Members on both sides of the House to support our amendment tonight.

John Redwood: I remind the House that I advise an industrial and an investment company and the details are set out in the register.

I found it interesting to listen to the hon. Member for Worsley and Eccles South (Barbara Keeley) speak from the Opposition Front Bench on this important matter. As someone who thinks that taxes are best kept low and that we need to do all we can to maximise the spending power of those we represent, I had a lot of sympathy with much of what she was saying. Of course, there will be people who do not want to pay an increased insurance tax—who does? In particular, some people will find it difficult because it is quite a high tax. I would have found the hon. Lady more convincing had she been able to answer the question in my intervention: if not this, what?

We have just had a passionate debate in this House in which the Opposition, understandably, wanted us to do more for Syrian refugees. That takes money. We are already being very generous with our overseas aid budget, and although we understand their motivation they are not proposing lots of reductions in spending.

Helen Goodman (Bishop Auckland) (Lab): Perhaps the right hon. Gentleman has forgotten that in July we voted against the cut in inheritance tax in the Budget, which would bring in another £1 billion in the final year.

John Redwood: That is interesting, because one of the difficulties with capital taxes is that they are sensitive to the rate and details of the scheme. The first rule of any tax must be that if it is raised, more revenue must be got from it. One thing that is certainly true of this insurance tax is that although we would rather it was at a lower rate, it is still at a low enough rate that if we raised it we would collect more revenue. I am not sure that that is true of the inheritance tax system, and the hon. Lady must understand that quite a lot of her constituents are not very happy about the current regime and are looking for changes.

Helen Goodman: The right hon. Gentleman is talking through his hat. In my constituency last year, not one property sold for £650,000 and the Government is raising the threshold to £1 million. It certainly will not affect any of my constituents.

John Redwood: The hon. Lady might well find that some of her constituents have aspirations and could be successful; I am surprised that she is so negative about them. Many people in all parts of the country welcome the idea. In 10 or 20 years’ time, if there is a death in the family and assets pass, they would be grateful not to have that limit. It was a good effort and I accept that the hon. Lady came up with the least bad of the Labour attitudes. Everything else that Labour wants to do involves either spending more money or increasing tax rates, which will reduce the revenue.

Barbara Keeley: The right hon. Gentleman should be directing his question to the Chancellor, because, as I said, it was the Chancellor who said that

“tax increases are not required to achieve

further consolidation, as

“this can be achieved with spending reductions”

The right hon. Gentleman ought to be asking the Government and his right hon. Friend the Chancellor his question rather than the Opposition, because the promise to the electorate—this is the important thing—was that there would be no tax increases, yet here we are soon after the Budget with a tax increase that will hit many millions of households and bring in £8 billion.

5.15 pm

John Redwood: But I support the Government on that. I think that they are right to want to make more progress in bringing down the deficit—I am not sure whether the hon. Lady agrees. I also think that they are absolutely right to honour the very important promise they and I made to our electors not to increase income tax or VAT. Better still, we must honour our pledge to get income tax down, particularly for people on lower incomes, by raising the threshold. I also wish to see reductions in income tax at the 40% level, which affects many of my constituents and those who aspire to better jobs and pay, which we hope our economic recovery will deliver to many more people. We are honouring our pledge not to increase income tax rates, but to make the cuts we specified over the five-year period, and we are honouring our pledge on VAT.

Barbara Keeley: There seems to be a very selective honouring of pledges going on. The pledge not to increase taxes is not being met, because £8 billion is

being taken. The other thing that I am very concerned about is the Government's decision to ditch the pledge to cap social care costs. It is one thing to allow people with properties worth £1 million not to pay inheritance tax, but it is quite another when people up and down the country will be hit by the dropping of the pledge to cap care costs. Perhaps the right hon. Gentleman would like to comment on that, because I am sure that it affects his constituents just as it affects mine.

John Redwood: I think that we are now going rather wide of the amendment and the clause that we are meant to be debating. I wish to see a generous care system that is properly controlled and disciplined. If the hon. Lady has individual cases where people will be adversely affected unreasonably, I am sure that Ministers will be willing to look at them. The last thing I wish to see is unreasonable cuts affecting people who really need the money, but I also wish to see more work done—this is what the Government are doing—to promote the abilities of many people, including those she suggests are disabled, because many people have many abilities. This Government are about encouraging those abilities, helping people to do more for themselves and, where possible, to get into work so that they can lead more rewarding lives, and so that they can receive pay in addition to the benefit assistance for which they currently qualify. There is a complete policy there to promote better lives for everyone in society, and cutting income taxes is an important part of that, and promoting abilities and opportunities is another.

George Kerevan (East Lothian) (SNP): Does the right hon. Gentleman not recognise that there is a moral hazard to a degree in taxing insurance? There is a moral hazard that we recognise through the fact that 80% of activity in the insurance business is not taxed. Therefore, if we are increasing the tax burden on that 20% simply to raise revenue, it might be worth coming back and looking at the consequences.

John Redwood: That is very good advice, and that is exactly what this Committee is trying to do by highlighting the issue in a short but thorough debate.

I will now make some progress on the specific matters relating to insurance tax. It passes my first test, which is that if we have to increase a tax rate we must ensure that we get more revenue from it. It passes that test because the starting rate is sufficiently low, and the forecasts indicate that we will see a substantial increase in revenue as a result of the change.

The second question is what is its distributional effect. The hon. Member for Worsley and Eccles South understandably made much of the cases that are the hardest, but overall I would imagine—the Minister may have some figures—that people who are better off will pay more of this tax than people who are not so well off, because a lot of it is insuring property and asset and businesses, and it will be the people with the most substantial assets and businesses who will pay rather more of that tax. It therefore meets a general test of fairness in the sense that it is progressive.

My one nervousness about that—I look forward to the Minister's response on this—is over the issue of the young driver, which the hon. Member for Worsley and Eccles South raised. I think that we need to ensure that we have a very supportive package for young people

generally, because they are finding it difficult to price themselves into housing, and they do not always get the rates of pay at the beginning of their careers that we would like to see them enjoy. It is very important that we keep cutting the income taxes at the lower end of income, especially for them, because they really need to keep everything they earn if their starting pay is not very good.

The biggest problem for the young driver, particularly the young male driver, is that the starting prices for insurance can be exceptionally high. Indeed, it is sometimes difficult for the very young male driver to get insured at all. We have to ask ourselves why that is. The main reason, of course, is that the young driver is perceived to be a bad risk by the insurance company. There is some evidence that the younger driver may, on average, have a worse record than the older driver, and that is why the premiums can be particularly high on younger people.

Perhaps the Government can help rather more, through and with the industry, to tackle the main problem, which is not the tax on the premium but the initial height of the premium. Some good work has been done in the industry to provide methods of reassurance that the young person will drive well and safely by means of technology in the car that monitors them, at their own request and with their agreement. That may be the price of their getting the lower premium. We need to look at how technology and support for good driving can be reinforced so that a young person is more readily insurable at a realistic price. Of course, if the young person behaved recklessly, that would become obvious and the arrangements would have to be changed, but there are ways in which this can be done.

Barbara Keeley: It is not a question of technology changes. This £50 increase, at least, in the duty paid on the very high premiums that the right hon. Gentleman is talking about will prevent young people—presumably young men, more than young women—from getting to the point where they can start to gain experience. The age at which people will be able to be insured will advance and advance so that they will be unable to get started. That is the issue. It is not a question of technology but of making insurance affordable, and this makes it worse.

John Redwood: I am trying to deal with the underlying reason why it can be very difficult for young men, in particular, to afford insurance. The big problem is not the increment on top of the current insurance tax or the bigger increment resulting from this Bill; it is the starting level of the premium. People are working on ways in which we may be able to address that.

If the young person can accept a system that will reassure the insurer that they are going to drive sedately, prudently and safely, then the reason for charging them more disappears. By accepting the constraints of the technology, they can demonstrate that they are driving safely. That reinforces their cheaper premium and they can start to earn the bonuses that the rest of us enjoy if we have driven safely for a long period and then get discounts on the insurance costs. It is getting started that is so difficult for young males, in particular, when they are all judged by the average standards of high claims that the industry experiences. I hope that the Minister and her colleagues in Departments more directly

[John Redwood]

related to the insurance industry will look at this problem. It is not caused primarily by the tax system but by assessment of risk and perceptions of driving behaviour. It can be very unfair on individuals, and the more that can be done to smooth that out, the better.

I do not like tax rises. Part of the reason I am in Parliament is that I want to be a voice to try to keep taxes down and have a more prosperous society as a result. I cannot say that I welcome this part of the Finance Bill, but as someone who believes that there are important public items that we cannot cut, and faced as we are with Opposition parties that very rarely come forward with any proposals to save public money, we have to raise a reasonable amount of money. We have been borrowing too much, and this is part of a series of measures to try to get our borrowing under some kind of control. With regret, I conclude with the Government that this is one of the least bad options for trying to do that. I hope that they will take on board the need to work away at some solutions to the underlying problem of individual categories such as young drivers who may find this to be another increment on top of a difficult situation.

Diana Johnson: I want to speak briefly to amendment 1, tabled by my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley). It centres on the need to review within three months the impact of clause 43 on the charges for and take up of insurance policies. As I said in my intervention on my hon. Friend, the proposal relates directly to those properties that are not part of the Flood Re scheme.

I want to address this issue because of its effect on Kingswood in my constituency. Hull was one of the most successful areas in the country for the previous Government's Help to Buy scheme. I welcome that. Obviously it is important that people are assisted in buying their own homes and properties. The problem, however, is that more than 95% of the city of Hull is below sea level and it has been prone to flooding in the past. In 2007 we had very bad surface water flooding, so insurance companies look at what has happened in Hull and fix their premiums accordingly.

The Flood Re scheme has assisted in the past and we now have the new Flood Re scheme. The problem, however, is that it does not apply to properties built after 2009. Those young people and first-time buyers who have bought properties in Kingswood over the past few years are not able to access the Flood Re scheme, so they have to go to the open market for house insurance. I am concerned that those people, who are trying to do the right thing and buy house insurance, may find themselves being doubly penalised, because not only are they not entitled to the Flood Re protection, but they will have to pay this increase in insurance tax.

Sue Hayman (Workington) (Lab): I am interested to hear what my hon. Friend has to say about the Flood Re scheme. Cockermouth and Workington in my constituency have suffered very badly from floods. Does she agree that it is also a problem that businesses are not covered by Flood Re and thereby fall short?

Diana Johnson: Yes. There are many welcome things in the Flood Re scheme, but, if I recall my reading on it correctly, it does not cover small businesses operated by

people from home. I do not want to go too far down the road of Flood Re, because clause 43 relates to insurance tax.

I welcome the Labour Front Benchers' proposal and I hope the Minister will be willing to consider a review. I do not agree with everything the right hon. Member for Wokingham (John Redwood) said. The properties I am talking about are small starter homes. These people do not earn a lot of money. They do not have big properties or an income that would allow them to pay sizeable premiums for a property. They are struggling and are often on the minimum wage. They have bought their properties, but every penny counts and I am worried that they will not be able to afford to pay not only a hike in premiums because they are not in the Flood Re scheme, but an additional increase in tax.

Mr Mak: The cost of home contents insurance has fallen across the country by about 8% since last year. Does the hon. Lady agree that, as a result, clause 43 will have a limited effect on those sorts of costs and that it strikes a fair balance between raising revenue and maintaining a competitive insurance market?

Diana Johnson: Unfortunately that is not the experience of many of my constituents in Hull. Every year lots of people contact me when their premiums are up for renewal, because they have such difficulty in getting affordable insurance. I stress that that is particularly the case for those who are not in the Flood Re scheme, which offers some protection at premium levels. I am concerned about those who are not part of the scheme and are in small properties and do not earn very much—as I have said, every penny counts. There should be a review so that those people, who generally will do the right thing and pay for insurance, do not find themselves unable to afford to do the right thing in the future. I hope the Minister will take on board what my hon. Friend the Member for Worsley and Eccles South has said.

5.30 pm

Chris Philp: I thank the hon. Member for Worsley and Eccles South (Barbara Keeley) for raising the significant issue of fuel duty, which affects all our constituents. It is, however, important to recall the context in which that taxation arises, which is the need to close what is still a very large deficit. Where opportunities exist to adjust taxation sensibly, it is prudent to do so.

My hon. Friend the Member for Havant (Mr Mak) mentioned the context a few moments ago. Home insurance premiums have reduced by 8% year on year during the past year, and car insurance premiums have reduced by about 10% during the past three years. Those reductions more than offset this relatively modest tax increase. I share the distaste of my right hon. Friend the Member for Wokingham (John Redwood) for tax increases, but I understand how, in these times of financial difficulty and given the need for deficit reduction, difficult choices have to be made, and I fear that this is one of those difficult choices.

I want to expand on my intervention about the effect of the fuel duty escalator. One of the most significant areas of insurance premium taxation is that of motor vehicles. The suspension of the fuel duty escalator has had a really quite impressive effect on the cost of

motoring. The hon. Member for Worsley and Eccles South mentioned an estimate that the insurance premium tax increase would add about 2p to a litre of fuel. I have done some rough calculations on my iPhone during the debate, and I estimate that the saving delivered by the freeze in the fuel duty escalator in 2011 has saved approximately 12p per litre. Taken together, the effect of this Government's policies on the cost of motoring is a net saving of 10p per litre, which I very strongly welcome.

I want to say more about an opportunity to do more to combat the cost of insurance premiums. I have personal experience of the very widespread practice of making fraudulent claims, particularly for personal injury. I will mention some statistics in a moment, but I will first talk about my personal experience.

A year or two ago, my wife and I were involved in a very minor traffic collision: the car got a bit of a bump and the bumper had to be replaced, but it was nothing more serious than that. A claims management company based in the north of England somehow got hold of my mobile phone number. I have no idea how it did so—from the breakdown recovery company, the insurance company or the police—but weekly for at least a year after the accident, I was called by an extremely pushy and aggressive salesperson. Essentially, they incited me to commit fraud. No matter how often I explained that I, my wife and my young twins had suffered no injury, they insisted that I must have suffered an injury such as a bad back or an aching neck and that I had a claim that could be settled at the insurance company's expense. They repeatedly and persistently incited me to commit fraud.

The figures show that that is not an isolated example. Aviva is currently investigating 5,500 claims of personal injury fraud. Such fraud has increased 20% year on year. Personal injury claims have increased by 50% since 2007, despite the fact that the number of road traffic collisions has fallen during that period. In this country, personal injury claims make up 35% of insurance pay-outs; in Germany, it is only 4%. Aviva estimates that those claims add £50 to each and every insurance premium paid in this country, which is significantly more than the tax increase we are debating. It is estimated that one in nine personal injury claims is fraudulent.

We have an opportunity to do more to stamp out such fraud and to reduce the cost of insurance premiums, as hon. Members on both sides of the House have mentioned. I believe that there is a case for simply banning outright outbound phone calls by ambulance-chasing law firms. We should just make it illegal for them to call people to incite fraudulent claims. I would certainly be very happy to vote for legislation to outlaw such a practice. If anyone has a genuine claim, they can find a law firm's number in the "Yellow Pages" or on Google; people do not need to be phoned in this way. I urge both Government and Opposition Front Benchers to take my proposal very seriously.

Michelle Thomson (Edinburgh West) (SNP): I will do something that feels slightly unusual and address my brief remarks to clause 43.

We know that there is a planned increase from 6% to 9.5%—an increase of 58%—but let us not forget that that also applies to administration costs. Throughout the debate, the figures have been evaluated and we have realised that the increase to house contents cover will affect about 20 million people. The people who are

likely to move more frequently are those who are not owner-occupiers. Of course, that plugs into the argument, which has already been proven, that lower income groups pay more. The so-called poverty premium, which was explained by Donald Hirsch and backed up by the Joseph Rowntree Foundation, is therefore valid in this instance.

The Government state that the tax applies to only one fifth of all premiums, but that is the wrong measure. We should be concerned about the distribution of those premiums. Young drivers aged 21 to 29 make up 14% of the driving population, but 34% of uninsured drivers. Perhaps Adrian Smith of KPMG called it correctly when he noted wryly:

"All I can guess is that there were so many taxes David Cameron ruled out increasing that there weren't so many left".

If the driver for this proposal is an increase in tax-take, it should be noted that the rise in January 2011 actually saw a fall in tax receipts of 1.3% between 2011 and 2015. Despite that, the Government suggest that receipts are expected to grow by 1.9% year on year between 2015-16 and 2020-21. I wish I shared their confidence. It may be that higher income groups will drop their health insurance, which is included in their P11D liability. That would, of course, put more pressure on the NHS.

Although the tax is levied on companies, I believe that it will inevitably be passed to consumers. It seems somewhat anti-business that the insurance industry, having done the right thing in making determined attempts to reduce fraud and passing the savings on to consumers, is rewarded with such a significant tax rise over such a short timescale. Let us not forget that businesses will also be affected by the application of the increase to corporate premiums. My worry is that that will disproportionately affect small businesses, which continue to struggle with a range of factors in the current operating environment.

Ultimately, if insurance is about protection and the negation of risk, why should it be more expensive for those who have the most to lose—in other words, the lower income groups?

The Economic Secretary to the Treasury (Harriett Baldwin): In responding to the debate, I hope to touch on many of the questions that have been raised by hon. Members.

Clause 43 increases the standard rate of insurance premium tax to 9.5%. The policy will increase the revenue raised from the tax and help to close the deficit.

Before I turn to the amendment, I will cover some of the points that have been mentioned. I confirm that the insurance charge includes the gross premium that the insurer charges, including the broker commission and any other directly related costs. It is a charge on the insurer rather than on the individual. It is due on general insurance, which accounts for approximately one fifth of insurance premiums. As we have heard, it includes motor insurance, home insurance, employers liability insurance and medical insurance.

Some 80% of the insurance market is exempt, including reinsurance, long-term insurance such as life insurance and permanent health insurance, and the permanent health insurance that is used to pay for critical illness insurance.

[*Harriett Baldwin*]

Travel insurance and insurance that people purchase on warranties with, for example, white goods, is already charged at the considerably higher rate of 20% to prevent VAT avoidance. That, too, is unaffected by the change. It is important to remember that there is no VAT overall on insurance.

The new rate for the taxable insurance premiums will begin to apply with effect from 1 November 2015. In the tax year 2016-17, it will raise an extra £1.4 billion, which can be used to reduce the deficit. If insurers pass on the increase, it will affect businesses and households, particularly by increasing the cost of their property and motor insurance. However, we expect that any impact on consumers will be modest. Most households and businesses have some form of general insurance and any impact of a rate rise is therefore shared by a large number of people and organisations, as we have heard. To give some idea of what that means, if insurers chose to pass on the whole increase, the average household expenditure on insurance would increase by 70p per week.

We do not anticipate that the tax increase will reduce the number of people taking out general insurance. Even if insurers choose to pass on the increase, any increased costs will be a very small proportion of the overall cost of insurance. As the insurance market is competitive, customers affected by the change can shop around to find a policy that best fits their needs.

Barbara Keeley: I hope the Minister will address the point I made about the impact of insurance costs on unemployed people. I quoted BBC research, but work done for MoneySavingExpert.com found that there is an enormous differential when people lose their jobs. In one case, insurance for an office manager to insure her vehicle went from £359 a year to £1,034. It is all right to talk about averages of £10 here or £12 there, or even £50 for young people, but insurance premiums can be disproportionately increased by unemployment. That point was made in the social media debate on the Budget, and that is one reason why I have taken it seriously. The increase is unfair, because it hits people straight away when they become unemployed. We must start to reflect on that.

Harriett Baldwin: I will come to the distributional points raised by questions from hon. Members but, with the greatest respect, the situation the hon. Lady describes would be unaffected by the changes the Government propose this afternoon.

We heard from my hon. Friend the Member for Croydon South (Chris Philp) that the increase must be seen in the context of significant Government action to reduce costs for the insurance industry and for motorists. We are taking a lot of action to reduce insurance fraud. According to the Association of British Insurers, insurance fraud alone adds an average of £50 a year to average household insurance costs. Our previous action to reduce the cost of fraudulent claims includes a ban on referral fees in personal injury cases and reform of the regulation of whiplash claims. Those actions have been welcomed by both industry and consumer groups. The insurance fraud taskforce is due to report at the end of the year with suggestions on how further to reduce the cost of insurance fraud.

In the summer Budget 2015, my right hon. Friend the Chancellor announced a further consultation to establish how to introduce a cap on fees charged by claims management companies, and a fundamental review of the regulation of claims management companies, which is due to report in 2016. I note with interest the point my hon. Friend the Member for Croydon South made about banning outbound calls. More generally, the Financial Conduct Authority is working on how to encourage people to shop around for insurance, which will ensure that people find the best deal for their circumstances and that the market remains competitive.

The Government have been working hard with the insurance industry to develop the Flood Re scheme, which will continue to allow insurers to offer affordable home insurance. The hon. Member for Kingston upon Hull North (Diana Johnson) and I both have constituencies where there are a lot of flood-prone properties—I pay close interest to the topic. Of course, properties built after 2009 will be exempt from the scheme because we do not want to incentivise builders to build in flood-prone areas.

Diana Johnson: I fully accept that; in fact, I think it is absolutely right. The problem for me and my constituents is that 90% of the city of Hull is below sea level. Anything that is built will, by definition, be on a flood plain. A bit more thought has to be given for areas of the country. It is not just Hull; other low-lying areas will find themselves in this difficulty.

5.45 pm

Harriett Baldwin: The hon. Lady makes a very good point. She and I come across the same sorts of issues in our casework, and a lot of London is built on a flood plain. In some cases, I have had to work with specialist insurance broking to find a broker service. The British Insurance Brokers' Association is very useful in that regard. I am sure she and I will continue to pay close heed to how the Flood Re scheme is delivering for our constituents.

A number of hon. Members raised the issue of motor insurance, particularly for young people. My right hon. Friend the Member for Wokingham (John Redwood) asked whether technology could help young people with the costs of their insurance. Young people can currently take the opportunity to install a telemetric device. Many insurers will reduce the cost of motor insurance in those situations.

I am able to reassure hon. Members on the impact on young drivers' insurance premiums. Young drivers pay a much higher premium at the moment, but the overall cost impact of this change for young drivers in their 20s is estimated to be 25 pence a week and the overall impact for a driver aged 17 or 18 about £1 a week. Obviously, all tax increases are unwelcome, but this needs to be set against the fact that drivers are currently saving about £9 every time they fill up their vehicles.

Barbara Keeley: The figures I was given from the industry were that the increase in duty alone on the average premium paid by a young driver would be from £90 to £142.50. That is not 50p or 25p a week; that is £1 a week. Various points have been made about fuel duty, but this is a tax that has to be paid. This is a very serious increase for young people who are being hit in the other ways that I outlined.

Harriett Baldwin: The hon. Lady and I can duel with statistics all afternoon, but I wanted to point out that it was the 17 and 18-year-olds who pay a substantial amount more than those in their 20s. I think she is probably quoting statistics relating to 17 to 25-year-olds. Nevertheless, the changes need to be seen in the context of the amount that young drivers are saving and the opportunities they may have from using a telemetric device to measure their driving performance.

Finally, I want to say a word about implementation. We recognise that the insurance industry needs notice to effect the changes. We have tried to ensure a smooth implementation of the new rate by following the approach agreed by industry representatives and HMRC back in 1995. That sets out transitional arrangements required by the insurance industry to account for the tax at the new rate. The rate, as we said, comes into effect on 1 November, which provides a period of nearly four months from the date the measure was announced. There is a further four-month statutory concessionary period for insurers who have elected to account for the tax using a special accounting scheme. In simple terms, the concessionary period ensures that premiums for policies beginning before 1 November will be taxed at the current rate effectively until 1 March 2016.

That leads me to the Opposition's amendment, which proposes that a report be produced on the impact of the change in the standard rate of insurance premium tax as soon as three months from the enactment of the Finance Bill. It calls for the report to be undertaken very soon at a time when the impact of the rate will have hardly begun. That is why we will not agree to the amendment this afternoon and encourage the hon. Lady to withdraw it.

The impact of any increase in the rate of insurance premium tax will depend on whether insurers change their prices to pass on the increase. As I have said, it is a tax on insurers, not customers, and we are aware of at least one insurer—we heard earlier of another example—that has pledged to absorb the cost of the increase for at least one year. We think this is partly because insurers have benefited, and will continue to benefit, from the reductions in corporation tax announced in the Budget. Any such benefit might encourage more of them not to pass on this additional cost.

We have investigated what the overall distributional impact would be if all insurers passed on the entire rate rise. If the entire rate rise of 3.5 percentage points were passed on, households in the top income decile would pay just over £1 a week more for their insurance, while the additional costs for those in the bottom income decile would be less than 40p a week. We calculate that almost two thirds of the overall distributional impact will fall in the top half of the income distribution.

Suella Fernandes (Fareham) (Con): Does my hon. Friend agree that this slim and modest tax rise should be viewed in the context of the falling cost of home insurance and comprehensive car insurance and our commitment not to increase VAT, national insurance or income tax? Overall, will not these policies benefit householders and families?

Harriett Baldwin: My hon. Friend is right to point out the overall context; this measure should not be seen in isolation. The cost to businesses was mentioned earlier. I am sure that Members will welcome the fact that,

according to the British Insurance Brokers' Association, the overall cost of insuring a commercial vehicle has fallen by more than 13% in the past 12 months alone.

I hope that I have answered hon. Members' questions, particularly those about young drivers and household flood insurance. In particular, I want to support the points my hon. Friend the Member for Croydon South made about personal injury claims management.

In drawing my remarks to a close, I must stress that most households will see very little impact from the increase in the standard rate of insurance premium tax. It will remain at a low rate compared with many other countries and will certainly not make the UK a less attractive place to do business. I therefore ask that clause 43 stand part of the Bill and request that amendment 1, tabled by Opposition Members, be withdrawn.

Barbara Keeley: I do not propose to withdraw the amendment. The reason for it is the lack of a full analysis of where the impact of the increase will be felt and the groups that will be most affected. I have been quite disturbed by the complacent attitude of some Government Members, including the Minister. I have quoted many senior industry figures on the impact on their business and industry and the strength of their feelings about this tax, which they have called a stealth tax. I will quote some additional comments. Janet Connor, managing director of AA Insurance, said:

"That premiums have been falling seems to be the Chancellor's justification for the tax increase but he is wrong. His timing couldn't have been worse; not only are premiums starting to rise but the tax can only lead to even greater premium increases than could otherwise be expected over coming months."

She continued:

"There is no justification for this underhand and unfair tax increase."

I have quoted various insurance organisations, but the ABI said:

"UK drivers benefit from one of the most competitive motor insurance markets in the world. But with pressure on claims costs", which some Government Members have recognised, "and an increase in insurance premium tax adding an additional £12.80 to the cost of the average policy...other factors are starting to put up costs."

The key thing is that a range of factors are in play, despite our having had a successful couple of years, which has reduced premiums and rates. I hope Ministers will not continue to be complacent about the cost of premiums for young drivers and the danger of under-insurance or no insurance.

Graeme Trudgill, the executive director of the British Insurance Brokers Association, has said:

"Insurance has been seen as a special case in terms of taxation as it is a social good".

Ministers seem to be ignoring the fact that it is a special case, in that it is a social good. We must take that into account.

Suella Fernandes: Will the hon. Lady give way?

Barbara Keeley: No, I will not.

Mr Trudgill went on to say:

"Young drivers are the most over-represented age group for uninsured driving and increasing the cost of their motor insurance further is likely to increase the level of uninsured driving, which we are aware has now started to deteriorate."

[Barbara Keeley]

The increase completely undermines the constructive work that the industry and government have done in the past few years to tackle fraud—particularly with regard to whiplash claims—which previously saw premiums soar.”

Ministers and Government Members should be clear that what they are doing is hitting the industry at a point when premiums have started to go in the wrong direction and the good work that has been done could be undermined.

I want to leave Government Members with a couple of other points about this amendment. The AA calculates that uninsured drivers cost the insurance industry around £380 million a year and add £33 to cost of every motor insurance policy. Finally, the Motor Insurers Bureau reports that 2.8% of UK motorists—and about 1 million vehicles on the road—are estimated to be driving without insurance. That is the risk that the Minister is taking.

Question put, That the amendment be made.

The Committee divided: Ayes 269, Noes 308.

Division No. 62]

[5.56 pm

AYES

Abbott, Ms Diane	Cowan, Ronnie
Abrahams, Debbie	Cox, Jo
Ahmed-Sheikh, Ms Tasmina	Coyle, Neil
Ali, Rushanara	Crausby, Mr David
Allen, Mr Graham	Crawley, Angela
Anderson, Mr David	Creasy, Stella
Arkless, Richard	Cryer, John
Austin, Ian	Cummins, Judith
Bailey, Mr Adrian	Cunningham, Alex
Bardell, Hannah	Cunningham, Mr Jim
Barron, rh Kevin	Dakin, Nic
Beckett, rh Margaret	Danczuk, Simon
Benn, rh Hilary	David, Wayne
Berger, Luciana	Davies, Geraint
Betts, Mr Clive	De Piero, Gloria
Blackford, Ian	Docherty, Martin John
Blackman, Kirsty	Dodds, rh Mr Nigel
Blackman-Woods, Dr Roberta	Donaldson, rh Mr Jeffrey M.
Blenkinsop, Tom	Donaldson, Stuart
Blomfield, Paul	Doughty, Stephen
Boswell, Philip	Dowd, Jim
Bradshaw, rh Mr Ben	Dowd, Peter
Brake, rh Tom	Dromey, Jack
Brennan, Kevin	Durkan, Mark
Brock, Deidre	Eagle, Ms Angela
Brown, Alan	Eagle, Maria
Brown, Lyn	Edwards, Jonathan
Buck, Ms Karen	Efford, Clive
Burden, Richard	Elliott, Julie
Burgon, Richard	Elliott, Tom
Byrne, rh Liam	Esterson, Bill
Cadbury, Ruth	Evans, Chris
Cameron, Dr Lisa	Farrelly, Paul
Campbell, rh Mr Alan	Farron, Tim
Campbell, Mr Ronnie	Fellows, Marion
Carmichael, rh Mr Alistair	Ferrier, Margaret
Champion, Sarah	Fitzpatrick, Jim
Chapman, Douglas	Fletcher, Colleen
Chapman, Jenny	Flint, rh Caroline
Cherry, Joanna	Flynn, Paul
Ciwyd, rh Ann	Fovargue, Yvonne
Coaker, Vernon	Foxcroft, Vicky
Coffey, Ann	Gapes, Mike
Cooper, Julie	Gethins, Stephen
Cooper, Rosie	Gibson, Patricia

Glass, Pat	McDonald, Andy
Glendon, Mary	McDonald, Stewart
Godsiff, Mr Roger	McDonald, Stuart C.
Goodman, Helen	McDonnell, John
Grady, Patrick	McFadden, rh Mr Pat
Grant, Peter	McGarry, Natalie
Gray, Neil	McGinn, Conor
Green, Kate	McGovern, Alison
Greenwood, Lilian	McInnes, Liz
Greenwood, Margaret	McLaughlin, Anne
Haigh, Louise	Meale, Sir Alan
Hamilton, Fabian	Mearns, Ian
Hanson, rh Mr David	Miliband, rh Edward
Harman, rh Ms Harriet	Monaghan, Carol
Harpham, Harry	Monaghan, Dr Paul
Harris, Carolyn	Moon, Mrs Madeleine
Hayes, Helen	Morden, Jessica
Hayman, Sue	Morris, Grahame M.
Healey, rh John	Mulholland, Greg
Hendrick, Mr Mark	Mullin, Roger
Hendry, Drew	Murray, Ian
Hepburn, Mr Stephen	Newlands, Gavin
Hermon, Lady	Nicolson, John
Hillier, Meg	O'Hara, Brendan
Hodge, rh Dame Margaret	Onn, Melanie
Hodgson, Mrs Sharon	Onwurah, Chi
Hoey, Kate	Osamor, Kate
Hollern, Kate	Oswald, Kirsten
Hopkins, Kelvin	Owen, Albert
Hosie, Stewart	Paterson, Steven
Hunt, Tristram	Pearce, Teresa
Huq, Dr Rupa	Pennycook, Matthew
Hussain, Imran	Phillips, Jess
Irranca-Davies, Huw	Phillipson, Bridget
Jarvis, Dan	Pound, Stephen
Johnson, Diana	Powell, Lucy
Jones, Gerald	Pugh, John
Jones, Graham	Qureshi, Yasmin
Jones, Helen	Rayner, Angela
Jones, Mr Kevan	Reed, Mr Jamie
Kane, Mike	Reed, Mr Steve
Kaufman, rh Sir Gerald	Rees, Christina
Keeley, Barbara	Reynolds, Emma
Kendall, Liz	Reynolds, Jonathan
Kerevan, George	Rimmer, Marie
Kinahan, Danny	Ritchie, Ms Margaret
Kinnock, Stephen	Robertson, Angus
Kyle, Peter	Robinson, Gavin
Lamb, rh Norman	Robinson, Mr Geoffrey
Lavery, Ian	Salmond, rh Alex
Law, Chris	Saville Roberts, Liz
Leslie, Chris	Shannon, Jim
Lewell-Buck, Mrs Emma	Sharma, Mr Virendra
Lewis, Clive	Sheerman, Mr Barry
Long Bailey, Rebecca	Sheppard, Tommy
Lucas, Caroline	Sherriff, Paula
Lucas, Ian C.	Shuker, Mr Gavin
Lynch, Holly	Simpson, David
MacNeil, Mr Angus Brendan	Skinner, Mr Dennis
Mactaggart, rh Fiona	Slaughter, Andy
Madders, Justin	Smeeth, Ruth
Mahmood, Mr Khalid	Smith, rh Mr Andrew
Mahmood, Shabana	Smith, Angela
Malhotra, Seema	Smith, Cat
Mann, John	Smith, Jeff
Marris, Rob	Smith, Nick
Marsden, Mr Gordon	Smith, Owen
Maskell, Rachael	Smyth, Karin
Matheson, Christian	Spellar, rh Mr John
Mc Nally, John	Starmer, Keir
McCarthy, Kerry	Stephens, Chris
McDonagh, Siobhain	Stevens, Jo

Streeting, Wes
 Stringer, Graham
 Stuart, Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom

Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Wilson, Sammy
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Heidi Alexander and
Susan Elan Jones

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Mr Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg

Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick

Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon

Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette

Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael

Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

Simon Kirby and
 Sarah Newton

Question accordingly negated.

Clause 43 ordered to stand part of the Bill.

Clause 45

CCL: REMOVAL OF EXEMPTION FOR ELECTRICITY FROM
 RENEWABLE SOURCES

Question proposed, That the clause stand part of the Bill.

The Temporary Chair (Mr George Howarth): With this it will be convenient to discuss new clause 2—*Report on the removal of the Climate Change Levy exemption*—

“(1) No later than 6 months following the passing of this Act the Chancellor of the Exchequer shall publish a report into the effect of the removal of the Climate Change Levy exemption on renewable energy generators.

(2) That report must include information about:

- (a) The effect that the removal of the exemption has had on existing generators
- (b) The effect that the removal of the exemption has had on projects which were in the planning process
- (c) The cumulative effect on investor confidence in renewable energy of this change in the context of wider government policy on renewable energy; and
- (d) The effect of these changes on the United Kingdom's ability to meet its climate change targets and commitments.”

The Exchequer Secretary to the Treasury (Damian Hinds): Clause 45 ends the exemption—[*Interruption.*]

The Temporary Chair: Order. Will Members leaving the Chamber please do so quietly?

Damian Hinds: Thank you, Mr Howarth.

Clause 45 ends the exemption from the climate change levy for renewably sourced electricity. The CCL renewables exemption was misaligned with today's energy policy and represented an inefficient way of supporting renewable electricity generation. In the past 15 years the UK's renewable energy policy has fundamentally changed. When the renewable electricity exemption was introduced in 2001, renewable generation made up just 2.5% of the UK's electricity supply; it now makes up around 20%. Since the exemption was introduced, more effective policies have been put in place which support renewable electricity generation directly.

In contrast, the CCL exemption provided indirect support to renewable generators. Together, policies such as the renewables obligation and feed-in tariff will provide over £5 billion-worth of support to renewable generation in this financial year.

Caroline Lucas (Brighton, Pavilion) (Green): How can the Minister possibly justify this measure when the Government's own impact assessment says that as a result of this measure the UK will be producing over 1 million more tonnes of CO₂ every single year?

Damian Hinds: I can absolutely say how we justify this measure. As I have stated, there are now more effective and efficient direct methods of encouraging renewable generation than the CCL exemption. We have also seen a sharp decline in CCL revenue over the last Parliament. The forecasts from the independent Office for Budget Responsibility show that, without change, by 2020 virtually no CCL would have been paid on electricity at all. Removing the exemption helps maintain a price signal through the CCL for all business to use energy more efficiently. In addition, last year a third of its value went to renewable projects based overseas—projects which of course do not contribute to our climate change or international development commitments, making this a poor use of taxpayers' money.

Clause 45 ends the existing exemption for renewable energy from the CCL. It applies to any renewable electricity generated after 31 July 2015, when it is supplied to businesses or the public sector under a renewable source contract. From 1 August we entered into a transitional period in which suppliers may claim a CCL exemption on any renewable electricity generated before that date. The Government are discussing the details of this transitional period with the affected suppliers, to determine an appropriate length for it. We intend to put the final transitional arrangements in place through legislation in the Finance Bill 2016.

Caroline Lucas: Will the Minister tell me what consultation he had with the solar industry in Britain before announcing the ongoing discussions that are now going to happen?

6.15 pm

Damian Hinds: It was necessary, because of the imperative to deliver value for money, to move quickly on this change. The Government are committed to supporting the investment and innovation needed to achieve a cost-effective transition to a low-carbon economy while

ensuring security of energy supply and avoiding unnecessary burdens on businesses and households. We are making great strides towards achieving those goals, with emissions down 30% since 1990. We will ensure that our policies provide maximum value for money for the taxpayer in delivering environmental benefits without harming the economy.

Several hon. Members have voiced their concern about the impact of the clause, and I want to take a moment to address those concerns. The change will not increase household energy bills, because the climate change levy is not charged on households. Business customers should not lose out from the change either. The business energy market is competitive and wholesale electricity prices will not be increased as a result. Energy-intensive businesses are already exempt from 90% of the costs of the climate change levy for electricity by being in climate change agreements. The change will also not affect renewable generators' long-term investment plans. Most generators were expecting to receive a negligible value from the exemption by the 2020s.

Of course, the renewables sector will also benefit from Government's recent cuts to corporation tax, which will save businesses over £10 billion a year, giving the UK the lowest rate of corporation tax in the G20. Lastly, the change will not affect the UK's ability to meet its climate change goals, as emissions from electricity generation are capped through the EU emissions trading system. Nor will it affect our ability to source at least 30% of electricity demand from renewables by 2020. The Government remain committed to meeting their climate change objectives but we believe we must do so in a cost-effective way.

Christian Matheson (City of Chester) (Lab): The Minister has outlined the various assessments that the Government have made, but have they assessed the effect of these measures on the industry itself, and on the many companies that have built successful businesses installing and manufacturing these products? Those companies have just had the rug pulled from under their feet by the Government's measures.

Damian Hinds: It is a bigger rug than that. The climate change levy is only a relatively minor part of the support that was given to the industry, compared with the support given through the renewables obligation and through contracts for difference.

It is essential that we show that our measures to achieve climate change and renewables objectives provide good value for money, in order to retain long-term public support for them. I look forward to hearing hon. Members' views and I urge them to give their support to the clause.

Caroline Lucas: I am grateful for this opportunity to contribute to the debate on this clause, which I believe should simply have been deleted. Ministers have failed to provide a robust or even remotely convincing justification for removing the renewables exemption to the climate change levy. This would be laughable if it were not so serious. The Chancellor has complained that this is all very fine because the UK now has

"a long-term framework for investment in renewable energy in place".—[*Official Report*, 8 July 2015; Vol. 598, c. 331.]

If only that were the case! The reality is becoming increasingly distant from the rhetoric, especially now, after yet another wave of destruction has been unleashed by the Treasury on sensible and popular climate and clean energy policies.

The most outrageous of those policies is the proposal to cut support for rooftop solar by up to 87%. That risks making it impossible for my constituents and many others to afford solar panels for their homes, schools or community centres. Solar power can become subsidy-free, but not if Government cuts to support are wildly disproportionate to the admittedly impressive cost reductions that the industry has managed to achieve. And then there are the 35,000 people who work in the solar industry and who are facing a very uncertain future.

Clause 45 of the Finance Bill is one of several such senseless attacks on sustainable energy and climate policies. It will have negative impacts on existing and potential renewable energy developments, some of which are already being reported to have become unfeasible and which have now been cancelled. It will also have negative impacts on the overall investment climate for everyone from small community groups to multinational businesses, all of which are looking to put their money into clean power. This is the very last thing we need, for our economy, for our jobs and for tackling climate change, and it flies in the face of public opinion. New polling this month found, yet again, overwhelming support for renewables, including onshore wind and solar, with even greater levels of support for community energy generation. Some 78% would support local projects, even within 2 miles of their home. For all those reasons and more it seems intelligent to have an incentive, so that when a business or public sector organisation purchases clean renewable power, rather than dirty polluting power, it pays less tax.

Ministers claim that the change is intended to prevent taxpayers' money from supporting renewable electricity generated overseas, but in reality ditching the renewable energy exemption is a completely disproportionate measure, which turns a policy designed to encourage low-carbon electricity into little more than an electricity tax for businesses. If a third of benefits do go overseas, that should surely still mean that two thirds support home-grown renewable power generation and jobs here in the UK. If Ministers really want to cut out overseas generators, they should therefore modify the policy to fix the anomaly at that rate. Did anyone ever even consult industry about what level of cut to make? We have already seen by the Minister's inability to answer my question a few moments ago that there simply was no consultation with the industry in advance. Ditching this exemption completely is, as Friends of the Earth has said, like making people pay an alcohol tax on apple juice. It harms British renewable energy businesses and undermines efforts to tackle climate change. No wonder it has received widespread condemnation, on both environmental and economic grounds.

This is all happening less than three months before the crucial climate talks in Paris. Yet at that time we will hear the spin machine in the Department of Energy and Climate Change going into overdrive, coming out with all kinds of lovely rhetoric which is completely at odds with what the Government are doing on the ground with this measure. It is yet another example of the huge gulf between the rhetoric and the reality of the policy.

[Caroline Lucas]

When it comes to avoiding dangerous climate change, the shift to clean renewable energy is key. Phasing out fossil fuels and phasing in a 100%-clean agenda has to be at the top of the agenda. Yet, once again, the UK is going in the wrong direction, with generous tax breaks and taxpayer-funded propaganda propping up the fossil fuel companies, while the knife is being stuck into our own home-grown renewable energy sector.

Stewart Hosie (Dundee East) (SNP): Does the hon. Lady not agree that this is only part of an ongoing series of issues: a lower strike price for nuclear than for renewables; the continuing unfairness with the connectivity charges, where the bulk of the renewable potential is; the pulling of support for onshore wind; the threats potentially even to the green investment bank; and the threatening of funding for future projects? This is all part of the same anti-environmental agenda.

Caroline Lucas: I am grateful to the hon. Gentleman for his intervention, and of course he is absolutely right; long gone are the days of hugging huskies and we are now in the days of “green crap”—even, ridiculously, when there are strong economic arguments for pursuing green policies. The idea that that is somehow against the interests of business is completely belied by the fact that so many businesses are crying out for a change in direction on the part of this Government.

Mr Stewart Jackson (Peterborough) (Con): I am listening to the hon. Lady's comments, which are always passionate, well made and eloquent. Does she not agree that the industry is complicit in the problems she alludes to because it has gone for the easy win of developing on agricultural and green-belt land, rather than doing the more difficult thing, which is developing on previously developed land? That is why people have been resistant in communities to solar energy projects such as those in my constituency.

Caroline Lucas: I do not agree with the hon. Gentleman's comments. There are some cases where renewables are being sited in areas where there is opposition, but those are a minority. I assure him that if he thinks there is going to be much popular objection to renewables, he should just wait until his constituents and others see the impact of fracking. That is when he is going to see an awful lot more opposition to the energy choices that this Government are making.

The fact is that the renewable energy industry is a fantastic advantage to our economy. It does some brilliant things, and it does so despite Government policy, not because of it. It is now absolutely at risk of not being able to get away from the subsidies. It does not need subsidies for much longer and has always understood that there will be digression. [*Interruption.*] From a sedentary position, the hon. Member for Daventry (Chris Heaton-Harris) is suggesting that this industry is surviving only because of subsidies. Nothing could be further from the truth. The subsidies are coming down. There is digression, but it has to happen in a planned way. It is not justifiable, or even reasonable, to expect an industry to not know what kind of economic situation it is working in from one year to the next. This Government keep changing the goalposts on an almost monthly basis.

The renewable energy industry and the solar industry know that digression will happen and that subsidies will be withdrawn, but it must be to a predetermined timetable. When that timetable keeps changing, it is incredibly difficult for business to adapt.

Compare that with what is happening to the nuclear industry. The nuclear industry will have subsidies for decades to come. It is already 50 years old, and yet Hinkley Point C could not even begin to be built were it not for the fact that it has massive subsidies, which are hugely bigger than anything that the renewable energy industry could ever dream of. I will not hear suggestions that the renewable energy industry is somehow greedy when it comes to subsidies; absolutely nothing could be further from the truth.

Sammy Wilson (East Antrim) (DUP): I thank the hon. Lady for giving way. I am sorry for stopping her in mid-stream, especially as she was getting so passionate about the subject. She cannot have it both ways. She cannot say that renewable electricity and power are coming down in cost because the industry is becoming more efficient, and at the same time wish to have tax breaks and subsidies maintained. Either the industry is becoming more efficient, its costs are converging and the tax breaks are not needed or, as many of us suspect, it will always be a lame duck and will always impose higher costs on electricity consumers.

Caroline Lucas: I wish that the hon. Gentleman had done a little bit more homework before making that point, because it is simply not the case. The point about the subsidies to the solar industry is that it has always been deemed that they would come down over time. The objection here is that they are suddenly being forced to reduce overnight at a time when the industry had been told that there was going to be a very different economic situation. Of course the costs of solar are coming down; they have been coming down in a remarkable way, and all credit to the solar industry for achieving that. But they are coming down in spite of the Government—in spite of their chopping and changing, their uncertainty and their lack of vision—and not as a result of something that they have done.

In conclusion, if the Government go ahead with applying this climate change levy to the renewable energy industry, they will strangle an industry that has so much potential for getting climate emissions down, creating jobs and bringing on a stronger and more resilient economy.

Nigel Adams (Selby and Ainsty) (Con): I am grateful to be able to contribute to this debate. Members on both sides of the Committee will agree that keeping the lights on is one of the primary duties of any Government. Some of the more senior Members in this Chamber will recall the three-day week in the 1970s—I apologise for glancing over my shoulder to my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke)—when British businesses were forced to conserve their electricity at great commercial cost and television companies could not broadcast beyond 10.30 in the evening. We have come a long way since those bad old days and we cannot and should not allow this nation to find itself in a similar situation ever again.

With that in mind, we also need to recognise that the energy industry in modern Britain cannot be taken for granted. Like any other business, energy companies make difficult decisions every day. They decide what projects to invest in, using reasonable commercial principles. It has not been fashionable in recent years to praise energy companies, but we should not forget the significant number of jobs that rely either directly or indirectly on energy companies in this country. Many Members present will be aware that in my own constituency in North Yorkshire, energy companies have played an important role in the community over many decades, employing thousands of local people and generating millions of pounds in business for local companies.

Recent events in my constituency have prompted me to participate in today's debate. Sadly, last week the Czech owners of Eggborough power station announced that the station was set to close, shedding 240 jobs in the process. That is not only a great personal loss to my constituents but a great loss to the nation, given that Eggborough provides roughly 4% of the UK's electricity. I remind the Committee that National Grid recently announced that the capacity margin this winter is only 1.5%, and many analysts predict it could be much lower next winter.

6.30 pm

Andrew Percy (Brigg and Goole) (Con): Eggborough power station employs a lot of my constituents, as it does my hon. Friend's. Does he agree that the assessment undertaken by Ofgem is simply not robust enough and does not take account of that 4% figure? All it will take in 2016-17 is for the wind not to blow, for there to be a problem elsewhere on the plant or for the winter to be a little bit colder, and if Eggborough goes we will face blackouts. As I said on the radio recently, Governments that allow blackouts on their watch normally get their lights put out at the next election.

Nigel Adams: I could not agree more with my hon. Friend and neighbour. Whoever is in charge of ensuring that we have security of supply must ensure that they have robust numbers, and I am sure that my hon. Friend and I will be asking serious questions of them over the forthcoming weeks.

It saddens me greatly that this is not an isolated event. Many Members have communities that have been affected in some way by similar announcements in recent months: Longannet in Scotland, Didcot in Oxfordshire, and Ferrybridge, right next to my constituency in west Yorkshire. The Chancellor is rightly keen to create a northern powerhouse, and so am I, but I would rather see a northern powerhouse with some power in it. I do not want to see a no-power house.

There are no easy answers left on energy policy. I urge those hon. Members in opposition and in government who believe otherwise to think again, or to visit areas such as mine and talk to the constituents whose livelihoods are being put at risk. This is a commercially challenging time for the energy sector. Wholesale electricity prices are at the lowest level in years, in no small part due to the crash and the glut of oil in the global marketplace. That makes the investment case for any energy project, be it biomass, nuclear, gas or wind, incredibly challenging.

It is at times like these that our constituents and the energy industry look to Government for genuine leadership, and it saddens me greatly to say that on this issue the Government led by my party appear to have fallen short. "Investor confidence" is a phrase that is readily thrown around in debates like this and is perhaps too easily taken for granted, but when an esteemed member of the investment community such as Neil Woodford is quoted in a national newspaper in the days following the Government's announcement on this issue as saying:

"If Government cannot be trusted to fulfil its long-term commitments then it will have to accept that it cannot rely on support from institutional investors",

it would be irresponsible of me and other hon. Members not to heed his words.

It seems sensible to me that at a time when the energy sector is in such a sensitive and precarious place, policy decisions should be taken in the round rather than in isolation. The Government have already made public the saving they believe they would accrue as a result of removing the CCL exemption, but what about the consequences, intended or otherwise?

Drax Group, an energy company of which Members will be aware and that is based in my constituency, has invested hundreds of millions of pounds in recent years to become the largest renewable generator in the UK. It lost £425 million of its value on Budget day—£425 million in one day, a third of its total value. To me, it is incredible that a Conservative Government have effectively done that to a company that has done all that has been asked of it. The superb management team at that station has delivered Europe's largest decarbonisation project. It is producing the lowest-cost renewable power available when we take into consideration full system costs, and it has done so while providing 8% of the UK's power day in, day out. Furthermore, that is money that could otherwise have been invested back in the company further to fund its biomass operations or to support White Rose, one of the country's two flagship carbon capture and storage projects. That is not an isolated case. I understand that many other renewables companies saw huge falls in their value on the back of the decision.

Discontinuing the CCL exemption would also eliminate the only financial incentive for businesses in the UK to use renewable energy instead of fossil fuels, and it has been in place for over a decade. Hon. Members will know that it is a rare occurrence indeed when I agree with Friends of the Earth, but its observation that the situation is comparable to imposing an alcohol tax on apple juice seems spot on. It appears to me to be a retrograde step, and one that will put small business owners, for whom I have the greatest respect, given my background before entering the House, in a position of uncertainty. Furthermore, as a Conservative it pains me to say that, far from being the removal of an unnecessary burden on business, the removal of the CCL exemption is the extension of a tax. Every business in the UK, whether large or small, must now pay the CCL; they can no longer avoid it by using renewable power.

I understand that one of the Government's principal objectives in removing the CCL exemption is to prevent taxpayers' money benefiting renewable generation abroad. However, the reality is that more than 70% of the income generated by levy exemption certificates went to UK-based energy producers. Furthermore, generators

[*Nigel Adams*]

supplying renewable energy to the UK through interconnectors are currently exempt from a range of transmission charges that British generators are required to pay. Surely it would be better for the Government to look carefully at that loophole, rather than at measures, such as those proposed in the Bill, that will make the economics of generating in the UK less appealing.

As hon. Friends will know, I am not given to highlighting problems without suggesting solutions. I believe that all that Drax and the renewables industry are asking for is to be treated the same as other industries. When exemptions were removed from the combined heat and power industry, it was given two years' notice. That contrasts with the 28 days' notice given this time.

Caroline Flint (Don Valley) (Lab): I thank the hon. Gentleman for giving way—it is not easy to come to the House and take issue with one's own party. Following his last point, does he agree that there were other ways to deal with any sense of unfairness about renewable energy coming through interconnectors, rather than taking a big hammer to smash a small problem in the system? We know how many jobs and how much future investment are based on business plans, whether at Drax, which I have had the pleasure of visiting, and at other renewables firms, small and large, across the country, which are doing their best to put some growth back into the British economy.

Nigel Adams: I agree with the right hon. Lady. Companies need certainty and time to plan, and 28 days' notice is clearly ludicrous. A two-year notice period would allow companies to honour contracts they have signed, allow the industry to adapt and, above all, it would be fair.

I know that this is a topic of considerable interest and that other hon. Members wish to make their views known, so I will conclude my remarks by returning to my original point: nothing in life is guaranteed, including the availability of energy in our homes and businesses. I believe that we are entering a very precarious time for the UK, when our capacity margins are getting ever tighter and when plant closures continue to leave us reliant on gas imported from the middle east. Against that backdrop, we are in a global marketplace where investors are taking a sober, pragmatic approach to energy projects, and not just in the UK but elsewhere. We should be giving them greater certainty that the UK is a reliable environment to invest their money in, because that money is needed to deliver the energy projects that will power this nation in future. My concern is that the proposed revision to the climate change levy will do exactly the opposite. That is why, with great regret, I shall not be supporting the Government on this issue.

Alison McGovern (Wirral South) (Lab): It is a pleasure to serve under your chairship, Mr Howarth.

I rise to speak to Opposition new clause 2 relating to the Government's changes to the climate change levy in clause 45, which have already been outlined by hon. Members. The climate change levy is a carbon tax on the non-domestic use of energy. Clause 45 is concerned with the removal of the exemption currently available to electricity generated from renewable sources in the form of levy exemption certificates. For some years now,

these certificates have ensured that electricity generated from clean sources has not been liable to what is, or was, essentially a tax on carbon emitted from the generation of non-domestic energy supplies. In removing the certificates, the clause reverses that principle, leaving us in the utterly perverse situation where renewables generators will be taxed for their contribution to climate change, regardless of the fact that they make little or no such contribution. Several Members have mentioned the apple juice analogy, so I will hold back from repeating it, but it goes without saying that it is an excellent one.

The clause is just one aspect of this Government's new approach to energy and climate change, which entails abandoning the most cost-effective forms of renewables, reviewing environmental taxes, and, apparently, abandoning their commitment to tackling climate change. That approach risks undermining an area of the economy that has some of the most promising prospects for the future. That sector offers more productive, higher-paid, higher-skilled jobs, particularly in the northern regions and in Scotland; and one would think that it was central to the Chancellor's so-called productivity plan and his alleged northern powerhouse.

New clause 2 would therefore require the Government to set out the cumulative impact of the removal of the exemption on existing renewables generators and projects currently in the pipeline, where almost all the projects and the banking arrangements or investment decisions underpinning them will have been based on the current fiscal and subsidy framework; on investor confidence in the UK's green energy sector, which is clearly vital to the future of the green economy and the high-skilled, more productive jobs that will flow from it; and on the UK's ability to meet its climate change obligations, in which renewable energy has a vital role to play and may make up the shortcomings in other sectors—something that Ministers do not recognise at the moment.

Clause 45 retrospectively removes the exemption from the climate change levy—a tax levied on all non-domestic energy use—for electricity generated from renewables from 1 August 2015. The climate change levy was introduced in 2001. Its aim was to help the UK to meet domestic targets for cutting greenhouse gas emissions. It has always been charged as a flat rate of energy consumed for non-domestic use. However, energy generated from renewable sources has always been exempt from the levy in the form of the exemption certificates that are awarded to renewables generators and, in turn, sold to electricity suppliers for less than the cost of the levy. This regime has helped to make clean energy more attractive and provided greater financial support to renewables projects for their lifetimes.

The Government have set out two justifications for the removal of the levy exemption from renewables: first, that it seeks to correct a so-called imbalance in the tax system whereby renewables generators based overseas benefit from the levy exemption when, according to the Government, they already receive state subsidies in their origin countries and are therefore unfairly benefiting from British taxpayers' money; and secondly, that it provides so-called better value for money for UK taxpayers—or, to put it another way, raises a considerable amount of revenue to help the Chancellor balance the books. According to the tax information impact note accompanying this measure, the renewables exemption, as it stood, would cost nearly £4 billion over the course

of this Parliament, one third of which would go to overseas generators. HMRC claims that there is evidence to suggest that some of these overseas generators receive support in their own countries, although it does not provide any specific evidence. Perhaps the Minister might like to comment further. Regardless of that, the fact is that what was essentially a carbon tax is now becoming simply an energy tax. As Friends of the Earth has asked,

“When is a carbon tax not a carbon tax? When it is a tax on zero-carbon things.”

It is quite straightforward really.

These changes to the climate change levy come on the back of a raft of announcements since the general election, most notably from the new Energy and Climate Change Secretary, which reflect the Government's apparent U-turn on tackling climate change. Since 7 May we have heard that subsidies for large onshore wind projects are to be axed, while other subsidies for onshore wind and solar photovoltaics are set to end a year earlier than previously announced. The previous coalition Government's commitment to increase the proportion of tax take from environmental taxes is to be abandoned, while all environmental taxes are to be reviewed. The coalition Government's flagship green deal scheme to provide energy efficiency standards in homes—which, sadly, proved to be a complete flop—will be not reformed but scrapped. The link between a vehicle's tax liability and its CO₂ emissions is to be loosened under the reform regime. The zero-carbon homes commitment, first made in 2006 by the then Chancellor Gordon Brown and which would have ensured that all new-build homes from 2016 were self-sufficient, is to be scrapped.

6.45 pm

We have also had cryptic announcements from the Department of Energy and Climate Change about the next contracts for difference auction round, which was meant to take place this autumn but has now been postponed, adding yet more uncertainty to a frankly fragile renewables industry which relies on strong, long-term signals from policy makers, as the hon. Member for Selby and Ainsty (Nigel Adams) has said so eloquently.

All of those announcements signal the end of the UK as a pioneer and world leader in tackling climate change. That role was embraced by the previous Labour Government, who led the way, and the Prime Minister also seemed happily to embrace it during his husky-hugging days of opposition. However, just months into a Conservative-majority Government and just months before major climate change talks in Paris, the UK is shying away from its international commitments, just as the likes of the USA and even China face up to them.

The reality is that this Conservative Government have happily relinquished the UK's role as a world leader in tackling climate change. Not only does that undermine the UK's moral authority in hammering out a deal in Paris in December; it also risks enormous economic consequences for some of the most promising and productive sectors, as well as for the regions and nations, of the UK.

Clause 45 completely undermines and even puts at risk hundreds of renewable projects throughout the country in wind, solar and biomass conversion. Some of those projects are already up and running, while others are in the planning or development phase and have secured

investment based on a policy environment established over many years. That policy framework has been completely undone since 7 May.

Each day since the Chancellor's Budget statement in July has seen more bad news for the low-carbon sector, including investors pulling back from projects, key players in the sector seeing millions wiped off their value and institutional investors completely turning their backs on the UK's renewable sector. As a severely disheartened Tony Juniper, a long-standing environmental campaigner, wrote in *The Guardian*:

“The last few months mark the worst period for environmental policy that I have seen in my 30 years' work in this field.”

I remember those days of the “greenest Government ever”—how hollow those words ring now.

RenewableUK, the industry body for on and offshore wind, suggests that the certificates account for up to 6% of an onshore wind project's revenues and that they are worth roughly £5 per MWh. In its view, taking away the exemption certificates could be the difference between profit and loss for some marginal projects. It is as simple as that.

Christian Matheson: Was this industry not one in which we had a lead on innovation and design and technology that we could have exported across the world? There are numerous examples in my hon. Friend's constituency and mine of companies going under as a result of the proposed changes. She may be interested to know that a major installing company in the Chester area estimates that 90% of its employees will have to be made redundant as a result of the Government's proposals.

Alison McGovern: That is terrible news for our region and the rest of the country. My hon. Friend and I have a great deal in common, not least that we have both visited renewable energy firms in our constituencies. I visited one recently that was similarly disappointed at the Government's attitude and the business now faces risks that it simply did not expect.

Of even more concern than the fact that the removal of the certificates may mean a difference between profit and loss is that such income has been factored in to the strike prices agreed for projects awarded a contract for difference to date. Surely the removal of the certificates will either open the Government to legal challenge or some contracts for difference will have to be reassessed. Which is it?

I will give an example of such an impact. One small onshore wind project in Scotland generates about 35,000 MWh per year. The loss of the certificates could cost the project £175,000 each and every year. As with many such projects, it was financed with bank loans, the terms of which anticipated an exemption certificate of roughly £175,000 a year. Somebody involved in the project told us:

“We identified each of these projects and risked development capital to secure planning permission, and invested a large amount of time, all on the understanding that the LEC would be available. We raised debt funding from banks, who look at the expected revenue from the project to determine what amount they are willing to lend—they based their calculations on the LEC remaining in place. Therefore, the sudden removal of the LEC will reduce the turnover of these projects, which at the very least will reduce the returns to our investors and in the worst cases, could cause problems with banking covenants.”

[Alison McGovern]

Does that example not demonstrate the responsibility that we in the House have to provide a stable regulatory environment for business? That is not a lesson I ever thought I would have to preach to the Conservative party.

NAREC Distributed Energy, the National Renewable Energy Centre in the north-east, has suggested that it knows of at least four European wind developers that have decided to cease, or significantly to reduce, plans to develop in the UK. It says that another firm from mainland Europe with which it was in talks has decided to avoid the UK completely. We have also heard from sources in the solar industry about the growing concern that the industry faces severe challenges ahead.

We can see the impact of clause 45 and other recent policy changes in the announcements made by key energy companies operating and investing significantly in the UK. For example, Vattenfall the Swedish energy company, has already abandoned two onshore wind projects in the UK, one in Wales and one in Lincolnshire. Frankly, those are both regions of our country that could do with the investment. In one case, it cited the Government's changes to onshore wind planning policy, and in the other, it cited a market that had "moved on".

What does that picture mean for the UK economy? More importantly, what does it mean for the Chancellor's ambition, which he tells us he has, for a high-skill, high-wage exporting economy of the future? How do such policy decisions impact on our prospects for overcoming the current productivity crisis, which, as Labour Members have repeatedly set out, must be at the top of the Chancellor's priorities?

According to the Renewable Energy Association, some 112,000 people are employed in the renewable energy value chain across the UK, some 11,000 of whom are employed in the north-west—my region—alone. Companies in the north-west turn over some £700 million a year, which is investment we can little afford to lose. According to the REA's figures, the number of renewable energy jobs has grown seven times faster than those in the rest of the economy. Green jobs are undoubtedly vital to regional economies in the north and in Scotland, where renewable technologies are deployed much more widely, and renewables supply chains are more established there than elsewhere in the country.

RenewableUK, which is predominantly the voice of the wind industry, has said that the onshore wind industry alone supports almost 14,000 jobs in the UK and contributes almost £1 billion of gross value added. As the CBI has said,

"green is not just complementary to growth, but a vital driver of it".

This is a central economic question for our country. It means establishing clear and stable market frameworks, as well as the UK playing a strong role internationally.

The REA agrees, estimating that the industry could create up to 400,000 high-skill jobs by 2020 and, equally importantly, contribute a cumulative £60 billion benefit to the UK's trade balance. What could be more vital in these times of global economic uncertainty? The Office for Budget Responsibility forecasts that the UK's current account deficit will remain broadly unchanged up to 2020—a deficit, by the way, that we rarely hear mentioned

by the Chancellor. The low-carbon sector could play a key role in turning that around, yet here we have the Government stripping out the support that underpins it.

The first majority Conservative Government for years have been in office for little over a hundred days and this policy framework will severely diminish their business credibility. That fact is evident not just because I say it is, but from the reaction of the business community. The senior vice-president of Veolia in the UK and Ireland has suggested that Ministers risk

"sending this country back to the dark ages"

when it comes to green policy. She said:

"What I don't understand is why the government would apply the carbon levy on renewable energy plants which are carbon-positive—it's illogical."

Jon Ferris, the head of energy markets for the consultancy Utilitywise said the decision would

"do little to convince investors of UK policy stability".

The chief executive officers of 10 leading environmental charities penned a strongly worded letter to the Prime Minister, pointing out that the Government's rhetoric post-election runs entirely counter to that during the campaign, concluding:

"We have, as yet, seen no positive new measures that would restore the health of the environment or grow the low carbon economy."

If the Minister does not like to hear it from me, perhaps he will take it from those on his own side, because there has been no shortage of criticism from Conservatives. Various members of the Conservative party have, quite rightly, failed to comprehend the lack of coherence not just in the Government's climate change agenda since the election, but in their wider approach to ensuring that the UK is an attractive proposition for investors. The Conservative peer and former shadow Chief Secretary to the Treasury, Lord Flight, in a damning verdict of the Chancellor's revenue-raising decisions, said:

"Charging renewable companies the Climate Change Levy is a contradiction of Government energy policy, which is still seeking to encourage Renewable Energy investment."

The Chair of the Conservative Environment Network, Ben Goldsmith, wrote a letter to the *Financial Times* describing the climate change levy changes as "perverse" and "contradictory". He even drew parallels with Greece:

"Introducing a retroactive subsidy cut with one month's notice means more guesswork over what the government will do next—the very worst basis for raising capital. This makes the UK look more like the volatile markets of southern Europe—impacting on newbuilds and undermining confidence in generating assets."

I often hear the Chancellor compare the UK to Greece, but I never thought I would hear a Conservative activist use his own words against him.

The reaction across the business world and among other stakeholders speaks to a wider point about what these changes mean for the UK's economic future. Despite the rhetoric from the Conservative Chancellor about a plan to boost productivity, deliver higher-skilled, higher-wage jobs, pursue cost-effective climate change policies and act always in a business-friendly manner, the truth is that clause 45, taken together with a string of other policy announcements since 7 May, symbolises the exact opposite of that approach.

As the Chancellor wrote in the foreword to his productivity plan in July:

"The drivers of productivity are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science."

I could not agree more. Unfortunately, the Chancellor's actions in recent months speak louder than his words ever will. He would do well to heed the advice of some in his own party, including the hon. Member for Selby and Ainsty and those I have just quoted.

New clause 2 calls on the Government to assess all of the impacts I have just outlined. It aims to highlight the true impact of removing the climate change levy exemption for renewable-sourced electricity. It asks Ministers a number of questions that are crucial to the future of the UK's green economy, its role in achieving a more balanced, productive economy, and the UK's role in the world. How does the removal of the exemption affect existing renewables generators and projects currently in the pipeline? What impact will clause 45 have on investor confidence? Finally, what does it mean for the UK's ability to meet its climate change commitments?

7 pm

Clause 45 speaks clearly to the Government's wider business and economic approach, which undermines investment and is short-termist in outlook both economically and on climate change. It falls well short of the bar that the Chancellor has set to rebalance our economy and create a higher-skilled and more productive one. In short, the Government have made it clear that they consistently put placating their Back Benchers who are opposed to renewable energy generation above the jobs and investment that moving to a low-carbon economy would provide. That is the ultimate consequence of clause 45 and a damning verdict on the Government so early in this Parliament. As new clause 2 indicates, it is time Ministers face up to the truly damaging impacts of clause 45.

Andrew Percy: It is a pleasure to follow the hon. Member for Wirral South (Alison McGovern), and I agreed with much of what she said.

I find myself, not for the first time, standing to criticise a Government of my own party, but they should pay heed when Members such as my hon. Friend the Member for Selby and Ainsty (Nigel Adams) make such speeches. When my hon. Friend and neighbour makes such a speech, the Government need to consider whether they are in the right place, because he is not a serial trouble causer, as some of us are sometimes labelled—for a Yorkshireman, it is a badge of honour. Given that he made the speech he made, I hope the Government listen to him.

I support my hon. Friend, representing the constituency that I represent, and having looked through the proposals and the impact they will have on my area. I will say something about Drax in a moment, but I agree entirely with my hon. Friend on Eggborough. It is a deeply concerning situation. We are not addressing Department of Energy and Climate Change Ministers tonight, but it is fair to say, having seen the Budget, that DECC is now a wholly owned subsidiary of the Treasury. Perhaps a message will get back to those who are really running DECC.

Our concern about Eggborough is significant. A range of factors affect Eggborough, not all of which are in the Government's gift. However, they need to be conscious of the potential crunch that is coming. When we had meetings a year or so ago, we were told that Eggborough would probably not close and that it was playing something

of a game. That is certainly not what has come to pass. The warnings, which my hon. Friend was making privately a year or so ago, have come to pass. He should have been listened to then as he should be listened to now.

I hope the Government give great weight to the significant dangers if we lose 4% of generating capacity next year, given the crunch that will come in 2016-17. I hope Ministers consider what more can be done to support Eggborough and the brilliant workers, many of whom live in my constituency, who make their living there.

I do not agree with the comments of the hon. Member for Brighton, Pavilion (Caroline Lucas) on solar and onshore wind—she perhaps would not expect me to do so. We have fought off a number of proposed solar farms on grade A agricultural land in my constituency and my constituents cannot be described as being in favour of the solar farms that have appeared. I feel no sorrow for what is happening to onshore wind and solar—my constituency is peppered with hundreds of onshore wind turbines and we will be pleased to see the back of further support for them, given that we have been dumped with far more of them than anybody could have reasonably expected. They continue to be dumped on us.

On biomass, I am concerned about the impact that the measure will have on Drax. I should declare an interest: I live opposite Drax. If I invited you up to my bedroom, Mr Howarth, you would see Drax power station. [HON. MEMBERS: "What?"] It is not going to happen, Mr Howarth, but you could look further and see Eggborough and Ferrybridge. We have a string of power stations that we are proud of. We are proud of the contribution we make to energy supply in this country and of the skilled and well paid jobs that are created by those industries. We are proud of the role we have played in the industrial development of the country, through pits such as Kellingley, which unfortunately is to close, in the neighbouring constituency of my hon. Friend the Member for Selby and Ainsty. We are proud of the contribution that coal-fired generation has made to this country and proud of the contribution we continue to make through biomass and through some coal still at Drax power station.

Drax provides 1,300 jobs for those living in my hon. Friend's constituency and mine, and in the other constituencies around us in Yorkshire. They depend strongly on Drax, so it is very significant and concerning that, as my hon. Friend pointed out, £450 million was wiped off the value of Drax overnight from a decision that nobody saw coming. As Dorothy Thompson, the chief executive of Drax, said after the Budget:

"We are surprised and disappointed at this retrospective change to a support regime which has been in place since 2001 specifically to encourage green energy and support renewable investment decisions."

I have met people from Drax countless times, as have a number of other Members. The one thing they have always asked of us during the past few years is stability to secure investment. To remove that stability overnight with a click of the fingers is not good decision making. That is not joined-up Government and it does not provide the confidence that investors such as Drax require. I do not need to reiterate the point about the impact on international versus domestic companies. My hon. Friend and others have made it clear that 70% of the income from the exemption currently goes to UK generators.

[*Andrew Percy*]

In the case of Drax, the levy exemption certificates are worth about £4 a megawatt-hour, which provides an additional source of income on top of the generating revenues.

Drax has done everything that has been asked of it and more in its conversion to biomass. The power station is part of a network along the Humber in east Yorkshire and north Lincolnshire that has seen significant investment to support the conversion to biomass at Drax. As I have said, 1,300 people are currently employed at Drax. My village is a power-generating village: power is the main source of income for many people, including our neighbours. It is how we make our livings locally. After the conversion to biomass at Drax, and what we hoped for at Eggborough, we were convinced that that would continue. I really hope the Government will pay heed to today's debate and ensure it will continue.

Drax invested significantly to improve delivery facilities, surveying the investment landscape and concluding it was stable. Some £125 million was invested directly in importing facilities, in particular at the Immingham renewable fuel terminal. One can trudge along my constituency and follow the biomass as it arrives at Immingham in the Cleethorpes constituency and travels by rail through my constituency up to Drax. Some 100 jobs were created during the construction phase at the port and 100 more once the facilities were operational.

We thought the new facilities underlined the Humber's reputation as the UK's energy estuary, something that is at the heart of the northern powerhouse. When I was asked by the Chancellor only a year or so ago what the vision was for the Humber, I said that our vision is very clear and simple: to be the UK's premier energy estuary. That includes the support going into offshore wind. It is not just offshore wind, although it has been much of the focus locally. The point we have always tried to make absolutely clear is that other power generation is at the heart of our economy in our bit of the northern powerhouse. The jobs in place at the moment relate very strongly to biomass and its importation from the United States and elsewhere. Drax's £700 million conversion project was going to reduce carbon emissions by 80%. That is exactly what we should be aiming for: providing sustainable replacement for coal and generation that is stable in the market and on the grid. That project, alongside the carbon capture and storage project, White Rose, which we have also been keen to emphasise, will support 3,200 jobs. So this is a significant issue for my constituents and those of my hon. Friend the Member for Selby and Ainsty.

Biomass and the future stability of Drax are significant for the whole UK. Drax accounts for 8% of generating capacity, while Eggborough accounts for 4%—of course we are losing Ferrybridge, the third power station in the M62 corridor. When the chief executive of a company that provides 8% of the electricity generated in this country says we are on the wrong side on this issue, we have to listen, and that is what I hope the Government will do. Along with my hon. Friend, who made a fine speech—a better speech than I could on this—I will not support the Government on this issue. I have been unimpressed by other things in the Budget and will vote accordingly next week. I have a lot of sympathy for new

clause 2, tabled by the hon. Member for Worsley and Eccles South (Barbara Keeley), and I will lend that my support this evening.

Helen Goodman: It is a pleasure to see you in the Chair this evening, Mr Howarth.

I am pleased to follow the hon. Member for Brigg and Goole (Andrew Percy), who made an excellent speech in support of the industry in his constituency. I agreed with much of what he said. The hon. Member for Selby and Ainsty (Nigel Adams) made an outstandingly good speech, contextualising the issue and setting it in the framework of the energy market in this country. His was a very helpful contribution.

Just before the summer recess, I became a member of the Treasury Select Committee, and in July we took evidence from the Chancellor, so I took the opportunity to ask him why he had taken this decision on the climate change levy. The first question I asked was:

“Are you a climate change denier?”,

to which he responded:

“I am not sure I accept that phrase as a general term in British politics, but what I will certainly say is that I think climate change is happening, that it is caused by human beings, in part, and that it is not good for our society, going forward.”

This did not seem a very strong endorsement from the greenest Government ever—as they like to think of themselves—so I asked whether he supported the international work and whether he was

“looking for a good, strong commitment in Paris, internationally agreed, on climate change”.

“Yes”, he said. So then I asked about the domestic legal framework:

“Do you wish to see any changes to the legal frameworks that we have in this country? So, the carbon budgets out to 2027, the target to have 15% of our electricity generated through renewables by 2020, or our target to see carbon dioxide emissions reduced by 80% by 2050; are you looking to change any of those frameworks?”

“No”, he said.

As hon. Members have said, the pattern of words and actions do not seem to fit, so I said to the Chancellor:

“Notwithstanding the fact that you are committed to all of those, you have removed the climate change levy exemption for renewables, removed the subsidy for onshore wind, restructured VED, and ended the zero carbon homes commitment”—

since then, of course, he has also changed the solar subsidies as well. The papers the Committee had from HMRC said, with respect to the climate change levy, that there would not be any impact on climate change, so I asked him whether, taking all four measures together, there would be

“any reduction in the rate at which we are reducing our carbon emissions from the measures you have taken”.

He said:

“We can go through each one individually, but I think for different reasons they are not effective or good value for money, and I think there are better ways to meet these targets.”

He said we needed to meet the targets, but in a cost-effective way, so I asked him:

“Do you have any forecast or any scenario setting out how you think that the environmental objectives will be achieved on your new policy framework?”

“Yes”, said the Chancellor.

“I am happy to send you some analysis.”

7.15 pm

It is now September and we have still not had the analysis promised by the Chancellor in July, so I asked the Select Committee Clerks if they would ring the Treasury to find out where those documents are. I was told that the Treasury could not get them over to us as quickly as we had wanted because they had to be cleared by the Chancellor and he had not cleared them. I thought that was very strange, given that he told me that he had seen the scenarios and the analysis before taking the decision, so I hope very much indeed that the Minister will tell us from the Dispatch Box this evening where the analysis is and why it has not been sent to the Treasury Committee. What we have seen seems to be evasive and possibly cowardly on the part of Treasury Ministers. They should be straight with us and give us the information we need. They knew perfectly well that we were having this debate this evening and that that information would have informed it, and they should have provided it in less than seven weeks.

I would also like to ask the Minister whether he can reconcile the impact assessment—which, as the hon. Member for Brighton, Pavilion (Caroline Lucas) pointed out, says that there will be a 1 million-tonnes increase in carbon dioxide emissions from the change to the climate change levy—with the statement by the Chancellor that it would have no impact on our capacity to meet our climate change objectives. Which is it? Or is it that the Chancellor said one thing to us before the Treasury Committee and his officials wrote another thing in the impact assessment, and is that the reason for the delay in our seeing documents we were promised?

I also asked the Chancellor about the fall in the Drax share price, because obviously it is very destabilising. He said:

“Inevitably, when you raise taxes, and we saw this with some of the banking sector, there is the risk of an impact on share prices, but that does not make it the wrong thing to do.”

I thought that was rather a flippant response. I very much got the impression from the exchanges we had with the Chancellor that he was desperate to find some money, that here was some money he had found and that, far from being a long-term economic or environmental plan, this was a simple thing he thought he could do.

The Chancellor again told us that a third of the benefit goes overseas, but that it would be perfectly possible to change the way the climate change levy operates to deal with that without getting rid of the exemption for renewables. If that was the real problem, Treasury Ministers should have asked HMRC to tackle it, not doing what they are doing in clause 45, which, as hon. Members across the Committee have said, will destroy jobs, worsen our chances of meeting our carbon targets, set us up badly for the Paris negotiations and damage investor confidence in this country.

John Redwood: The two questions that the Committee needs to ask when considering this Government proposal are these. Will it will help or hinder the Government in their central task of making sure we have enough power in this country for our future needs? And will it help or hinder what I hope is also the Government’s task, which is to provide value for money and sensibly priced energy, so that we can tackle fuel poverty and have a plentiful supply of reasonably priced energy to fuel the industrial

recovery and the general economic recovery that the Government wish to see? My hon. Friends the Members for Selby and Ainsty (Nigel Adams) and for Brigg and Goole (Andrew Percy) made important contributions, but I would like to see whether there is any scope to bring them a bit closer to the Government’s position.

Alison McGovern: The right hon. Gentleman has set out the two objectives that he thinks the Government should have. Is he suggesting that tackling climate change should not be the Government’s objective?

John Redwood: I have made very clear the priorities for myself and my electors. In the situation in which the country finds itself, guaranteeing keeping the lights on and having the power for industry and commerce is a fundamental objective that I take very seriously. I also take seriously the need to ease what Labour used to call “the cost-of-living crisis” to ensure that people have more money to spend for a better lifestyle, so affordable energy is crucial. Those are the priorities I set out for these policies. I think they can be achieved while ensuring that we reduce pollution, which I am very much in favour of. I wish to have sensible environmental policies, but my priorities are security of supply and powering better-paid jobs and more activity, which requires lower energy prices.

Caroline Lucas *rose*—

John Redwood: I willingly give way to the hon. Lady, who always wants to price people out of energy.

Caroline Lucas: I think I am grateful to the right hon. Gentleman for giving way. He, like me, would like to see affordable energy, but given that nuclear power is one of the most unaffordable energies and that we are going to lock ourselves into extremely high prices for nuclear into times to come, will he be consistent in his position? If he does not want unaffordable energy, will he also oppose nuclear energy fees?

John Redwood: I have not seen all the figures on what the contract prices might entail, but I entirely agree that I want affordable energy. The advantage of nuclear energy is that it is reliable energy, and the problem with too much wind energy in the system is that it is very unreliable energy. It is therefore very expensive energy because a full range of back-up power is necessary for when the wind is not blowing. That means investing at twice the cost—investing in the wind energy and then in the back-up energy. With nuclear, only one investment needs to be made. The hon. Lady is quite right that it is crucial to get value for money if it is decided to lock into a nuclear contract.

Caroline Flint: The right hon. Gentleman may be aware that the interim report of the Competition and Markets Authority pointed out in June that customers on the standard variable tariffs are providing the big six energy companies with an extra £1 billion a year on account of over-charging? If he is concerned about the cost of energy, as I am, does he not agree that it is disgraceful that since that report we have heard nothing from the Government about how they are going to tackle this over-charging of some of the most vulnerable customers paying their electricity and gas bills today?

John Redwood: I have no more time than the right hon. Lady for over-charging vulnerable customers. I, too, look forward to an informed and sensible response to the report she mentioned. I do not think, however, that it is very relevant to the levy and the tax change that we are debating here today. The issue before us is whether this change to the levy will make it more difficult to keep the lights on and more difficult to deliver cheaper energy. I do not think it does, but the Government need to respond to the other crucial issues posed by my hon. Friends the Members for Selby and Ainsty and for Brigg and Goole.

Given that the margins are now extremely tight—in view of the huge reduction in traditional capacity that we have experienced, some people are pessimistic about the next two or three winters—can the Government do more, and do it cheaply and sensibly, at the same time as making the levy change? That should ensure that the great power stations we still have available can be either kept in the system and running to provide more power—preferably base load power, but it may have to be variable power, given how the thing is now run—or at least be kept available on standby. We may have to pay a price for that as part of that guarantee of supply. The three power stations we have heard about from colleagues this evening are part of the possible answer. We need to know that there is a future for traditional stations and that they can be priced into the system while we are in this period of transition, trying to work out what a modern electricity generation system will look like in five or 10 years' time.

Nigel Adams: Will not this change in the levy, which is being made so quickly and with so little much notice—28 days—make things extremely difficult for generators such as Drax, and will not the likelihood of capacity that is safe for us all be greatly reduced over the next couple of years?

John Redwood: My hon. Friend has made a powerful case in defence of Drax. I hope that discussions are taking place between the Government and Drax about how Drax can continue to make a contribution and the Government's intention—which I will be supporting this evening—can be preserved. I think it entirely possible to change the levy while also coming up with a solution for Drax.

Many people wondered about the advantage of switching from coal to wood, and about whether that was what quite what we wanted to do as part of a so-called decarbonisation strategy. Perhaps there is a better answer, but I return to my original proposition: I want an answer that will keep the lights on and provide the best possible value for money, and I think that there needs to be more discussion between the Energy Department and the big power stations to meet those two aims.

What I liked about the Minister's opening remarks was his constant stress on the importance of value for money. That must be what drives Government policy. We want the productivity improvements that are now coming through. It is remarkable how, when Labour Members complain about something, that nearly always transforms it for the better. They complained about the cost-of-living crisis, and energy prices collapsed. Then they complained about the lack of productivity growth, and productivity started to take off. We are very grateful

to them for those wrong calls, which seem to provide the stimulus that we need in order to create a better world; but if we are to drive productivity forward, providing more and cheaper power is crucial, because many modern processes, particularly in industry, are very energy-intensive.

The danger of some of the policies that have been followed by the European Union and by the last Labour Government is that we price ourselves out of energy-intensive industries—not in a way that spares the planet the carbon dioxide that those processes generate, but in a way that simply drives the businesses to another part of the world. No one should be happy about that. Those who believe that the fundamental priority is cutting carbon dioxide must take a global view; they cannot take a parochial, single-country view. Again, those whose main concern, like mine, is the prosperity and wellbeing of the British people cannot be happy if the decarbonisation policy has worked in one country, but has produced an equal or bigger amount of carbon dioxide somewhere else because the jobs and the industry have simply been transferred. That makes no sense whatsoever.

My hon. Friend the Minister will have my support—and, I am sure, that of many Conservative Members—if this proposal is tested shortly in the Lobbies, but we see it as only one part of a much bigger picture. We believe that if it is to work in removing the anomaly between different types of power and allowing some power from overseas to benefit, we must ensure that other elements of the policy mix are able to deal with the fundamental issues of supply, availability and value for money in the power system.

What the Government must do—and what they are beginning to do in a way that is shocking some Opposition Members—is revisit the huge cat's cradle of subsidies, environmental tax, environmental tax breaks and rules which are extremely complicated, and which may, indeed, be having perverse consequences. They may be driving carbon dioxide-generating business out of this country while not cutting the global totals; they may be jeopardising our security of supply; they may be making it more difficult to deliver what we wish to do for, in particular, lower-income consumers who find current energy prices very challenging; and they are obviously in danger of undermining important, big, traditional investments in this country that could serve us better for longer if they were not driven out of business by environmental controls emanating from previous Governments and, particularly, from the European Union.

I urge my hon. Friend the Minister to justify the support of our party for this one element by reminding us that it must be part of a bigger picture, and that that bigger picture must be driven by a more rational policy that can deliver both the security of supply and the cheaper energy that the United Kingdom needs.

7.30 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): There have been several very fine speeches in this debate so far. In particular I pay tribute to the hon. Member for Brighton, Pavilion (Caroline Lucas) who made some very telling arguments, but I also pay tribute to two Conservative Members: the hon. Members for Selby and Ainsty (Nigel Adams) and for Brigg and Goole (Andrew Percy). They made very important contributions

which I hope the Government will reflect on, and I hope the Minister will show that in his concluding remarks to this debate. I also, however, hope the hon. Member for Brigg and Goole will forgive me if I do not take up his kind offer to visit his bedroom. *[Interruption.]* I may say I can quite believe that—this is getting rather off-piste.

I want to take up some of the points made by the Minister and the right hon. Member for Wokingham (John Redwood), in particular about the purpose of taxes in this area and about innovation, a word that the Minister mentioned. The right hon. Gentleman also discussed some of the effects this would have on business and I want to talk about that, too. I will come to those matters a little later, and, if I remember, I will also revisit the classic analysis by the famed Professor Porter of Harvard—the Porter hypothesis on environmental regulation and taxes and their impact on innovation.

In my maiden speech I referenced that great son of Kirkcaldy, Adam Smith. The father of economics said there were four requirements for effective taxation: equity, certainty, convenience and economy. This Government proposal fails to meet at least two of those; it fails on the ground of equity and completely fails on the ground of certainty, particularly certainty for businesses. I grant, however, that it meets one of Adam Smith's criterion: that of convenience. It is perhaps too easy a convenience for the Government to raise further taxes.

However, perhaps the greatest criticism of the Government proposals is that they are fundamentally changing the nature and purpose of taxation, particularly environmental taxation. Indeed, in many respects this is an abandonment of environmental taxation as a principle.

Environmental taxation is aimed at changing behaviour, but this has, by eliminating the climate change levy for renewable energy, simply become just another tax for raising money. The Chartered Institute of Taxation has stated:

“Put simply, green taxes should ideally be easy to avoid (by a change in behaviour) but hard to evade.”

By removing the exemption for renewable sources of electricity, the incentive for sustainable and environmental choices by business is diminished considerably. Thus the removal of the CCL exemption for renewables serves to tax good behaviour and change what was an environmental tax into just another revenue-raising tax. It confirms, if confirmation was needed, this Government's attack on the renewables sector.

There is also a Scottish dimension to this, as those speaking from the Front Benches have said. As the Chartered Institute of Taxation says, this measure potentially affects Scotland more than it affects most of the rest of the UK because of the high degree of development of renewable energy in Scotland. Indeed, the UK Government's own figures show that 11,000 people are currently employed in the renewable energy sector in Scotland, with another 5,000 in the pipeline. Those jobs are put at hazard by these proposals.

The Scottish Government have set some of the most ambitious environmental objectives and targets in the world, unlike the UK Government. Scotland has become a leading figure in research into, and encouragement of, good environmental practice and behaviour. Removing the climate change levy from renewables is not only anti-environmental but anti those areas such as Scotland that want to practise good environmental behaviour.

It is therefore appropriate to ask the Minister some questions, which I hope he will address in his summing up. Given the importance of the renewables sector to Scotland, have the Government undertaken an impact assessment of the proposed changes in relation to the Scottish economy in general and to the renewables sector in particular? Given the Prime Minister's famed Respect agenda, which he is fond of quoting in Scotland, I assume that the Government have respected the different objectives being pursued in Scotland. Will the Minister tell me whether he has been engaged in—or will engage in—discussions with the Scottish Government on the impact of this change on the Scottish economy and the Scottish environmental strategy?

These Government proposals have given a new meaning to the term “stealth tax”. At a stroke they are changing a green tax into a simple revenue-raising measure. They are not using taxation to encourage good behaviour, despite the wealth of evidence that taxation can have a positive effect in changing behaviour for the better. I mentioned the Porter hypothesis earlier. Professor Porter hypothesised that, in this area of the environment, good regulation and appropriate taxation encouraged innovation by encouraging businesses to invest in new and better ways of delivering energy.

Another aspect deserving of comment is the fact that this change is being introduced with just 28 days' notice. If ever a measure went completely against the good practice that Adam Smith called for of providing certainty in a marketplace, this one certainly does. It will create uncertainty for every business connected with the renewable energy sector, and it flies in the face of every form of good practice.

Sammy Wilson: Much has been made of the sudden nature of the change in taxation, and the impact that that will have on the renewables industry. Would the hon. Gentleman accept, however, that many tax changes are made in a Budget and that they sometimes come into effect within a day or perhaps a month without having a disruptive effect? Is he not over-egging the destructive effect of this sudden change?

Roger Mullin: In relation to business investment, it would be normal practice to undertake considerable consultations. If big changes are proposed to the taxation affecting businesses, there would normally be a process of easing those changes in, to allow the businesses time to do the appropriate planning. There is no possibility of businesses in the renewables sector being able suddenly to change their financial plans for the next five or 10 years following the ridiculously fast introduction of this measure by the Government.

Michelle Thomson: It is anti-business and anti-innovation.

Roger Mullin: It is also anti-consumer and anti-environmental. The Government have managed to accomplish a whole series of negatives in one simple move, and it will give me the greatest of pleasure to vote against this proposal.

Damian Hinds: The exemption from the climate change levy has been one part of the support the taxpayer provides to renewable energy; the total package of that support amounts to some £5.1 billion this financial year. The climate change levy exemption was an indirect incentive for renewable energy. There is no denying it

[*Damian Hinds*]

has had some success in the past, but by the early 2020s the total amount of renewable energy supplied will be greater than the total demand for electricity from all climate change levy-eligible businesses. The value of the exemption for generators would therefore be negligible by the early 2020s. For that reason, it would not have been a major factor in the long-term decision making of generators.

There were four reasons for removing the exemption.

James Heappey (Wells) (Con): I thank the Minister for his earlier remarks. Many people in Somerset have expressed their concerns about the direction the Government are taking on this, and my hon. Friend the Member for Somerton and Frome (David Warburton) and I would welcome the opportunity to meet the Minister at a convenient time to raise those concerns, discuss with him the concern in Somerset that this is perhaps a challenge to renewable energy generation in the county and assuage some of those concerns.

Damian Hinds: I hope I can put my hon. Friend's mind at rest, to some degree, in the course of the next few minutes, but I will of course also be very happy to meet him and colleagues. I am always happy to meet colleagues to discuss these important matters.

There were four important reasons for ending the climate change levy exemption. The first was that it represented poor value for money, with one third of the benefit going to overseas operators—bringing no benefit to UK climate or renewables targets—and of course much of that generation will also have been receiving subsidy and incentive at home. The hon. Member for Wirral South (Alison McGovern) asked where these estimates come from, and I can tell her that they come from evidence provided to the Government by Ofgem—I am sure she will understand that the detail is commercially sensitive. The hon. Member for Brighton, Pavilion (Caroline Lucas) and my hon. Friend the Member for Brigg and Goole (Andrew Percy) pointed out that if one third of the value goes abroad, by definition two thirds stays at home. I cannot deny that that is mathematically correct, but of course that still represents a heavy leakage rate and it is the one third leakage that makes this exemption poor value for money. Just to be clear, EU law would not allow us to restrict the exemption or preferential treatment to the UK only. [*Interruption.*] I am sorry—I thought the hon. Member for Wirral South was trying to get in, but she wants me to move on to explain the second reason.

As I say, the exemption was an indirect incentive, and more efficient and effective policies have been put in place through the renewables obligation and contracts for difference schemes. They are worth more, they are direct and they are explicitly grandfathered, carrying more investor worth than a tax break. The third reason was the need to protect climate change levy revenue. The independent OBR forecasts show that without a change, climate change levy revenue would fall from £800 million to £200 million by 2020, and removing the exemption is worth some £3.9 billion over the course of this Parliament.

The fourth reason was to retain the incentive for energy efficiency across all energy use, while, as a side effect, simplifying the administration of the climate

change levy, which will continue to add about 5% to 7% to business energy bills. Thus, we are encouraging energy efficiency.

Alison McGovern: I did want to intervene in the end. The Minister's central argument seems to be this: this is not the best way to subsidise and, in any event, plenty of other support is available. Yet feed-in tariffs are under review and the Government are already legislating to undermine renewables obligations. We therefore just do not recognise this picture of "plenty more support available". Will he confirm that the Government still plan to be the "greenest Government ever"? Is that a characterisation that he still sticks to?

Damian Hinds: In the first part of what the hon. Lady said she was pretty close to the mark. When I say that there is wider support available, I mean that the climate change levy exemption was worth up to £5.54 per megawatt hour, whereas the renewables obligation is worth £40 per megawatt hour, so relatively it is a much more significant financial effect.

New clause 2, which was tabled by the Opposition—[*Interruption.*] The Front-Bench Members seem unhappy.

7.45 pm

Caroline Flint: I thank the hon. Gentleman for giving way. Can he confirm that the Government are currently consulting on scrapping the feed-in tariff and that they are legislating on cutting the renewables obligation on onshore wind? Will he also answer the question that has been raised about whether they looked into isolating the renewable energy that came through interconnectors to deal with the issue around value for money and whether that imported renewable energy was already benefiting from subsidies elsewhere?

Damian Hinds: On the right hon. Lady's last point, that is not the only inefficiency in this scheme, as I was outlining earlier. She is correct about the consultations that are going on and about us fulfilling our manifesto commitment on onshore wind, but that does not mean that we will not continue to be absolutely committed to our environmental objectives. As I go through my remarks, I will talk some more about how we are on course to fulfil those objectives.

New clause 2 put forward by the Opposition would require the Chancellor, six months after the passing of the Finance Bill, to publish a report detailing the impacts of clause 45. Such a report is not necessary in that timeframe. The Chancellor has already presented a report to the Treasury Committee, which was published on 26 August.

I will take the opportunity to respond to some of the points that were made during the course of this debate. My hon. Friend the Member for Selby and Ainsty (Nigel Adams) spoke about Drax. He will understand that I cannot comment about that particular company because of the current judicial proceedings. He also spoke very passionately about his constituents in Eggborough, as did my hon. Friend the Member for Brigg and Goole. Clearly and obviously, it is a very disappointing decision for everybody connected with Eggborough and for those who now face much uncertainty. There is no easy thing to say to someone in that situation.

Importantly, the value provided by the climate change levy exemption was relatively minor when compared with the other elements of Government support that are available for renewable energy. Most generators were expecting the exemption to have a negligible value for them by 2020, so it would not typically be a large factor in their long-term investment decisions.

Nigel Adams: On that basis, will the Minister at least consider a delay until 2017 if the value is so low by 2020?

Damian Hinds: We are not in a position to be able to change the approach. My hon. Friend asks about the timing. The exemption would have cost around £40 million a month to maintain. Without our change, more than £150 million of support would have gone to overseas renewable generation in 2015-16, and that figure would have risen to £300 million by 2020-21. My hon. Friend asked why not follow the same timings as the exemptions for combined heat and power, but those are on a very different scale and the timing was in the context of the coming of the carbon price floor, which would support CHPs. As I said earlier, more efficient and effective schemes have come about to support renewables through the renewables obligation and contracts for difference.

The hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) spoke about the particular impact of the measure in Scotland, but I can confirm that Scotland receives a high level of renewables support from the UK Government. In the first contracts for difference auctions, 11 out of the 25 contracts were awarded to Scottish projects, and 30% of the support provided by the renewables obligation is for schemes in Scotland. That support, as I have said, is much more significant than that offered by the CCL renewables exemption.

The hon. Member for Brighton, Pavilion asked about the Government's green credentials, a point that came up again in an intervention. I repeat that the Government take our environmental responsibilities extremely seriously and we are absolutely committed to meeting our climate change commitments, but as cost-effectively as possible. We are making good progress, with emissions down 30% since 1990, and we are on track for 30% of electricity supply to be from renewables by 2020. At the same time, we want to help consumers, keep energy bills down and keep British business competitive. It is vital that we take careful account of the costs of our policies so that we are not imposing unnecessary burdens on households and businesses, making household bills unaffordable or putting the UK at a competitive disadvantage.

Caroline Lucas: The Minister has made the case that he wants to be able to reduce householders' bills, so will he ring-fence the extra revenue generated by applying the climate change levy to renewables and put it into energy efficiency for some of the poorest households in this country?

Damian Hinds: I wish we were living in a world where money that was saved was suddenly free and available to be used to do things. As the hon. Lady knows, the Government have a whole range of programmes to support our objectives to tackle climate change and we will continue to do that.

I stress again that new clause 2 is not necessary. The impact of ending the exemption from the climate change levy for renewable electricity has been published by the Government. Clause 45 will not impact on the UK's ability to meet its climate change goals, will not affect renewable generators' long-term investment plans and will not increase household energy bills, but it will provide better value for money for UK taxpayers. I commend the clause to the House and urge the Opposition not to press new clause 2.

Question put, That the clause stand part of the Bill.

The Committee divided: Ayes 310, Noes 245.

Division No. 63]

[7.51 pm

AYES

Afriyie, Adam	Colville, Oliver
Aldous, Peter	Costa, Alberto
Allan, Lucy	Cox, Mr Geoffrey
Allen, Heidi	Crabb, rh Stephen
Amess, Sir David	Crouch, Tracey
Andrew, Stuart	Davies, Byron
Ansell, Caroline	Davies, Chris
Argar, Edward	Davies, David T. C.
Atkins, Victoria	Davies, Glyn
Bacon, Mr Richard	Davies, Dr James
Baker, Mr Steve	Davies, Mims
Baldwin, Harriett	Davies, Philip
Barclay, Stephen	Davis, rh Mr David
Barwell, Gavin	Dinenage, Caroline
Bebb, Guto	Djanogly, Mr Jonathan
Bellingham, Mr Henry	Donelan, Michelle
Benyon, Richard	Double, Steve
Beresford, Sir Paul	Dowden, Oliver
Berry, Jake	Doyle-Price, Jackie
Berry, James	Drummond, Mrs Flick
Bingham, Andrew	Duncan, rh Sir Alan
Blackman, Bob	Duncan Smith, rh Mr Iain
Blackwood, Nicola	Dunne, Mr Philip
Blunt, Crispin	Ellis, Michael
Boles, Nick	Ellison, Jane
Bone, Mr Peter	Ellwood, Mr Tobias
Borwick, Victoria	Elphicke, Charlie
Bottomley, Sir Peter	Eustice, George
Bradley, Karen	Evans, Graham
Brady, Mr Graham	Evans, Mr Nigel
Brazier, Mr Julian	Evennett, rh Mr David
Bridgen, Andrew	Fabricant, Michael
Brine, Steve	Fallon, rh Michael
Brokenshire, rh James	Farron, Tim
Bruce, Fiona	Fernandes, Suella
Buckland, Robert	Field, rh Mark
Burns, Conor	Foster, Kevin
Burns, rh Sir Simon	Francois, rh Mr Mark
Burrowes, Mr David	Frazer, Lucy
Burt, rh Alistair	Freer, Mike
Cairns, Alun	Fuller, Richard
Carmichael, Neil	Fysh, Marcus
Cartledge, James	Garnier, rh Sir Edward
Cash, Sir William	Garnier, Mark
Caulfield, Maria	Gauke, Mr David
Chalk, Alex	Ghani, Nusrat
Chishti, Rehman	Gibb, Mr Nick
Chope, Mr Christopher	Gillan, rh Mrs Cheryl
Churchill, Jo	Glen, John
Clark, rh Greg	Gove, rh Michael
Clarke, rh Mr Kenneth	Graham, Richard
Cleverly, James	Grant, Mrs Helen
Clifton-Brown, Geoffrey	Gray, Mr James
Coffey, Dr Thérèse	Grayling, rh Chris
Collins, Damian	Green, Chris

Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig

Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian

Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom

Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggins, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Sarah Newton and
 Simon Kirby

NOES

Abrahams, Debbie
 Adams, Nigel
 Ahmed-Sheikh, Ms Tasmina
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Arkless, Richard
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Betts, Mr Clive
 Blackford, Ian
 Blackman, Kirsty
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie

Cowan, Ronnie
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creasy, Stella
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint
 De Piero, Gloria
 Docherty, Martin John
 Dodds, rh Mr Nigel
 Donaldson, rh Mr Jeffrey M.
 Donaldson, Stuart
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Fellows, Marion
 Ferrier, Margaret
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Fovargue, Yvonne
 Foxcroft, Vicky

Gapes, Mike
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harpham, Harry
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Mr Kevan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kerevan, George
 Kinahan, Danny
 Kinnock, Stephen
 Kyle, Peter
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy

McDonald, Stewart
 McDonald, Stuart C.
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McLaughlin, Anne
 Meacher, rh Mr Michael
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Morris, Grahame M.
 Mullin, Roger
 Murray, Ian
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Percy, Andrew
 Phillips, Jess
 Phillipson, Bridget
 Pugh, John
 Rayner, Angela
 Reed, Mr Jamie
 Rees, Christina
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, Angus
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Salmond, rh Alex
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stuart, Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle

Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa

Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
Heidi Alexander and
Susan Elan Jones

Question accordingly agreed to.

Clause 45 ordered to stand part of the Bill.

New Clause 2

REPORT ON THE REMOVAL OF THE CLIMATE CHANGE LEVY EXEMPTION

“(1) No later than 6 months following the passing of this Act the Chancellor of the Exchequer shall publish a report into the effect of the removal of the Climate Change Levy exemption on renewable energy generators.

(2) That report must include information about:

- (a) The effect that the removal of the exemption has had on existing generators
- (b) The effect that the removal of the exemption has had on projects which were in the planning process
- (c) The cumulative effect on investor confidence in renewable energy of this change in the context of wider government policy on renewable energy; and
- (d) The effect of these changes on the United Kingdom's ability to meet its climate change targets and commitments.”—(*Alison McGovern.*)

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 245, Noes 311.

Division No. 64]

[8.4 pm

AYES

Abrahams, Debbie
 Adams, Nigel
 Ahmed-Sheikh, Ms Tasmina
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Arkless, Richard
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Betts, Mr Clive
 Blackford, Ian
 Blackman, Kirsty
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard

Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creasy, Stella
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon

David, Wayne
 Davies, Geraint
 De Piero, Gloria
 Docherty, Martin John
 Dodds, rh Mr Nigel
 Donaldson, rh Mr Jeffrey M.
 Donaldson, Stuart
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fellows, Marion
 Ferrier, Margaret
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gapes, Mike
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harpham, Harry
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Mr Kevan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara

Kerevan, George
 Kinahan, Danny
 Kinnock, Stephen
 Kyle, Peter
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart
 McDonald, Stuart C.
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McLaughlin, Anne
 Meacher, rh Mr Michael
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Morris, Grahame M.
 Mullin, Roger
 Murray, Ian
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Percy, Andrew
 Phillips, Jess
 Phillipson, Bridget
 Pugh, John
 Rayner, Angela
 Reed, Mr Jamie
 Rees, Christina
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, Angus
 Robinson, Gavin

Robinson, Mr Geoffrey
 Salmond, rh Alex
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stuart, Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen

Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Mr Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Carmichael, Neil

Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Heidi Alexander and
Susan Elan Jones

NOES

Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinanage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham

Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph

Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryl
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel

Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond

Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

**Simon Kirby and
 Sarah Newton**

Question accordingly negated.

Clause 16

BANK LEVY RATES FOR 2016 TO 2021

Question proposed, That the clause stand part of the Bill.

The Second Deputy Chairman of Ways and Means (Natascha Engel): With this it will be convenient to consider the following:

Clause 17 stand part.

That schedule 2 be the Second schedule to the Bill.

Amendment 3, in schedule 3, page 74, line 4, leave out “8%” and insert “the relevant percentage”.

This amendment would replace the 8% rate of surcharge in the Bill with a new rate to be set in regulations.

Amendment 4, page 74, line 7, at end insert—

“(1A) For the purposes of subsection (1), the “relevant percentage” is a percentage of the company’s surcharge profits for the period, not exceeding 8%, which the Treasury shall specify in regulations; and such regulations may specify different percentages in respect of different levels of surcharge profits.

(1B) Regulations under subsection (1A)—

- (a) shall be made by statutory instrument, and
- (b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.”.

This amendment would require the Treasury to set the level of the surcharge in regulations, and would allow for different tiers of surcharge. The regulations would be subject to approval by the House of Commons.

That schedule 3 be the Third schedule to the Bill.

New clause 1—*Impact of changes to the bank levy rate and of the banking companies surcharge—*

“(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the overall impact of the changes made by sections 16 and 17 of, and schedules 2 and 3 to, this Act, on:

- (a) the structure of bank balance sheets;
- (b) the long-term tax revenue from the banking sector; and
- (c) competition and diversity within the banking sector.

(2) The Chancellor of the Exchequer must lay a copy of the review before both Houses of Parliament.”.

Harriett Baldwin: What a pleasure it is to serve under your Chairmanship this evening, Ms Engel.

Clauses 16 and 17 and schedules 2 and 3 make changes to the banking tax regime. They will ensure that banks continue to make a fair contribution to the economic recovery in a way that does not harm the UK as a global financial centre or affect banks’ ability to support the economic recovery.

It might be helpful if I set out the background to the Government’s approach to taxing the banking sector. In his first Budget in 2010, my right hon. Friend the Chancellor announced the introduction of the bank levy, an entirely new tax on banks’ balance sheets, equity and liabilities. The levy had two objectives. First, at a time when banking profits were low, it was designed to ensure that banks made a fair contribution to the taxman to reflect the risks that they pose to the UK economy—risks that were made very clear in the extraordinary events of 2008. Secondly, the levy was designed to complement the developing regulatory regime by providing incentives for banks to reduce the size of their balance sheets and support their activities with more stable forms of funding.

Measured against those objectives, the bank levy has undoubtedly been successful. It raised more than £8 billion across the last Parliament and is forecast to raise a further £17 billion by 2021. It has played a key role in increasing the stability of the UK banking sector, with banks now holding more capital against their assets and being less reliant on short-term risky funding. It has helped to satisfy the UK’s resolution financing obligations under the EU bank recovery and resolution directive, thus supporting the more orderly resolution of banks in crisis. Despite those successes, the Chancellor has been consistent about the need for balance in ensuring that banks pay a fair contribution, while ensuring that this supports the UK as a global financial centre and banks’ ability to support the wider economy.

The Government believe that, as the sector returns to profit, a change is required to maintain that balance. The reforms in the clauses achieve that over the coming Parliament and beyond. The first change is a gradual reduction of the bank levy. Clause 16 reduces the bank levy rate to 0.18% from 1 January 2016 and sets out

further reductions to the main rate over the following five years, resulting in a rate of 0.1% from January 2021. The Government have committed to exclude non-UK subsidiaries from the bank levy charge from January 2021, a change we are committed to legislate for in this Parliament.

Clause 17 introduces a surcharge on banking sector profit from January 2016. That is a new 8% tax on the corporation tax profits of regulated banking entities within banking groups. It will apply to profits that exceed £25 million across a group, disregarding the losses that banks have carried forward from periods before the surcharge’s introduction. The first £25 million will benefit from the reductions in the main rate of corporation tax—from 20% today to 19% and then to 18%—included elsewhere in the Bill, giving the UK the lowest rate of corporation tax in the G20. It means that the overall rate of corporation tax will be slightly lower for banks than it was in 2010.

The OBR forecasts that the surcharge will raise £6.5 billion from the sector by 2021. That revenue more than offsets the cost of reductions to the bank levy rate. It means that banks will pay an additional £2 billion in tax over the period, increasing banks’ total additional contributions beyond £23 billion.

Helen Goodman: Like many hon. Members, I am sure the Minister has had many letters from small banks and the building societies about the fact that the surcharge will be imposed on them. The Building Societies Association says that it expects it will cost them £630 million over the lifetime of the Parliament, which would be sufficient to fund at least £4 billion in new mortgage lending. That means 15,000 or 20,000 new homes. The effect of including building societies is therefore to make it more difficult for 15,000 or 20,000 families to have a new home. Will the Minister consider whether that is a good idea?

Harriett Baldwin: I hope the hon. Lady recognises that the rate paid by building societies and smaller banks will be lower than it was at any time when she and the Labour party were in government. In fact, the measure brings the corporation tax rate to a level lower than when the Conservatives took power in 2010. In addition, 90% of building societies will be exempt from the charge because the first £25 million is exempt from the surcharge.

At the same time, we believe that the changes in clauses 16 and 17 will create a fairer, more competitive and more sustainable basis for taxing the UK banking sector. By rebalancing banks’ contributions towards a tax on profits, future charges will be more aligned with profit and capital accumulation. That reduces the risk of tax affecting banks’ decisions on where to invest and helps to ensure that tax does not impact banks’ ability to lend to businesses and individuals.

By aligning banks’ contributions with their activities in the UK, the changes recognise and reduce the impact of tax on UK banks’ ability to compete in overseas markets. They help to reflect the impact of regulatory reforms, which have reduced the risk of those overseas operations to the UK economy.

I shall draw my brief remarks to a close. The Government firmly believe that banks should make a fair contribution to the economic recovery. However, that contribution must be balanced with the need to maintain the

competitiveness of the UK and to support lending to the wider economy. The changes in the clauses provide a better balance between those two objectives, and do so while providing long-term certainty and stability to the sector, and short-term revenue to the taxman. I therefore hope that clauses 16 and 17 and schedules 2 and 3 stand part of the Bill.

Alison McGovern: I, too, will make some brief remarks. I rise to speak to the Opposition's new clause 1, which relates to clauses 16 and 17, concerning the Government's changes to the bank levy rate for 2016 to 2021 and the introduction of a new surcharge of 8% on bank profits.

Before I begin my remarks and before I forget to ask the Minister, Members will be aware that the changes the Government are introducing are quite controversial in some quarters. Building societies have been expressing deep concern. However, I think I just heard the Minister say that 90% of building societies will not be affected by the changes because of the threshold. Will the Minister tell me, either in her remarks later or in an intervention now, whether she means 90% by number of institutions or 90% by size of building societies in total? The statistic does not reflect the concern that building societies have expressed in recent weeks. I will await her answer whenever she sees fit to give it to me.

Taken together, the clauses will completely reshape the structure of bank taxation in the UK, as the Government move from a tax on bank balance sheets towards a tax on bank profits. Alongside the impact on the banking sector itself, the clauses also have significant implications on tax receipts for the Exchequer. It is our belief that the changes have the potential to damage the competitiveness and diversity of our banking sector. New clause 1 calls for an urgent review to establish the impact of the new measures. Before coming on to the detail of new clause 1, I will briefly examine the case for a reduction in the bank levy in more detail.

When the bank levy was introduced at the start of the previous Parliament, the Chancellor made it very clear there were two separate objectives behind the policy. First, it was designed as a revenue raiser, with the Chancellor targeting an income of £2.5 billion each year from receipts of the levy. The second objective was to cause banks to change the structure of their balance sheets. This was explained by the then Exchequer Secretary, the hon. Member for South West Hertfordshire (Mr Gauke), who said the levy was

"intended to encourage banks to move to less risky funding profiles, and...reflective of economic risk".—[*Official Report*, 12 July 2010; Vol. 513, c. 733.]

He went on to dismiss the idea of a tax on bank profits, as it would not create the same kind of behavioural effects as the levy.

In and of themselves, either of those goals was perfectly reasonable and was supported across the House. However, it quickly became obvious that the two goals were incoherent in practice, because as banks changed their balance sheets the revenue from the levy went down. This caused the Government to raise the levy again and again, with a total of nine rises in just five years. Now, having marched the banks to the top of the hill, the Chancellor plans to march them back all the way down again with cuts to the levy every year, finishing with a rate of 0.1% by the end of the Parliament. After 10 years

of this Chancellor, we will have had a total of 13 different bank levy rates—what a mess.

The Chancellor claimed in his Budget statement that the bank levy needs to be reduced because the levy has worked. That is an interesting theory given that the revenue target, one of his policy objectives, has been missed consistently. The main question for the Minister is this: if the Government believed that increasing the bank levy had a positive behavioural effect on the banks, does the Minister believe that reducing the level will have a similar effect in the opposite direction? I thought I understood the Minister to say that she did believe there would be some behavioural effects of the change. Perhaps she might say a bit more about that.

The OBR's economic and fiscal outlook shows that the future revenue projections are based on the assumption that banks will continue to reduce their balance sheets. Will the Minister explain, for the purposes of clarity, on what basis that assumption has been made? If anything, the new policy framework seems to be incentivising banks to grow their balance sheets, especially outside the UK—that seemed to be what the Minister indicated just now in terms of competitiveness outside the UK—and to reduce their profits. Why is this the incentive structure the Government want to adopt? It is completely at odds with the stated policy objectives of the past five years and bears little relation to wider economic objects. Are the Government not breaking their principle that banks should be taxed according to the economic risk they pose to the economy, as the Minister mentioned?

8.30 pm

The reduction in the levy of course has serious revenue implications for the Exchequer. Under the old system, there was always a revenue target of £2.5 billion. As I mentioned, this target was frequently missed, but at least we had an idea of how much the Government were planning to raise. Will the Minister confirm that for this Parliament the idea that there should be a revenue target has been completely abandoned? It is now the rate that is fixed, rather than the expected income. Will she explain the rationale behind this decision?

To make up for the lost revenue from the levy, the Government are introducing a new surcharge on banks' profits, which is forecast to raise about £1.2 billion every year across the Parliament. When combined with the gradual decline in revenue from the bank levy, the result is a projected increase in revenue of about £2 billion across the Parliament. Clearly, this increase is welcome in the short term, but I have some questions about its sustainability over the long term. The Government's revenue costings for the banking sector do not take into account the planned cuts in the corporation tax rate, so will the Minister inform the House precisely how much this cut will be worth to the banking sector over the Parliament?

The bigger issue, though, is what happens after 2020. The Government have signalled their intention to reduce the scope of the bank levy from 2021 so that it applies only to UK balance sheets, as the Minister said. This would greatly reduce the revenue that the levy brings in, especially from big global banks. Will she please set out the rationale behind this decision and explain what effect this change would have on revenue from the

banking sector further into the future? Are the Government not simply storing up problems in order to appease big global banks?

There are further worries that the introduction of the surcharge will encourage some banks to adopt more complicated organisational structures in order to avoid paying the surcharge on their non-banking profits. Alongside any revenue implications of such behaviour, surely it would make regulation of the sector more difficult and make it harder to quantify potential risks to our economy posed by the activities of some banks. I really think this is a serious matter, and I would like to know if the Government have considered it.

The Minister will be aware of new research from Ernst and Young casting doubt on the OBR forecast of revenue from the surcharge. The research finds that revenue will be nearly double the £6 billion projected over the Parliament. I would not wish to second guess Ernst and Young, but would the Minister comment on the research and say whether the Government plan to review their position? All this uncertainty strengthens the case for our review.

More important than almost any other consideration is competition. Our main objection to the Government's new policy is the effect on competition in the banking sector. I am sure there is agreement across the whole House that a competitive banking sector is vital to the long-term health of our economy—the City Minister has been touring the country praising new challenger banks in recent weeks, and well they deserve that praise—but the truth is that the changes in clauses 16 and 17 will directly harm small challenger banks and building societies, which need to grow to provide competition to the bigger players.

The big banks are compensated for the new surcharge by the fall in the levy, whereas the small banks that did not pay the levy are simply smacked with a new tax. The Government are effectively spreading the taxation over the whole banking sector, reversing the previous position that only the biggest and riskiest banks should pay more. The reality is that the people worst affected by these measures are exactly the people the Government claim they are trying to help. The situation is particularly damaging when it comes to mutuals, because their main way of raising capital to expand or for new lending is through retained profits. They cannot simply sell shares, as other banks can—that is what it means to be a mutual.

A tax on profits is clearly particularly damaging for mutuals—it is obvious. The simple point is that building societies are legally different from banks, thanks to the Building Societies Act 1986, which limits how they can raise money and who they can lend to. The Government must surely know that, yet the new surcharge will add an estimated £630 million to the tax bill of mutuals over the course of this Parliament, according to the Building Societies Association.

As has been said by my hon. Friend the Member for City of Durham (Dr Blackman-Woods)—who is not in her place—that money would not otherwise have gone to shareholders, but would have been used for expansion or new mortgage lending. For example, Nationwide has said that the extra £300 million that it will pay through the surcharge could have financed £10 billion of domestic mortgage lending. As Paul Johnson of the Institute for Fiscal Studies said before the Treasury Committee in

July, this tax would reduce the capacity of some banks and building societies to lend. Analysts from Morgan Stanley have warned that it may lead to the re-pricing of domestic loans, which would push up the cost of consumer borrowing.

We are left with the frankly perverse situation where small building societies would be paying the surcharge but large loss-making banks would not. As Stuart Adam of the IFS has said:

“It doesn't look like it's well targeted either at those that got the biggest bail-outs in the crisis, or those that pose the highest risk in the future.”

The point is that the charges are not only obviously unfair, but bad for the economy as a whole, because of the effect on competition in the sector. That is particularly bad news for consumers, who benefit from a competitive banking market to give them choice and who need smaller banks to provide a viable alternative to the established names. Yet it seems that the Government have constructed an entire policy in order to appease large global banks, with little thought for the ramifications on the rest of the sector. Can the Minister explain why the Government have not done more to reduce the impact of their surcharge on challenger banks and mutuals? Does she accept that building societies are legally and structurally different from banks and should therefore be treated differently? Has she considered the case for excluding building societies from the surcharge? If she has not, I would ask her to do so.

Even a number of the Government's own MPs are making that argument, including the Chair of the Treasury Committee, the right hon. Member for Chichester (Mr Tyrie), who is not in his place, who has warned the Chancellor of unintended consequences, and the hon. Member for Wyre Forest (Mark Garnier), who is in his place, who has said that building societies should be excluded. Does the Minister accept these very well made arguments and will she commit to holding a review into the impact of the changes on competitiveness in the banking sector? I do not think anyone in the House, of whatever party, thinks that we need less competition in the banking sector. At the very least, having a review is an obvious course of action.

Our new clause 1 calls for a review of a number of separate areas. The first area concerns the implications for bank balance sheets, because the bank levy was targeted in order to de-risk balance sheets and thereby reduce the potential threat to the UK economy. The Government must now explain why reducing the levy will not encourage more risky behaviour from banks. The review must also make clear what effect the change will have on long-term revenue from the banking sector. The Government must also make clear how big the tax cut is that they are offering the big global banks after 2021 and what impact that will have on the sustainability of the tax base in future. Finally, there must be a proper examination of the effect of the new surcharge on competitiveness, for the reasons I have set out.

Speaking at an event organised by TheCityUK recently, the City Minister said that these changes represented a “sustainable, fair and competitive long-term plan”.

However, the Government have undermined sustainability by creating perverse incentives and reducing the long-term tax base. They have undermined fairness by giving a big tax cut to a small number of global banks while increasing

taxes for new challengers. Most importantly, they have undermined competition by choking off the growth of building societies and smaller banks. This is not a long-term plan to build a better banking sector; it looks like a quick fix to appease the likes of HSBC and Standard Chartered. It is a plan that has been criticised by the British Bankers Association, the Building Societies Association, the IFS, the Chair of the Treasury Committee and the Government's own Back Benchers. The Minister does not have to take it from me, the Opposition spokesperson; she should take it from her own Back Benchers. The Government must take this opportunity to think again. I urge all parts of the Committee to support our new clause.

Mark Garnier (Wyre Forest) (Con): It is a pleasure to follow the hon. Member for Wirral South (Alison McGovern), who mentioned me several times in her speech. In the broadest sense, I agree entirely with what the Government are doing, but I have one or two reservations, to which she alluded.

It is worth looking back to why the bank levy was brought in and to what it was a response. It was, of course, a response to the bank bonus tax introduced by the previous Government, which was brought in, in turn, to try to get some money back for taxpayers from when the banks were bailed out. I think that it is the right thing to do. Banks should help to pay back the taxpayer, but the bonus tax was never going to work. The banks were always going to get around it one way or another. Many suggestions were put out by newspapers and banks, but the one that summed up the banks' approach best for me was a Matt cartoon in *The Daily Telegraph*. A trader was pictured sitting in front of his boss in a bank; the boss turned around and said, "I'm afraid you are not going to get a bonus this year, but we are going to buy your tie off you for three million quid." That was the sort of approach that the banks were going to take.

It was therefore right for the Government to bring in a levy that could not be got around. Of course that was the right thing to do, and the intention was to raise enough money from the levy to make up the shortfall that would follow from getting rid of the bonus tax, which was around £2.1 billion to £2.2 billion. The levy was an unavoidable tax. It started out at nine basis points, rising on nine occasions to 25 basis points. That resulted from the reduction of balance sheets and from the slight change in the shape of the deposits profile—moving away from the deposits profile that would attract the levy.

It is worth bearing in mind what Douglas Flint said when he came before the Treasury Select Committee in January 2011. I asked him for his view about the future of HSBC in the UK and whether it would keep its domicile. The hon. Member for Wirral South mentioned Standard Chartered and HSBC in her speech. Douglas Flint said that the domicile was reviewed once every three years and that 2011 would be the year in which that happened. When he came before us again in January 2012 and I asked him what he was going to do, he said he was going to defer it.

It became apparent that the shareholders at HSBC, one of the best and biggest banks in the world—and, indeed, one of the most stable—were very upset about paying quite a hefty lefty, which only got bigger, on their

international earnings. The same applied to Standard Chartered, which had very little earnings within the UK. None the less, in responding to shareholder pressure—the shareholders were asking, of course, for an opportunity to get more return for their money—those chief executives were saying, "Don't worry; we will ride this out and the bank levy will eventually disappear at some point."

After five years of that, the pressure from shareholders was becoming very intense. If Standard Chartered and HSBC had left the country, the bank levy would have had to rise from 24 basis points to more like 35 basis points in order to maintain the £2 billion or so in revenue. Paying 50 basis points would be a very significant taxation on deposit levels within banks. Inevitably, then, if Standard Chartered and HSBC had left, the whole bank levy would have spun out of control and eventually wound itself into a knot that would have been completely unsustainable. That is why the Government had to do something about it.

Before I move on, it is worth looking at what the banks were getting as a result of paying the levy. The first thing—in justifying the levy to shareholders this is an important point—is that the banks were paying back the taxpayer who had bailed them out with a lot of money. The taxpayer required some sort of levy to get some of the revenue back. The second important point is that the bank levy could almost be seen as a type of insurance premium charged against the banks for having what is known as "the implicit guarantee"—the guarantee that, should the banks fall over as two of them did in 2007-08, the Government would stand behind them and pick them up.

However, the provisions of the Financial Sector (Banking Reform) Act 2013 were introduced in order to try to get to the stage where the banks would no longer need to be supported in the event of a collapse—that there would be an elegant collapse; there would be bail-in bonds and ring-fences around the important parts of the banks, so that never again would the Government step behind the banks. The banks would be allowed to collapse without causing contagion through the banking system. That is an incredibly important change.

The argument about the bank levy being an insurance premium would eventually diminish to nothing with the finalisation of the fairly expensive Banking Reform Act in 2019. As for paying money back to the taxpayer, we are in the process of doing so by means of the sales of RBS, Lloyds, Northern Rock Asset Management, and the various other assets that were bought. At some point, we shall be able to draw up a final P&L to establish whether we—the UK taxpayers who bailed those banks out—have got our money back.

8.45 pm

The bank levy was becoming obsolete in some respects, and even more difficult to justify to shareholders of the big international banks that do not have to pay it because they have moved their domiciles offshore. It is worth bearing in mind that HSBC moved from 1 Queen's Road Central in Hong Kong to the United Kingdom only 15 or 20 years ago, so this is not a difficult thing for it to do. Spiritually, it does not have a long history in the UK, and it can easily move back.

It is right for the Government to get rid of the bank levy, and I am very pleased to note that it will be reduced by 2020, but it had to be replaced by something,

and, again, we must ask what the banks are getting for their money. The levy can be justified on the basis that we provide, as a society and as a country, a very benign and stable economy, which the banks can use to their advantage to make money.

It is not entirely unreasonable for institutions that are trading in the purest form of capital, which is cash, to be able to take advantage of that economy and make money out of it. They have a social function to perform: they have to distribute money from where it is accumulated to where it is needed, which is a very democratic process. They also have to do complicated things such as modifying maturity on deposits to loans, which is a very difficult business. None the less, we provide one of the best regulatory environments in the world. It is expensive, admittedly, but it is very good. We have a sound economy, we are getting back on our feet, and, relative to the rest of world, we can be very proud of what we have achieved. It is justifiable for the banks to pay something as a contribution to that. However, I have reservations, and I therefore ask the Minister to carry out an ongoing review of what is happening with the new bank tax, starting with the banks themselves.

It is right that the banks that will be affected are predominantly the larger ones. People talk about challenger banks. The British Bankers' Association has about 250 members. There are a lot of banks in the UK, and 47 of them can be considered to be challenger banks. Some are as small as Kingdom bank, which has a balance sheet of just £50 million; others, such as Metro bank, are doing very well.

Most of those banks will not be affected because their profit does not exceed £25 million, but in some instances, to which the hon. Member for Wirral South (Alison McGovern) alluded, non-bank profits could be brought into this tax regime. However, I do not think it is a bad thing if some non-bank profits are moved into separate divisions within a bank. If there is a wealth manager function within the bank, for example, is it such a bad thing for that element to be separated from the bank in what effectively amounts to a protective ring-fencing, so one side can be protected from the other? I do not think there is anything too bad about that, as long as the bank is not destabilised. Of course, the regulator will have a look at that.

The vast majority of banks will not be affected. Challenger banks will be able to try and build up their profits, and when at some point those profits exceed £25 million, they will start paying the surcharge. It will be worth seeing how many banks pay it in the future, but it should be borne in mind that their legal structure enables those banks to raise capital through equity transactions. They can sell extra shares, which is how they can build their capital so they can meet the challenge of building market share against the bigger banks.

The mutuals, however, are a different animal. There seems to be some confusion over quite how many of them are being affected, but it is certainly a small number. I thought it was only two, but it could be as many as five. Mutuals cannot go to an equity market to raise capital—I do not agree with the argument that this is taking money out of the lending market, although I suppose that is probably a fact—but they are still better off than they otherwise would have been in 2010 with corporation tax at that level.

The biggest problem for the mutual companies is that, in trying to build their assets, they have to build their equity base, which can be done only through retained profits. We therefore must be cautious about taxing them a little more and slowing the rate at which they can build retained profits. Having said that, the biggest building society, Nationwide, has created a new hybrid bond that can bring cash into its balance sheet, proving that there are alternatives.

I am genuinely happy to support clauses 16 and 17 for all the reasons I have discussed, but I say to the Minister that there may be unintended consequences. While I do not necessarily think we need an immediate review, given that this is going to be coming in over a number of years and changes will take a bit of time, the Treasury should have a look at the effect particularly on mutuals and the smaller challenger banks that possibly have non-banking earnings and are making profits of around the £25 million mark, to see whether this has a negative effect on them.

Roger Mullin: I wish to speak to SNP amendments 3 and 4, and let me say three things at the outset. First, I am seeking to curry favour by making my remarks fairly short, as we have had a long two days; I hope that is appreciated. Secondly, our amendment gives the Government the opportunity to change their approach to setting the 8% surcharge by introducing it in a tiered manner. This would have the benefit of removing a cliff-edge and replacing it with a more manageable approach. However, and thirdly, we do recognise that our amendment may not be the only way of achieving a more sensible introduction of the surcharge, and therefore we are keen to hear the Minister's response.

What is the fundamental issue? A number of fine comments have already been made about building societies, the problems of retained profits and the like, so I shall mention some other matters. Our concern is primarily centred on the impact this Bill will have on challenger banks and the adverse consequences it will have on competition and diversity and in respect of entry barriers for prospective new challengers.

As Carlos Suarez Duarte, vice-president at rating agency Moody's, said,

"profitable challenger banks will be the most affected by the new charge on profits,"

while changes to the bank levy

"will be positive for UK banks with large overseas operations such as HSBC and Standard Chartered."

About 30 banks are subject to the current levy, but the new 8% additional tax on profits will affect any challenger bank with profits of more than £25 million, expanding the scope of bank taxes to potentially around 200 institutions, *The Daily Telegraph* estimates.

I and my colleagues have little issue with the surcharge applying to institutions that have posed a systemic risk to the sector, but the smaller banks have not posed such a danger. Indeed, the coming of the era of the challenger banks is seen by many as part of the solution to the problems posed by having too few, too powerful institutions. Challengers are not part of the problem in this regard; they could be part of the solution.

Indeed, the surcharge as currently proposed will have perverse effects on the Government's own banking strategy. The Chancellor vowed only a couple of months ago to

boost retail banking competition by proposing at least 15 new licences over the next few years, but as Nigel Terrington, chief executive of Paragon Group, which recently launched its own bank, said:

“This surcharge took everyone by surprise and does seem to be contrary to the stated government policy of wanting to increase competition.”

Indeed, as he has also commented:

“It feels like they’ve replaced a punishment tax on the larger banks with a charge on all of us. What did we do wrong—I thought we were part of the solution, not the problem?”

In effect, this surcharge will prove a barrier to encouraging new entrants. Indeed, the tax will hit small profitable domestic banks particularly hard, which completely goes against previous Government efforts to lower the barriers to entry for new lenders, which we welcomed. Anne Boden, the founder of Starling, has previously praised the Government strongly on more than one occasion, but she has recently been quoted as saying in relation to the new surcharge:

“It is not just a constraint on the development of smaller banks, but, more importantly, not in the best interests of consumers.”

Many of the challenger banks’ consumers and customers will be small and medium-sized enterprises. As a former owner and director of a number of SMEs myself, I know from bitter experience how difficult it can be, particularly in the early years of trading, to access banking support. That is why, in my life before entering this place, I was supportive of the move to enable the establishment of more challenger banks willing to deal more effectively with the needs of the SME sector. That is particularly important in the Scottish economy, which is heavily reliant on SMEs.

Analysts, including Gary Greenwood of Shore capital, have been highly critical. He, like others, has argued that the surcharge as currently planned will be counterproductive, and that it will inhibit the ability of smaller banks to grow and compete as effective challengers. He states:

“Banks can lever up their equity by 10 to 20 times, so for every £1 of tax you take off them, you rip £10 to £20 of lending capacity out of the market. It is crazy.”

Crazy indeed. By harming lending and therefore investment, particularly by SMEs, this will also have the effect of creating a further problem for achieving higher levels of productivity in the economy. We need more investment, not less; more lending, not less.

The Government’s explanations of why this burden should be placed so heavily on small profitable domestic banks are unconvincing. It is hard to find any analyst who sees this as helpful for competition, diversity or entry. I hope the Minister will reflect on these arguments, and perhaps address the following questions. Have the Government undertaken a detailed analysis of the likely effect on SME lending in the four countries of the UK, and if so will they publish it? Have the Government changed their policy on the need for effective banking competition? I look forward to hearing their response, and hope that it is strong and purposeful enough to satisfy our concerns.

Huw Merriman: I very much support the Government’s proposals, and I particularly welcome the balance that they intend to strike between ensuring that banks make a fair contribution and giving greater recognition to the role that they play in providing jobs and powering growth.

I also welcome the fantastic critique given by my hon. Friend the Member for Wyre Forest (Mark Garnier), which has resulted in my putting half my speech into the bin. It would not have been half as eloquent as his.

The hon. Member for Wirral South (Alison McGovern) mentioned the behavioural implications of the proposed change. Scottish National party Members have also touched on that subject and asked whether challenger banks were being punished via their profits. I do not believe that tax itself, either on profits or on the balance sheet, will stop risky transactions. Indeed, the European Union transaction tax would mean that a bank would pay tax at the outset and would then be free to enter into a potentially catastrophic transaction at a flat fee. In comparison, the UK’s approach has been to require banks to set aside capital, with a requirement for more to be set aside against riskier transactions. That is not a tax; it is capital being set aside. By separating the balance sheet of retail banks from the riskier investment banks, the investment bank does not have the capital to enter into that potentially catastrophic transaction in the first place. Measures taken by this Government—and, to be fair, by the prior Government, too—have helped the UK buffer itself well following the crisis of 2008.

9 pm

Alison McGovern: I do not know whether the hon. Gentleman misunderstood or whether I misunderstand him, but the particular concern in relation to profits is the impact on mutuals, which, by definition, have little access to capital and use their profits to grow capital for lending. That is the effect there is concern about. Does he think the proposed tax would be good for mutuals?

Huw Merriman: The point made earlier was that this measure helps the likes of HSBC and Standard Chartered, so I took the new clause to be about more than just mutuals, with it being about an unfair benefit being added to certain banks. I am trying to highlight that tax is not necessarily the means to control riskier transactions. Reference was made to those banks, which is why I was extending the point. With an allowance of £25 million set in place, the smaller institutions will be buffered to a certain extent. In addition, I do not believe it is essential that we start treating different institutions differently. Of course some pay less tax because they have fewer profits.

Mr Steve Baker (Wycombe) (Con): I am wondering whether my hon. Friend is as surprised as I am that Labour Members have discovered that tax on profit is harmful. Will he join me in welcoming their discovery that tax can actually do harm? Does he believe it represents a new direction of travel for Labour?

Huw Merriman: My hon. Friend puts the point much better than I could have. I commend the Committee for this section of this debate, because it is where it is at its most thoughtful and most articulate—perhaps because it is at the close of business.

The by-product of the regime to which I made reference is that foreign investment banks have moved their head offices from London to their home nations but not necessarily their jobs. That means that UK taxpayers are not liable for bank failure in the same way as they would have been previously. The point I wish to articulate

[*Huw Merriman*]

is we should not just think of tax as the means to control the behaviour of banks; we should look at the regulation, and the separation of investment banks and retail banks. That has been a success.

As we move into the newer regime and as banks, to use their own rating, would be on “negative watch”, it is right that they pay an increased premium for the risk that still exists. We should absolutely be on our guard in that respect. It is also right that we treat them as another corporation—with corporation tax but with the tax in addition on profits. To address the point made in an intervention, I do believe that there are buffers within, but I also do not think it requires an amendment to state that the Treasury must undertake a periodical review, because the Treasury will of course do that on a daily and weekly basis. Given the support that this Government have given to allow challenger banks to be set up, the Treasury will of course ensure that the help is provided and that this is on watch throughout.

I welcome this change of approach, and believe the time has moved on from when we have a bank levy towards when we have an ordinary tax on profits. On that basis, I very much support the Government's line.

George Kerevan (East Lothian) (SNP): I will be brief, Mr Howarth. I just wanted to respond to some of the points made by my colleague the hon. Member for Wyre Forest (Mark Garnier). Nobody from my side of the House disputes that the bank levy was in need of reform. Indeed, he made it sound far too well organised and manufactured; it was ad hoc, arbitrary and unpredictable, and it definitely needed to be replaced by something more predictable. Therefore, we are in no way rejecting the notion of moving to a surcharge on profits, which could be an effective way of raising the funds from the banks and, in a sense, of surcharging them for the social service that we provide through the Treasury in protecting them.

I do not go as far as the hon. Gentleman in relation to what I would describe as the gentle blackmail from HSBC and Standard Chartered Bank. If anyone looks at the turmoil in the Asian markets and in China at the moment, they will not think that it was a good moment for a bank to shift their headquarters from London to Hong Kong.

Let us accept that there will be a change. Our view is that we need a mechanism that allows the Treasury to use statutory instruments to vary the rate and the application of the surcharge as it evolves and as we learn whether it is impacting adversely on some banks, building societies and mutuals. That is all we are saying. We are trying to find common ground with the Chancellor. We are moving in the same direction, but the Government are rushing the application. They are making it too uniform and are choosing arbitrarily a rate of surcharge that is simply designed to reproduce the current level of tax yield. That is a bad way of approaching how we manage the surcharge on the banks.

I suppose the essence of the argument—this is really where I want to go—is that there are differences between the challenger banks and the larger banks. Those differences are not just based on their level of profit. It is quite clear that it is proportionately more expensive for the smaller

banks to provide the capital to support the credit risk in their loans once it is weighted against their risky assets. We know that from the work that has been done by the Competition and Markets Authority, and I would prefer to take its view rather than the special pleading from the banks—even the special pleading from the challenger banks.

The Competition and Markets Authority has looked at the expense to the different scale of banks in providing the capital to support their credit risk. It has come up with figures that say that on a typical £100,000 loan to a small business, a challenger bank, or a bank of that scale, has to put aside roughly £8,000 per £100,000 loan, compared with about £6,000 from one of the very large banks. The mathematical reason for that is quite simple; it is not rocket science. The smaller bank with the smaller balance sheet is carrying proportionately more systemic risk on each loan. When a small bank loses a customer or has a non-performing loan, it is quite costly to it given the scale of its balance sheet. Therefore, when we start doing the risk-weighted analysis, it will have to put more capital by; it will cost it more. It is economies of scale. Big banks have economies of scale. A specific non-performing loan to a small business is a relatively small risk to the larger bank, so the cost to it will be small. It follows on from the matters of big and small economies of scale. Nevertheless, they act as a barrier to the smaller banks being able to grow.

If we impose a uniform profits surcharge on all the banks, there is a higher real burden on the smaller banks. I would like the Treasury to take that into account as we move along, and have the powers to be able swiftly to shift the rates. I was trying not to be prescriptive in laying down how we would set different levels for different kinds of banks; I wanted a system to evolve. I want the Treasury to have the powers to do that so that if it does prove to be more costly for the challenger banks and to be taking more from their profits and their ability to raise capital, we might think about different kinds of banding, and that would be up to the Treasury to consider. We are simply saying that the smaller banks have different cost structures and therefore different risk elements, which means that imposing a single levy on profits across all the banks, big and small, is a bit too arbitrary and a bit too ad hoc. In other words, it brings us back to the sort of problems that we had with the original bank levy.

Harriett Baldwin: It has been a great pleasure to have my Opposition shadow, the hon. Member for Wirral South (Alison McGovern), in the Chamber today making the points that she has. I sincerely hope that next week she will continue to be my Opposition shadow, because it is clear that she takes her role very seriously. I know that she supported the hon. Member for Leicester South when it came to nominating the leader of her party, so I hope that her point of view prevails when it comes to the announcement on Saturday.

Alison McGovern: I thank the Minister for giving way. First, I supported my hon. Friend the Member for Leicester West (Liz Kendall). Secondly, I thought I liked the Minister.

The Temporary Chair (Mr George Howarth): Order. Before the Minister resumes her speech, fascinating and colourful as this exchange is I hope that it will not be too extended.

Harriett Baldwin: You are quite right, Mr Howarth. What I wanted to say was that one would not believe from the remarks that the hon. Member for Wirral South made at the beginning of the debate that the banking system had fallen into massive failure, meaning that this Chancellor had to take steps in 2010 to sort out the country's banking system and the deficit. Listening to the hon. Lady this evening, one would have thought that banks were then paying less tax than they are today but in fact, after the changes in clauses 16 and 17, the banking sector will pay the lowest rate of bank tax in the G7.

One would also not believe from the remarks we heard at the beginning of the debate that over the 13 years for which the hon. Lady's party was in power there was no increase in competition in banking. There were more than 20 inquiries into banking competitiveness, but they were obviously unsuccessful. The hon. Lady asked a number of questions, and although I do not want to detain the House for long with this entertaining discussion I want to respond to some of the points raised in the debate.

I was asked a couple of times about building societies, and I said that 90% of building societies would be unaffected by these changes. Obviously, the vast majority of building societies do not make a profit of more than £25 million a year, so the sector will benefit from the reduction in corporation tax over the life of this Parliament down to 18% by 2020.

Alison McGovern: I asked the Minister specifically what that 90% meant—90% by number, or by size?

Harriett Baldwin: Absolutely, and it is 90% of all building societies. Clearly, a handful of building societies are big enough to be able to pay the additional levy contained in these clauses and, even after the surcharge, they will still be paying a lower rate of corporation tax than they were paying under the previous Labour Government. With the hon. Lady's conversion to lower taxes, she should be welcoming and celebrating the fact that the Budget announces these long-term changes.

The hon. Lady also asked whether the numbers in the Red Book take into account the corporation tax changes, and indeed they do. She asked about revenues after 2020-21 and I am delighted that she recognises that it will be the Conservative party that will be making those decisions after the next general election. She asked about the Ernst and Young forecast in today's papers, and even she got the giggles when she raised the forecast, which is really quite laughable. It takes into account only one side of the equation in terms of the potential rise in the take from bank corporation tax.

The hon. Lady asked about competition, and I have mentioned the competition track record of her party when in power; but it is helpful to be able to talk about the range of things my party did in the last Parliament to improve bank competition. It is a strong focus of this Government. I am glad that the SNP spokesman, the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin), mentioned the ambition to have 15 new banks receive a banking licence. I understand that there are a large number in the pipeline. Indeed, one new bank has already got its licence this year.

9.15 pm

The additional steps we have taken to increase bank competition include giving the Financial Conduct Authority and the Prudential Regulation Authority a strong focus on competition; creating the new Payment Systems Regulator to ensure that the challenger banks gain access to the payment systems on fair terms; and introducing a seven-day current account switching service, which is about to have its second anniversary—over 2 million people have now used that simplified switching service. Of course, the Small Business, Enterprise and Employment Act 2015 requires big banks to refer to other organisations any small and medium-sized enterprises that it might have turned down for finance. We are taking a range of steps to improve banking competition.

The hon. Member for Kirkcaldy and Cowdenbeath asked whether the tax regime supports the challenger banks. Of course it does, because the rate of corporation tax will fall to 18% by the end of this Parliament, which means an extremely attractive rate on the first £25 million of profits, and the vast majority of challenger banks will fall into that category. By the end of this Parliament, and taking into account the surcharge, the combined rate for a bank that makes £200 million in profits, for example, will be 25%. That will be a very competitive rate, and it balances the need for revenues to the Exchequer with the need for capital formation in the banking system.

Alison McGovern: I know that the Minister is trying to rattle through this quickly, but I have a question. We can all trade previous Governments' records—I could draw attention to the impact on mutuals and building societies generally in 1986—but let us talk about the future. Clearly these changes will have an impact on building societies, which offer consumers a unique proposition because of their structure. Will she commit this evening to ensuring that the changes she is making will not harm the mutual banking sector?

Harriett Baldwin: Again, I am surprised that the hon. Lady seems to want me to keep mentioning the rate of corporation tax, because it is now lower for building societies than it was when her party was in power—it seems an extraordinary line of attack. Yes, a handful of building societies are large enough to pay the surcharge, but 90% of them—by number—will not only be unaffected by the change, but will benefit. Capital formation and the ability to retain earnings within the mutuals will improve as a result of the corporation tax reductions that we are introducing, which she opposed in the manifesto she stood on at the general election.

In conclusion—I will be quick, because I know that the Committee wants to express an opinion—I commend clauses 16 and 17 and schedules 2 and 3 to the Committee, and I respectfully request that the hon. Members for Wirral South and for Kirkcaldy and Cowdenbeath do not to press amendments 3 and 4 and new clause 1.

Question put and agreed to.

Clause 16 accordingly ordered to stand part of the Bill.

Clause 17 ordered to stand part of the Bill.

Schedule 2 agreed to.

Schedule 3

BANKING COMPANIES: SURCHARGE

Amendment proposed: 3, page 74, line 4, leave out “8%” and insert “the relevant percentage”.—(Roger Mullin.)

Question put, That the amendment be made.

The Committee divided: Ayes 60, Noes 303.

Division No. 65]

[9.19 pm

AYES

Ahmed-Sheikh, Ms Tasmina	McLaughlin, Anne
Arkless, Richard	Monaghan, Carol
Bardell, Hannah	Monaghan, Dr Paul
Blackford, Ian	Mullin, Roger
Blackman, Kirsty	Newlands, Gavin
Boswell, Philip	Nicolson, John
Brock, Deidre	O'Hara, Brendan
Brown, Alan	Oswald, Kirsten
Cameron, Dr Lisa	Paterson, Steven
Chapman, Douglas	Ritchie, Ms Margaret
Cherry, Joanna	Robertson, Angus
Cowan, Ronnie	Robinson, Gavin
Crawley, Angela	Salmond, rh Alex
Docherty, Martin John	Saville Roberts, Liz
Dodds, rh Mr Nigel	Shannon, Jim
Donaldson, rh Mr Jeffrey M.	Sheppard, Tommy
Donaldson, Stuart	Simpson, David
Edwards, Jonathan	Skinner, Mr Dennis
Ferrier, Margaret	Stephens, Chris
Gethins, Stephen	Thewliss, Alison
Gibson, Patricia	Thomson, Michelle
Grady, Patrick	Weir, Mike
Grant, Peter	Whiteford, Dr Eilidh
Gray, Neil	Whitford, Dr Philippa
Hendry, Drew	Williams, Hywel
Kerevan, George	Wilson, Corri
Law, Chris	Wilson, Sammy
Lucas, Caroline	Wishart, Pete
Mc Nally, John	
McDonald, Stewart	
McDonald, Stuart C.	
McGarry, Natalie	

Tellers for the Ayes:
Owen Thompson and
Marion Fellows

NOES

Afriyie, Adam	Bone, Mr Peter
Aldous, Peter	Borwick, Victoria
Allan, Lucy	Bottomley, Sir Peter
Allen, Heidi	Bradley, Karen
Amess, Sir David	Brady, Mr Graham
Andrew, Stuart	Brazier, Mr Julian
Ansell, Caroline	Bridgen, Andrew
Argar, Edward	Brine, Steve
Atkins, Victoria	Brokenshire, rh James
Bacon, Mr Richard	Bruce, Fiona
Baker, Mr Steve	Buckland, Robert
Baldwin, Harriett	Burns, Conor
Barclay, Stephen	Burns, rh Sir Simon
Barwell, Gavin	Burrowes, Mr David
Bebb, Guto	Burt, rh Alistair
Bellingham, Mr Henry	Cairns, Alun
Beresford, Sir Paul	Carmichael, Neil
Berry, Jake	Cartlidge, James
Berry, James	Caulfield, Maria
Bingham, Andrew	Chalk, Alex
Blackman, Bob	Chishti, Rehman
Blackwood, Nicola	Chope, Mr Christopher
Blunt, Crispin	Churchill, Jo
Boles, Nick	Clark, rh Greg

Clarke, rh Mr Kenneth	Harper, rh Mr Mark
Cleverly, James	Harrington, Richard
Clifton-Brown, Geoffrey	Harris, Rebecca
Coffey, Dr Thérèse	Hart, Simon
Collins, Damian	Haselhurst, rh Sir Alan
Colville, Oliver	Hayes, rh Mr John
Costa, Alberto	Heald, Sir Oliver
Cox, Mr Geoffrey	Heapey, James
Crabb, rh Stephen	Heaton-Harris, Chris
Crouch, Tracey	Heaton-Jones, Peter
Davies, Byron	Henderson, Gordon
Davies, Chris	Herbert, rh Nick
Davies, David T. C.	Hermon, Lady
Davies, Glyn	Hinds, Damian
Davies, Dr James	Hoare, Simon
Davies, Mims	Hollingbery, George
Davies, Philip	Hollinrake, Kevin
Davis, rh Mr David	Hollobone, Mr Philip
Dinenage, Caroline	Holloway, Mr Adam
Djanogly, Mr Jonathan	Hopkins, Kris
Donelan, Michelle	Howarth, Sir Gerald
Double, Steve	Howell, John
Dowden, Oliver	Howlett, Ben
Doyle-Price, Jackie	Huddleston, Nigel
Drummond, Mrs Flick	Hunt, rh Mr Jeremy
Duncan, rh Sir Alan	Hurd, Mr Nick
Duncan Smith, rh Mr Iain	Jackson, Mr Stewart
Dunne, Mr Philip	Javid, rh Sajid
Ellis, Michael	Jayawardena, Mr Ranil
Ellison, Jane	Jenkin, Mr Bernard
Ellwood, Mr Tobias	Jenkyins, Andrea
Elphicke, Charlie	Jenrick, Robert
Eustice, George	Johnson, Gareth
Evans, Graham	Johnson, Joseph
Evans, Mr Nigel	Jones, Andrew
Evennett, rh Mr David	Jones, rh Mr David
Fabricant, Michael	Jones, Mr Marcus
Fallon, rh Michael	Kawczynski, Daniel
Farron, Tim	Kennedy, Seema
Fernandes, Suella	Knight, rh Sir Greg
Field, rh Mark	Knight, Julian
Foster, Kevin	Kwarteng, Kwasi
Francois, rh Mr Mark	Lancaster, Mark
Frazer, Lucy	Latham, Pauline
Freeman, George	Leadsom, Andrea
Freer, Mike	Lefroy, Jeremy
Fuller, Richard	Leigh, Sir Edward
Fysh, Marcus	Leslie, Charlotte
Garnier, rh Sir Edward	Letwin, rh Mr Oliver
Garnier, Mark	Lewis, Brandon
Gauke, Mr David	Lewis, rh Dr Julian
Ghani, Nusrat	Liddell-Grainger, Mr Ian
Gibb, Mr Nick	Lidington, rh Mr David
Gillan, rh Mrs Cheryl	Lilley, rh Mr Peter
Glen, John	Lopresti, Jack
Gove, rh Michael	Lord, Jonathan
Graham, Richard	Loughton, Tim
Grant, Mrs Helen	Lumley, Karen
Gray, Mr James	Mackinlay, Craig
Grayling, rh Chris	Mackintosh, David
Green, Chris	Main, Mrs Anne
Green, rh Damian	Mak, Mr Alan
Greening, rh Justine	Malthouse, Kit
Grieve, rh Mr Dominic	Mann, Scott
Griffiths, Andrew	Mathias, Dr Tania
Gummer, Ben	May, rh Mrs Theresa
Gyimah, Mr Sam	Maynard, Paul
Halfon, rh Robert	McCartney, Jason
Hall, Luke	McCartney, Karl
Hammond, Stephen	McPartland, Stephen
Hancock, rh Matthew	Menzies, Mark
Hands, rh Greg	Mercer, Johnny

Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian

Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

Simon Kirby and
 Sarah Newton

Question accordingly negated.

Schedule 3 agreed to.

New Clause 1

IMPACT OF CHANGES TO THE BANK LEVY RATE AND OF THE BANKING COMPANIES SURCHARGE

‘(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the overall impact of the changes made by sections 16 and 17 of, and schedules 2 and 3 to, this Act, on:

- (a) the structure of bank balance sheets;
- (b) the long-term tax revenue from the banking sector; and
- (c) competition and diversity within the banking sector.

(2) The Chancellor of the Exchequer must lay a copy of the review before both Houses of Parliament.’—(*Alison McGovern.*)

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 228, Noes 302.

Division No. 66]

[9.32 pm

AYES

Abrahams, Debbie	Edwards, Jonathan
Ahmed-Sheikh, Ms Tasmina	Efford, Clive
Ali, Rushanara	Elliott, Julie
Allen, Mr Graham	Elliott, Tom
Anderson, Mr David	Esterson, Bill
Arkless, Richard	Evans, Chris
Austin, Ian	Farrelly, Paul
Bailey, Mr Adrian	Farron, Tim
Bardell, Hannah	Fellows, Marion
Barron, rh Kevin	Ferrier, Margaret
Benn, rh Hilary	Fitzpatrick, Jim
Berger, Luciana	Fletcher, Colleen
Betts, Mr Clive	Flint, rh Caroline
Blackford, Ian	Flynn, Paul
Blackman, Kirsty	Fovargue, Yvonne
Blenkinsop, Tom	Foxcroft, Vicky
Blomfield, Paul	Gapes, Mike
Boswell, Philip	Gethins, Stephen
Bradshaw, rh Mr Ben	Gibson, Patricia
Brock, Deidre	Glass, Pat
Brown, Alan	Glindon, Mary
Brown, Lyn	Godsiff, Mr Roger
Buck, Ms Karen	Goodman, Helen
Burden, Richard	Grady, Patrick
Burgon, Richard	Grant, Peter
Byrne, rh Liam	Gray, Neil
Cadbury, Ruth	Green, Kate
Cameron, Dr Lisa	Greenwood, Lilian
Campbell, rh Mr Alan	Haigh, Louise
Champion, Sarah	Hamilton, Fabian
Chapman, Douglas	Hanson, rh Mr David
Chapman, Jenny	Harpham, Harry
Cherry, Joanna	Harris, Carolyn
Clwyd, rh Ann	Hayes, Helen
Coaker, Vernon	Hayman, Sue
Coffey, Ann	Healey, rh John
Cooper, Julie	Hendrick, Mr Mark
Cooper, Rosie	Hendry, Drew
Cowan, Ronnie	Hepburn, Mr Stephen
Coyle, Neil	Hermon, Lady
Crausby, Mr David	Hodgson, Mrs Sharon
Crawley, Angela	Hollern, Kate
Cummins, Judith	Hopkins, Kelvin
Cunningham, Alex	Hunt, Tristram
Cunningham, Mr Jim	Hussain, Imran
Dakin, Nic	Irranca-Davies, Huw
David, Wayne	Jarvis, Dan
Davies, Geraint	Johnson, Diana
De Piero, Gloria	Jones, Gerald
Docherty, Martin John	Jones, Graham
Dodds, rh Mr Nigel	Jones, Mr Kevan
Donaldson, rh Mr Jeffrey M.	Kane, Mike
Donaldson, Stuart	Kaufman, rh Sir Gerald
Doughty, Stephen	Keeley, Barbara
Dowd, Jim	Kerevan, George
Dowd, Peter	Kinahan, Danny
Durkan, Mark	Kinnock, Stephen
Eagle, Ms Angela	Kyle, Peter
Eagle, Maria	Lavery, Ian

Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart
 McDonald, Stuart C.
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McLaughlin, Anne
 Meacher, rh Mr Michael
 Meale, Sir Alan
 Mearns, Ian
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Morris, Grahame M.
 Mullin, Roger
 Murray, Ian
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Phillips, Jess
 Phillipson, Bridget
 Rayner, Angela
 Reed, Mr Jamie
 Rees, Christina
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret

Robertson, Angus
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Salmond, rh Alex
 Saville Roberts, Liz
 Shannon, Jim
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Simpson, David
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stuart, Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Vaz, rh Keith
 Watson, Mr Tom
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wilson, Phil
 Wilson, Sammy
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Heidi Alexander and
Susan Elan Jones

NOES

Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett

Barclay, Stephen
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Mr Henry
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick

Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus

Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver

Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti

Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel

Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles

Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

**Simon Kirby and
 Sarah Newton**

Question accordingly negated.

The Deputy Speaker resumed the Chair.

Bill (Clauses 16, 17, 43 and 45, and Schedules 2 and 3) reported, without amendment, and ordered to lie on the Table.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CONSUMER PROTECTION

That the draft Consumer Rights Act 2015 (Consequential Amendments) Order 2015, which was laid before this House on 18 June, be approved.

That the draft Enterprise Act 2002 (Part 8 Domestic Infringements) Order 2015, which was laid before this House on 18 June, be approved.—(*Kris Hopkins.*)

Question agreed to.

Online Retail Delivery Charges

Motion made, and Question proposed, That this House do now adjourn.—(Kris Hopkins.)

9.45 pm

Gavin Robinson (Belfast East) (DUP): I am grateful for this opportunity—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Other hon. Members do not stand up in their places when a Member is speaking.

Gavin Robinson: I thought I had stepped out of place there and that I had done something wrong.

I am grateful for the opportunity to raise an important consumer issue that affects individuals' rights across the United Kingdom, but most particularly in Northern Ireland, the Isle of Man, the Channel Islands and the highlands and islands of Scotland. I am indebted to Kellin McCloskey in the Gallery from the Consumer Council for Northern Ireland and David Moyes of Consumer Advice Scotland for all their hard work on this issue. I thank the Minister this evening for being prepared to respond and recognise that on this issue, a continued and concerted effort is required to effect the changes necessary to bring a level playing field to consumers right across the United Kingdom.

On 30 June, I put a question to the Secretary of State for Business, Innovation and Skills:

“Has the Secretary of State had an opportunity to consider last week's report from the Northern Ireland Consumer Council, which highlights the barriers to online consumers getting postage to Northern Ireland, the islands or the highlands of the United Kingdom? What steps can the Secretary of State take to create, dare I say it, a ‘one nation’ consumer market where the inhibitors and the barriers are removed once and for all?”

In response, I was delighted to hear from the Secretary of State:

“I have not yet had an opportunity to look at the report, but now that the hon. Gentleman has mentioned it, I shall certainly do so, and I shall then be able to respond to him on the issue that he has raised. He may be interested to know, however, that just today it was reported that consumer confidence throughout the United Kingdom had hit a 15-year high, which means that the Government's long-term economic plan is working.”—[*Official Report*, 30 June 2015; Vol. 597, c. 1336.]

I am delighted that consumer confidence was at a 15-year high, but I suspect the following figures I seek to rely on from the Consumer Council for Northern Ireland's report are just not as encouraging to read.

When a constituent of mine contacted me about an online purchase, he explained how initially delighted he was to read that not only had he found a good deal online from a reputable site, but that delivery was advertised as “Free in the UK”. It was only at the final pay page that he discovered that the free delivery he had been promised was for mainland UK only, and that to proceed with the purchase he was required to pay an additional £5.99. Unclear as to whether this was an isolated issue, another constituent who works in east Belfast explained that he had faced a similar problem. Using eBay on this occasion, the inducement of free UK postage and packaging was quickly withdrawn when he supplied his postcode. To proceed with the

purchase, he had to phone the retailer directly and agree a fee of £14, representing an additional 10% of the item cost.

Ian Blackford (Ross, Skye and Lochaber) (SNP): I am grateful to the hon. Gentleman for giving way and for securing this most important debate. As he rightly said, it affects constituencies right across the United Kingdom and certainly in the highlands of Scotland.

I note that a survey from Citizens Advice Scotland, published today, shows that average delivery prices across the UK have increased from £4.99 to £5.01 over the past three years—a decline in prices in real terms—yet over the same time the average highland surcharge over and above that has increased from £12.10 to £14.23. When we consider that online shopping is 15% of the retail market in the UK, consumers in rural areas are facing a massive increased cost to participate in this growing market. Does the hon. Gentleman agree that the Government must protect consumers in rural areas from being exploited, and that, it is a first step, via a division of the universal service obligation, to take into account the growing importance of parcel delivery in the modern world?

Gavin Robinson: Of course I agree with the hon. Gentleman. Perhaps uniquely in my short experience in the Chamber, this Adjournment debate has struck some interest from the more peripheral parts of the United Kingdom. I do not wish to be mean or unkind, but it is important that I do not accept interventions from across the Chamber, to give me the opportunity to put forward my points. I should note that the hon. Member for Romford (Andrew Rosindell), the chairman of the all-party group on the Isle of Man and the all-party group on the Channel Islands, has taken a keen interest in this issue. I am grateful to Members from across the Chamber who have highlighted the importance of this matter.

The Consumer Council for Northern Ireland, following its survey, indicated that 33% of online retailers applied a delivery exclusion to Northern Ireland. That can include higher delivery costs, longer delivery times or a refusal to offer a service at all. Other peripheral areas of the UK face high exclusion rates: 42% in the Channel Islands, 38% in the Isle of Man and 31% in the Scottish highlands and islands. Regrettably, and astoundingly, the figure for Northern Ireland as a whole stands at 33%. That is in stark contrast with the rest of the UK: 3% for the entirety of Scotland and Wales and only 1% for the entirety of England. Half of all online retailers in the UK fail to offer the same delivery options across the country, 17% refuse to deliver at all, 20% apply higher costs and 18% take much longer to deliver. The average one-off cost is £10 when free delivery is withdrawn, so while free UK postage and packaging is advertised, £10 is the average additional cost levied on a Northern Ireland consumer. An additional £2.71 is sought when the standard price for delivery is unavailable.

It is easy to try and give a reason for this. I will not use the vocabulary contained in this tweet, but this evening, when I announced that this Adjournment debate had been accepted and that we had the opportunity to raise this issue in Parliament, I got a rather caustic reply saying, “Well, of course it's more expensive. You live on an island. What do you expect?” Of course, that goes some way to explaining the nature of the issues, but it does not answer or resolve the frustration facing consumers.

Unlike for letters, there is no universal regulated service for parcels. Standard delivery operators prefer to offer their services in densely populated and urban areas, and in offering retailers a contract price, they limit their own costs, and of course no one is forced to proceed with their purchase, should they not find the terms attractive.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): As was mentioned, Citizens Advice Scotland today published a report highlighting not only that more than 1 million people in rural Scotland are still suffering the inequity of delivery surcharges, but that these surcharges are still increasing. Taking into account inflation, delivery costs are now 10% higher than three years ago. People in the highlands and islands are paying more for deliveries. Does the hon. Gentleman agree that this punishing difference in costs must not be allowed to continue?

Gavin Robinson: Yes, I do. I am seeking to outline some of the reasons why that might be, but I think there is a role for the Government, which is why this Adjournment debate is so important.

There is a substantive unfairness in leading a consumer through the entire process of purchase, only to levy a charge at the final stage. It is unfair and—I suspect—illegal. The first obvious issue engaged is the Consumer Protection from Unfair Trading Regulations 2008. I am talking about a situation where someone is enticed into a sale that includes, as part of the terms, free postage and packaging in the UK, only to find the offer reneged upon when a postcode is provided. I would be interested to hear whether the Minister believes that to be a misleading inducement. Secondly, there is a contractual issue with the delivery agent only.

Jim Shannon (Strangford) (DUP): I congratulate my hon. Friend on bringing this matter before the House for consideration. I often wonder, as I am sure he does too, whether people know that they have a 14-day cooling-off period. If they do not, is it not perhaps time that the Government, and particularly the Minister's Department, set about educating people about their rights?

Gavin Robinson: I am grateful to my hon. Friend for raising that important point. Seventy-two per cent of consumers in Northern Ireland are unaware that there is a cooling-off period available to them, so that if they make a purchase and they are not happy with the terms, they have 14 days in which to return it and recoup their costs.

That leads back to the issue of postage. The relationship for the consumer is with the retailer and the retailer alone. The retailer has a consequential relationship with the service agent. Only one in 10 consumers are aware of that relationship, so nine out of 10 consumers in Northern Ireland are unaware of how best they should either return an item or seek a refund, or to whom they should speak should that issue arise. Similar contractual conundrums exist in the tourism sector, although of course anything purchased through a travel agent registered with the Association of British Travel Agents is protected as part of a global package.

There may be merit in the Minister's considering what better protections could be available for consumers in this country. Most importantly, Parliament transposed the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 last year. They eliminate hidden charges and promote price transparency for distance and off-site sales. I very much suspect that the Minister will say that a process of education is required and may move towards that as a solution. Although that would be a wonderful initiative, may I respectfully urge him to recognise that it may not be enough? I have mentioned the trading standards issue concerning false representation on UK free postage and packing, and the need for an holistic control similar to that applying to travel agents, and I would welcome education. However, the issue of mis-selling and unfair terms of postage relates primarily to smaller retailers and independent traders. They use sites such as eBay and Amazon as a medium, and there is no reason why such large organisations should not live up to the spirit and the letter of the regulations on behalf of the small independent retailers who use their sites. Will the Minister consider mandating those organisations that provide the online medium for retailers to ensure that they, on behalf of those retailers, live up to the legislation?

I want to thank you, Madam Deputy Speaker, for the opportunity to have this debate and all those who have come into the Chamber and given their support on an important consumer issue. It is one that leads to a great deal of frustration for people, whether they live in Northern Ireland, the Channel Islands, the Isle of Man or the highlands and islands in Scotland. I think the figure for Northern Ireland for prospective purchasers who will refuse to go through and will not go back to a site is 39%. If we are interested in the one nation consumer market and if we believe that retailers who offer free postage and packaging in the UK should provide it, then I hope that those of us on the Opposition side of the Chamber can work together with the Minister to see how best we can redress the balance and give consumers the best chance to avail themselves of the offers they seek.

9.58 pm

The Minister for Skills (Nick Boles): It is a great pleasure to reply to this Adjournment debate with you in the Chair, Madam Deputy Speaker. I congratulate the hon. Member for Belfast East (Gavin Robinson) on securing this debate, which is very much on a subject of constant, day-to-day importance for his constituents and those of so many hon. Members. It is a tribute to the importance of this subject that, perhaps rather later than we hoped and on an evening after a day when we were here even later, there are nevertheless many more people at an Adjournment debate than is customarily the case.

I have a great deal of sympathy for the case that the hon. Gentleman laid out, not least because earlier in my life—you might even say in my mis-spent youth, Madam Deputy Speaker—I ran a business in the fair city of Belfast. I spent a long time commuting and dealing personally with the shipment of goods to the paintbrush factory that we ran just off the Crumlin Road and then shipping its products out of Belfast. I well know the difference in cost between shipping something to Felixstowe and shipping it to Belfast.

[Nick Boles]

I have a great deal of sympathy for the case that the hon. Gentleman makes—that it is very unfair that consumers in some parts of the country should be treated so very differently from those on the mainland. I think he will understand that in an intensely competitive market, which the market for the delivery of parcels is, there will always be a variation in prices that reflects the true variation of shipment costs. When many of the goods purchased are themselves being shipped to the UK from elsewhere, it is not that surprising that getting them to an address in Hertfordshire is going to cost the consumer rather less than getting them to an address in Belfast East.

Patricia Gibson (North Ayrshire and Arran) (SNP): Does the Minister agree that the Scottish Government's road equivalent tariff fare structure should be helping to reduce the cost of delivering goods to the islands of Scotland, such as the Isle of Arran and Isle of Cumbrae in my constituency, and that more must be done to ensure that any such reduced costs are passed on to consumers? Does he further agree that the whole point of the statement of principles on parcel deliveries was to secure a better and fairer deal for consumers in our rural areas? However, more must be done to increase delivery operator and retailer buy-in to these principles, given that Citizens Advice found that only four out of 449 businesses had even heard of this statement of principles.

Nick Boles: I thank the hon. Lady for her intervention, and I certainly agree with her about the statement of principles. I would like to come on in a minute to what we can do to make sure that more people understand and adhere to it.

Let me briefly address the question of the distant and far-flung parts of Scotland, which a number of hon. Members have represented through their interventions. As it happens, another part of my mis-spent youth—and, indeed, my mis-spent middle age—was regularly spent in the islands of Scotland, specifically on the island of Colonsay, where I have often spent the best weeks almost every summer of my life, including this last one.

My one observation here would be that all those islands, including Colonsay, are connected to the mainland—currently by the Caledonian MacBrayne ferry, a part of my life that I shall always cherish, not least the fry-ups. I know that this summer the Scottish Government were going through what I understand to be a somewhat controversial process of contracting out the tendering of the ferry service operated by Caledonian MacBrayne. It occurs to me that in the process of tendering that service, it might be possible to suggest to potential bidders—I believe Serco was much discussed in the local papers at the time—that they should group parcels together and take them to the various islands at a flat charge. It might be possible for the Scottish Government to achieve a lower cost and more universal service through these contracts for ferry services than is currently the case. That is simply an idea off the top of my head, having had a number of conversations in the Colonsay hotel this summer about the Scottish Government's particular proposal.

Let me conclude with a constructive suggestion. The hon. Member for Belfast East made the very good point that the Government have passed legislation, set out

principles and have high expectations, and that we have established that people should call trading standards if they have a problem or call Citizens Advice to report any bad behaviour. It is indeed outrageous, as the hon. Gentleman said, that people discover that a delivery option is either not available or available only at a dramatically higher cost only at the very end of the transaction process. It is clear from the principles we have laid out that that is not acceptable behaviour.

I suggest that, later in the autumn, we organise a round table. The hon. Gentleman is welcome to come and speak at it, as, indeed, are any other interested parties.

Lady Hermon (North Down) (Ind): Will the Minister give way?

Nick Boles: I shall be happy to give way to the hon. Lady, but may I finish describing my proposal first?

I propose that we invite representatives of Citizens Advice Scotland, and, indeed, the representatives of the Northern Ireland organisation who produced such an excellent report. Critically, I propose that we also invite senior executives from the big online retailers, and ask them what they are doing to ensure that information is provided transparently, early, and upfront. What are they doing to ensure that, as far as possible, the same options are available to all consumers, and that, when costs vary, they vary only in accordance with the true underlying costs of transporting parcels? I should be happy to organise such a round table, to chair it, and to welcome the contribution of all Members—

Lady Hermon *rose*—

Nick Boles: Including the hon. Lady.

Lady Hermon: The Minister is very kind, and I am very grateful to him for inviting the Independent Member for North Down to the round table talks that he is to chair. May I, however, urge him to do something more, today of all days? Earlier today, in a special statement, the Secretary of State for Northern Ireland again conveyed her commitment to a one-nation Government, and the hon. Member for Belfast East (Gavin Robinson) used the same phrase quite frequently this evening. At those talks, could we see those words “one nation Government” translated into proposals for action? That is what people want to see when it comes to online charges for deliveries in Northern Ireland: they want to see evidence that there will be that commitment to a one nation Government.

Nick Boles: I am certainly happy to promise action, in the sense of trying to ensure that the statement of principles that we have agreed to publish is adopted by online retailers, and that, if it is not, action is taken to ensure that those retailers step up to the mark. However, I want to be a little bit cautious about implying that we will pass legislation imposing flat charges, meaning that every delivery service must charge the same prices for every part of the United Kingdom. I simply do not believe that that would work, or would be in the long-term interests of consumers, because it would drive out competitive providers of delivery services.

Ultimately, there is progress. The percentage of online retailers who are offering delivery options on a uniform basis is growing, and the percentage who are doing the

things that we do not want them to do is shrinking. However, that is not happening fast enough. I think that, working together, we can put more pressure on the industry—on the Amazons, the eBays and, indeed, some of the smaller players—to act more responsibly, without necessarily legislating or regulating further. I shall be happy to work with them, and with SNP Members and other representatives of the fair country of Scotland—the other representative, or two—to achieve that goal. If we can work together, I am sure that we can make some progress, and achieve that one nation for consumers throughout the United Kingdom.

Drew Hendry: I have a brief question for the Minister. Would he consider giving consumers the option of using Royal Mail, rather than paying the standard charge that is applied by traders?

Nick Boles: That is an interesting question, which leads me to make a point that may correct an impression that was created earlier by the hon. Member for Belfast

East. The universal obligation applies to parcels, it is a five-day service and it involves uniform charges, but it is not compulsory for retailers to offer it. What I believe the hon. Gentleman is suggesting is that we should make it a requirement to do so. We may find that, at some points, we will part company on some issues.

This Government are a determinedly deregulatory Government. We do not believe in imposing more burdens on business, and I believe the direction of travel in terms of costs of delivery and the universality of the service suggests that that is the right approach, but I am certainly happy to discuss any issue at this round table; it will not only be me who puts things on the agenda.

If nobody else has any further questions, let me say that I look forward to working with all hon. Members on this issue and I thank the hon. Member for Belfast East for raising it.

Question put and agreed to.

10.10 pm

House adjourned.

Westminster Hall

Tuesday 8 September 2015

[MR PHILIP HOLLOBONE *in the Chair*]

Hospital Services (South Manchester)

9.30 am

Mike Kane (Wythenshawe and Sale East) (Lab): I beg to move,

That this House has considered hospital services in south Manchester.

It is a pleasure, as ever, to serve under your chairmanship, Mr Hollobone.

I secured this debate to highlight to Parliament some serious and genuine concerns about the Healthier Together process, which is under way in Greater Manchester. Healthier Together Greater Manchester has been a three-year consultation that, according to its own website, “was created to help make an NHS for the 21st Century, helping to save more lives.”

The Healthier Together proposals relating to hospitals seek to drive up quality and safety by forming a single service with networks of linked hospitals working in partnership. That means that care will be provided by a team of medical staff who will work together across a number of hospital sites within the single service.

The Healthier Together committees in common, made up of GPs from each clinical commissioning group in Greater Manchester, were responsible for making decisions about the proposals based on a wide range of evidence gathered during the past three years. That included evidence from a public consultation and data on travel and access, quality and safety, transition, affordability and value for money.

Before the public consultation, commissioners decided that there should be at least three single services in Greater Manchester, based in Salford Royal hospital, the central Manchester university hospitals and the Royal Oldham hospital, which will each specialise in emergency abdominal general surgery. That decision was made because of the clinical services already provided by those hospitals and to ensure that all areas in Greater Manchester had equitable access to specialist services. Each hospital will work in a single service model with other, neighbouring hospitals in Greater Manchester.

On Wednesday 17 June, commissioners took the decision to implement four rather than five single services to deliver hospital services in Greater Manchester. Commissioners believed that the evidence showed that four single services would offer exactly the same quality and benefits as five, and that it would be quicker and easier to recruit the additional doctors needed to run four single services. The commissioners also pointed out that, in the long term, four single services would cost less to run. At a meeting on 15 July, commissioners unanimously decided that Stepping Hill hospital in Stockport would be the fourth hospital in Greater Manchester to provide emergency abdominal surgery, as part of one of the four single services.

Andrew Bingham (High Peak) (Con): I congratulate the hon. Gentleman on securing the debate. I apologise, but I cannot stay; I have a Select Committee to go to. I am concerned, as he is, about the initial consultation, which we debated in this Chamber in the previous Parliament. For the record, however, I should say that I am delighted that Stepping Hill was chosen; in High Peak, we are outside Greater Manchester and I was concerned that we had been forgotten. Choosing Stepping Hill means an awful lot to my constituents.

Mike Kane: The Healthier Together commissioners left us in a binary situation, so it became a competition between two hospitals. That should never have been the case.

The aim of Healthier Together—to give patients throughout the region the same standard of excellent service wherever they live—is the right one. The challenge is huge: Manchester has the highest premature death rate of any local authority in the country. There can be no doubt that healthcare services in Greater Manchester need to change.

Angela Rayner (Ashton-under-Lyne) (Lab): Will my hon. Friend join me in congratulating a hospital in my constituency on its news? Today, Tameside general hospital has come out of special measures. Although we are concerned about Healthier Together and some of its proposals, that is fantastic news for the overall package for my constituents.

Mike Kane: May I say a couple of things? On a personal level, I am delighted that my hon. Friend won her seat of Ashton-under-Lyne. She worked at the coalface of integrated care services in east Manchester and she brings all that experience to the House. I, too, was involved in public life in Tameside, for six years, so I am delighted that the hospital has been taken out of special measures today. I pay tribute to everyone who has helped that to happen, from those in the Ministry to local leaders and the consultants at Wythenshawe hospital who over the past few years have advised on bringing Tameside general hospital out of special measures.

Almost £2 billion has been taken out of the budget for adult social care, with more cuts to come. We need to do things differently to meet the challenges of the time. Better integration of local authority services and the NHS will be a key part of that change and will be realised under the new powers being devolved to Greater Manchester. My hon. Friend the Member for Stretford and Urmston (Kate Green), the hon. Member for Altrincham and Sale West (Mr Brady) and I have serious concerns about the outcome of Healthier Together and believe that the decision-making process is flawed.

Reorganising our tertiary services before resolving the huge challenges that we face to integrate our health and social care in the region feels like putting the cart before the horse. The benefits to be gained from our devolved powers in this area are yet to be realised, so we are redesigning our tertiary services in the dark. My constituency is home to the University Hospital of South Manchester Trust, which delivers services costing £450 million, employs 6,500 people and has 530 volunteers who give up their free time to help patients and visitors. The UHSM hospital has several fields of specialist expertise, including cardiology and cardiothoracic surgery,

[Mike Kane]

heart and lung transplantation, respiratory conditions, burns and plastics, and cancer and breast care services. Indeed, the trust is home to Europe's first purpose-built breast cancer prevention centre. Its hospital not only serves the people of south Manchester and Trafford, but helps patients from across the north-west and beyond.

Healthier Together has decided that UHSM will partner the Central Manchester University Hospitals NHS Foundation Trust, or CMFT, in a single service for Trafford and Manchester. UHSM and CMFT have agreed to work together to improve collaboration between the trusts. There is clearly a great opportunity for two of Greater Manchester's leading university teaching hospitals to work together to improve services, to increase integration at all levels, including with social care, and to improve research and education.

The Wythenshawe hospital, however, provides an extensive portfolio of secondary and tertiary services that rely on support from general surgery to maintain their quality and safety. In fact, UHSM provides all 18 of the services identified by Healthier Together as needing support from general surgery, including secondary services such as maternity, gynaecology, gastroenterology, urology and acute medicine, as well as tertiary services such as heart and lung transplant, burns care, cystic fibrosis and extracorporeal membrane oxygenation, which are provided only by UHSM for patients from across Greater Manchester and the north-west.

UHSM regularly accepts elective and emergency surgical patients from Greater Manchester and beyond who require the specialist support of its tertiary services—for example, patients requiring emergency or complex elective general surgery with complex cardiac disease. There is genuine concern that those secondary and tertiary services, which are outside the scope of Healthier Together, could be destabilised or downgraded through the implementation of the proposals.

UHSM also provides all the services, as identified by Healthier Together, on which emergency, high-risk general surgery is absolutely dependent, such as interventional gastrointestinal radiology and interventional vascular radiology. The latter is only provided at three hospitals in Greater Manchester that also provide vascular surgery, one of which is UHSM's Wythenshawe hospital. Wythenshawe hospital must continue to deliver high-risk, emergency general surgery procedures for in-patients and for surgical emergencies in its secondary and tertiary services. UHSM will need to retain its existing level of general surgery support at Wythenshawe hospital in order to undertake surgical assessment, perform emergency surgery and manage the elective workload from a highly complex group of patients.

We were pleased that, in order to support UHSM's tertiary services, Healthier Together recognised at a public meeting on 15 July that Wythenshawe hospital would need a higher level of general surgery service than that described in the Healthier Together service model for a local hospital. Much greater clarity, however, is required on how secondary care services, such as maternity, gynaecology, gastroenterology, urology and acute medicine, will continue to be supported, as the service model for general surgery could have significant implications for many services outside the scope of Healthier Together.

UHSM believes that the key features of a service that would maintain the quality and safety of its secondary and tertiary services are that Wythenshawe hospital should meet the Healthier Together quality and safety standards; should remain a receiving site for emergency general patients, including those with co-morbidities in its tertiary specialties and those who self-present; should have 24/7 senior general surgical assessment and opinion rapidly available to A&E; should remain able to admit and manage general surgery patients of all types; and should continue to deliver all emergency general surgery procedures, both major and minor, for in-house emergencies—for example, in-patients in urology—as well as for emergency general surgery patients with co-morbidities in its tertiary specialties. I am thinking, for example, of a patient with a bowel obstruction who is also being treated by the hospital for cystic fibrosis. As a minimum, the existing level of general surgery capacity must be retained in order to deliver and maintain that level of service in support of UHSM's secondary and tertiary services.

Wythenshawe currently has a high-capability team of 10 consultant general surgeons with experience in all specialties of managing high-risk surgical emergencies in patients, supported by a team of trainee surgeons. Although Healthier Together analysed implications for the consultant workforce, it is not clear what analysis there has been of the implications for other staff, including the effects on medical training posts and the support those posts provide to consultants.

Healthier Together has recognised that the service model required at UHSM must be more than that described by the programme for a local general hospital, and UHSM's surgeons have been invited to discuss potential service models with the Healthier Together team. However, serious questions have been raised with both me and Members whose constituencies border mine about patient safety and quality in what can only be described as a fudged model for UHSM, which would be neither a specialist hospital nor a local one.

Throughout the Healthier Together process, we have been told that the dominant driving force of the proposed changes is to save more lives, yet in the end the final part of the decision to allocate the fourth specialist site was taken based on one factor only: travel and access. It is clear that for the Greater Manchester-wide—indeed, north-west-wide—specialist services provided at UHSM to continue safely, a robust and high-quality general surgery service must be maintained at Wythenshawe hospital. That is essential to ensure the quality and safety of the secondary and tertiary services that our constituents and patients from across Greater Manchester, and beyond, rely on.

Graham Stringer (Blackley and Broughton) (Lab): I congratulate my hon. Friend on securing this debate. He is making an excellent and detailed technical case on behalf of Wythenshawe hospital. Does he agree that the downgrading of the status of Wythenshawe—that is what this is—will make it much more difficult to recruit the necessary specialist staff and is another example of how flawed the whole process has been?

Mike Kane: My hon. Friend knows more than anyone in this place about the principle of subsidiarity. He was fighting for devolved services for Manchester in the

'80s. We are beginning to catch up with his vision for devolved services across Greater Manchester that he argued for when he was ably leading Manchester through the depression of the '80s and its economic regeneration in the '90s. I agree that this fudged proposal could lead to a death by 1,000 cuts. It will undermine confidence, and we are passionate about avoiding that.

I hope the Minister will work with us to ensure that patient safety across Greater Manchester is the primary factor in the decision-making process. Very few Members of Parliament are fortunate enough to represent the hospital that they were born in. There is nothing I would not do for patients—not just in my constituency, but throughout Greater Manchester. We were told that Healthier Together was a clinician-led consultation; unfortunately, our clinicians are now telling us that they have serious concerns. Local MPs must listen and act. We have reached an unfortunate situation in which those clinicians have applied for judicial review, and we are at the stage of the letter before action in that process.

I urge all sides to negotiate to see whether an equitable solution can be found. If it cannot, the proposals are so flawed that any judicial review would probably be successful. That would not please me in any way whatever; I am the last person who wants to see a long and protracted legal process. I believe that, fundamentally, we should move towards a devolved set-up in Greater Manchester and that that process will be put back by this situation. However, I cannot stand by and be told that patient safety may be at risk without raising the issue in Parliament.

9.45 am

Mr Graham Brady (Altrincham and Sale West) (Con): I congratulate the hon. Member for Wythenshawe and Sale East (Mike Kane) on securing this debate. It is a pleasure to be working alongside him, the hon. Member for Stretford and Urmston (Kate Green) and other concerned Members from Greater Manchester, who are deeply worried and troubled by the proposals being put forward in Healthier Together as a whole and for Wythenshawe hospital, the university hospital of south Manchester, in particular.

It gives none of us any pleasure to be here and to have to raise this debate, any more than it gives the consultants at Wythenshawe hospital any pleasure or satisfaction to have been pushed to the point where they felt that the only way to make their voices heard and ensure that their fears about patient safety in the longer term did not come to pass was to pursue the initial stages of judicial review. I could not agree more with the hon. Member for Wythenshawe and Sale East that that is not the way that any of us would wish to have this question resolved.

As the hon. Gentleman said, throughout the Healthier Together process, colleagues on both sides of the House have warned that the process was deeply flawed. The consultation undertaken over a three-year period is the worst instance of public consultation that I have encountered in my 18 years in this place. It moved immediately from discussion of warm platitudes about improved collaboration, and the better results that that can achieve, to a table of possible outcomes that was so complicated that no member of the public could hope to understand the implications. The whole episode raises

some profoundly serious questions, both about the delivery of the best possible health services in Greater Manchester and about accountability in the delivery of public services and the ways we can ensure that the public view is properly heard and respected.

As the hon. Gentleman—my colleague—said, in Greater Manchester we are poised to embark on some very exciting changes, which, if got right, will make dramatic improvements in our delivery of health and social care and could provide not just a great improvement for our constituents but a model for many other parts of the country to follow. If instead we see this sort of flawed decision-making process proceed, the danger is that people will see devolving power and decision making to a more local level not as something that will empower them and give them a stronger voice but as something that will result in less accountability and is less likely to deliver for local communities. We need to ensure that the Government understand and the Department recognises that there would be a significant cost if this episode were allowed to damage wider public trust. All of us want more devolved decision making in Greater Manchester, but we want it done right, not in the deeply flawed way presaged by this process.

Not only was the consultation flawed—it appeared to be designed to obfuscate and confuse members of the public, rather than to be a genuine exercise in seeking public opinion—but the decision-making process at its conclusion was pursued in a way that is clearly unreasonable. I concur with the hon. Member for Wythenshawe and Sale East that, given the unreasonable nature of the process from beginning to end, there is every likelihood that, should judicial review be pursued to its conclusion, it will be successful. That is an important reason why we need people throughout the process—whether power now lies with the Department of Health or with the commissioning bodies—to get a grip on this problem and to try to bring it to a more satisfactory conclusion.

I do not want to go into enormous detail about the decision-making process—the hon. Gentleman has given a good survey of the technical questions that Healthier Together raises for UHSM—but we have seen clear support among the members of the public who responded to the consultation for Wythenshawe to be the fourth specialist hospital. Of course, the weight of responses cannot always be the factor that leads to a decision, but it is incumbent on those involved in any decision-making process to take public views seriously. If those views are to be discounted, that should be only on the most serious grounds and on the basis of clearly reasoned arguments.

I have two principal concerns about the grounds on which the weight of opinion was disregarded. First, there is the deeply spurious decision not to take account of the current standard of care delivered at Wythenshawe hospital. Any lay person and—I venture to suggest, having had many conversations with senior clinicians—any senior clinician would regard it as patently absurd to discount the hospital's current clinical standards on the grounds that all the other hospitals are expected to reach the same standard at some point in the future so the standard is of no consequence. It is Orwellian to run policy and decision making in that way. I hope that the Minister will accept that that should give serious pause and serious cause for concern.

[*Mr Graham Brady*]

The second significant point, which the hon. Gentleman also raised, relates to the decision finally being grounded on the travel time for a relatively small population in High Peak—I am not saying this because my hon. Friend the Member for High Peak (Andrew Bingham) has had to leave the Chamber to go to a Committee. The failure properly to take account of the A6 relief road, which is now being built, and which will deliver flows of patients from High Peak to Wythenshawe in a much shorter time, is again, frankly preposterous.

Kate Green (Stretford and Urmston) (Lab): I am sorry to make this point in the absence of the hon. Member for High Peak (Andrew Bingham), because I am sure that he would want to say something about it. However, is it not also the case that, in looking at the travel time, the failure to consider other options for High Peak patients, outside the Greater Manchester conurbation, also calls the decision into question?

Mr Brady: Yes, absolutely; that is an important point. Without venturing too far into the realms of legal opinion and the judicial review that we could face, what makes the decision so demonstrably unreasonable is the failure to take account of a known factor that will materially change the travel times on which that decision is purported to have been based.

Furthermore, it is questionable policy to proceed with such profound changes to services at the same time as another review was going on. It may be sensible to proceed with some of the shared service propositions for UHSM and Central Manchester—that may be the way forward and may lead to better outcomes for patients in both trusts, and it should certainly be explored—but seeking to arrive at agreement on that while the Healthier Together process was still to conclude was deeply questionable and is a source of serious concern for us all.

I will not rehearse the long list of outstanding tertiary services offered by Wythenshawe not only to Greater Manchester, north Cheshire and north Wales but far beyond. We are debating hospital services in south Manchester, but as the hon. Gentleman reminded us, we are also talking about a hospital that provides the most complex tertiary services for a much wider area. Clearly, therefore, the issue is more significant, and it is more important to get it right, than would be the case were the hospital providing important tertiary services merely for a local population.

The consultants who have spoken to me—I am sure that they have also spoken to my friends on the Opposition Benches—have been very clear. There is no question that they are trying to defend their own patch or their own empire; some are constituents whom I have known for many years, and many of them are at a point in their careers when they really do not need to be concerned about those things. Some are very eminent in their fields, and when they tell me that their concerns are purely about patient safety—they say that they are entirely open to sensible proposals for reorganisation, shared service agreements and so on, but that they are worried that the work being done at UHSM could be threatened and could, in the hon. Gentleman's words, suffer death by a thousand cuts—I am inclined to take those concerns seriously.

To boil the consultants' concerns down to the simplest level, their analysis is that the high level of complex tertiary services at Wythenshawe can continue into the long term only if it benefits from an equally high level of general surgical support to ensure that different, co-dependent services and procedures can always be provided in the safest way. The hon. Gentleman said very clearly and correctly that, in the consultants' view, the provision of general surgery would remain at an appropriate level only if Wythenshawe remained a receiving centre for complex general surgery. If the same level of support is not present—we have all seen how this works—it will be only a matter of time before we find ourselves here again, with a new review suggesting that it really is not safe to perform heart and lung transplants at Wythenshawe, because it lacks the necessary general surgical support when complications arise.

The consultants make a powerful and plausible case. First, there is the procedural case that Healthier Together has been flawed and that the process and decision were unreasonable. I also find it compelling when they say that having a certain level of general surgical support is the only way to protect the complex services that are provided at the moment.

Graham Stringer: I agree with the case that the hon. Gentleman makes about the importance of general surgery to the highly specialised tertiary services at Wythenshawe. Just over 30 years ago 55 people died on the runway at Manchester airport. I hope that such a thing will not happen again, but with the downgrading of Wythenshawe hospital is it not likely that, if people were to need services following an accident at the airport, those services would be of a lower quality? That is not acceptable.

Mr Brady: I am grateful to the hon. Gentleman, who makes a critical point. Most other airports probably envy the level of support that Manchester has almost on site—given the trauma centre and the combination of capabilities that Wythenshawe enjoys, so close to Britain's third busiest airport, which is a major international airport. That is where someone planning with a clean sheet of paper would want a major trauma centre. Added to that, Wythenshawe even has its own helipad to receive emergency cases and get them into the operating theatres as quickly as possible. It is a lifesaving centre for many reasons.

I want to conclude with some thoughts about the way forward. As has been said, correctly, if judicial review proceeds there must be a good chance of success. Unlike most branches of the law, judicial review rather relies on reasonableness, which is viewed through the prism of a reasonable lay person's views. It is pretty clear that the Healthier Together process fails on those grounds. However, if we get a successful judicial review the price will be at the very least a protracted delay in the reorganisation of services, which should bring benefits to patients across Greater Manchester and beyond. Potentially the price may be much worse, if it is to inhibit the move to the new world of integration of health and social care, for which we all have such high hopes.

The least that we need now is a sensible pause for reflection. We need the parties to draw back from the brink and get back to the table—not to the kind of negotiation in which the decision is restated and people

are told they are being silly not to accept it, but to a genuine consultation and discussion with senior clinicians, who have previously felt excluded from the process and unable to make the input that they should have been able to make in the interest of patients. I do not think that any of us cares whether the pause is effected by Ministers at the Department of Health, commissioning groups or the interim Mayor of Greater Manchester.

We need people to be brought around the table, with the genuine good will that I think still exists on all sides. We need a genuine willingness to reopen the question, and an understanding that unless Wythenshawe either becomes an additional specialist centre in the terms of Healthier Together or, at the very least, is guaranteed a status as a receiving centre for acute general surgery, we will not arrive at a state of affairs that is good for Wythenshawe, for Greater Manchester or for the thousands of patients from north Wales and the north-west of England who depend on the complex tertiary services currently offered there.

10.4 am

Kate Green (Stretford and Urmston) (Lab): I am grateful to my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) for securing the debate. As you have heard, Mr Hollobone, the three Trafford MPs have been working closely together, and with clinical staff at the hospital at Wythenshawe, on our concerns about patient safety, which I want to highlight. Many of my constituents use Wythenshawe hospital as their local hospital, especially following the downgrading of services at Trafford general hospital two or three years ago as a result of the new health deal for Trafford. Indeed, when NHS managers were making the case for that, their argument was that Trafford residents would receive better, more expert care at Wythenshawe. To be told now that services in that hospital may also be downgraded will at least cause a further collapse in public confidence in the processes by which decisions about health service configuration are taken.

My constituents also rely on UHSM's specialist services, about which we have heard much this morning. They are full of praise for the care that they receive. My hon. Friend the Member for Wythenshawe and Sale East spoke in detail about some of those specialties and I have had the great privilege of visiting some of the specialist teams at Wythenshawe and meeting staff. All are adamant that their success—and they are very successful and in many cases world-class teams—is due to their strong team-based approach and their reliance on the support of a full range of hospital services. Removing or downgrading any so-called ancillary services will have a direct effect on the specialties. It is for that reason that consultants at Wythenshawe have told us that they do not have confidence in the Healthier Together model and that in their view the specialties at Wythenshawe cannot continue to be operated safely under it.

The interdependencies across the disciplines are wide-ranging, but, as we have heard this morning from both my hon. Friend the Member for Wythenshawe and Sale East and the hon. Member for Altrincham and Sale West (Mr Brady), the clinicians we have spoken to are clear that remaining a receiving centre for acute emergency surgery is at the heart of their ability to maintain the holistic care that is needed to ensure patient safety and specialties at UHSM. That is also borne out, for example,

by some of the NHS's national standards. The standard for thoracic organ transplants states the need for general surgical in-house support seven days a week. As we have heard, Wythenshawe is a—if not the—leading centre for transplant surgery in the north part of the country.

I recognise that the numbers of such highly complex specialist cases are small and that the vast majority of procedures and services currently provided at Wythenshawe could continue under the Healthier Together model. I am also happy to acknowledge the work that has been done by NHS managers in the Healthier Together team and acute trust and the commissioners, to look at ways in which the design can protect the expertise and specialism that we value. First, trying to manipulate the process to make a fundamentally unsafe model work is not the right way to proceed. Colleagues are right to say as they have this morning that we need to draw back and ensure that the model itself is correct, rather than trying to ameliorate some of its more dangerous elements. Secondly, it is not just a question of numbers and whether another half a consultant will resolve the problem. It is also about the ability to continue to attract, recruit, retain and develop the full range of professional skills; and about building and sustaining the strong multi-disciplinary teams that the consultants tell us are necessary. It is also, as we heard from my hon. Friend the Member for Wythenshawe and Sale East, about the ability to offer the rotations and varied experience that enable UHSM to function as a full teaching hospital.

Of course we all accept that the ambition of Healthier Together to raise standards across Greater Manchester is the right one. It is unacceptable that outcomes are so poor in Greater Manchester and so patchy across different hospitals and acute trusts, but the answer to that cannot be to put at risk one of the best performing hospitals in the conurbation—indeed, in the country—and its highly successful outcomes in the hope that other hospitals will, in time, rise to meet those outcomes. It is absolutely right that we want to see outcomes improved at all our hospitals in Greater Manchester, and very much so in the case of Stockport. I understand, however, that there is not even yet a guarantee that the resources will be available to enable the improvements at those other hospitals to bring them up to the standards currently achieved at Wythenshawe and, at the same time, we risk a deterioration in the outcomes that we enjoy at UHSM.

I am also concerned that the risk to safety could be exacerbated by the proposed governance arrangements. As things stand, UHSM and Central Manchester Foundation Trust—the two trusts that will be working together to deliver some of the services that are currently available at Wythenshawe—will each retain their own governing bodies. As we have heard this morning, some shared services have been agreed by the two trusts, for which I understand there will be a shared services board and a shared clinical standards board. For the rest, however, the model proposed for CMFT and UHSM will, effectively, create the largest single combined acute trust in the country, while retaining two separate governing bodies, creating potential for confusion, inconsistency and a blurring of accountability.

In my view, there are really serious and genuine questions about patient safety inherent in the Healthier Together model, and we all have an obligation to address those. As we have heard, the consultants are seeking to

[Kate Green]

expose the risks, possibly via a judicial review, but given the nature of their concerns and the delays that a judicial review process would cause to getting the right health configuration for Greater Manchester, I believe we need to make sure that the process we follow now to reach the right decision is a health-led—clinically led—review of the issues.

When the Secretary of State kindly met my hon. Friend the Member for Wythenshawe and Sale East, the hon. Member for Altrincham and Sale West and me prior to the summer recess, we understood him clearly to say—and we appreciated this—that he would be prepared to intervene if safety were an issue. As we have heard this morning, the various concerns that have been expressed include safety concerns, and I hope that the Minister will say today how the Department intends to satisfy itself that those are being properly addressed.

One route might be—although this, too, would increase the risk of delay—to consider a referral to the independent reconfiguration panel. That would ensure a clinically led approach to the review of the decision, and we are familiar with that route in Trafford, given that it was followed as part of discussions on the new health deal for Trafford. Has the Department looked at that model, or will it? If that is not an appropriate route, will the Minister indicate other ways in which he can encourage a collaborative, clinically led pause and proper analysis of the situation within Greater Manchester, as the hon. Member for Altrincham and Sale West suggested?

None of the three MPs in Trafford wants to delay the changes that we desperately need in Greater Manchester to improve patient outcomes, but if the Minister is not able to give us assurances on behalf of the Department, I am quite sure that the legal action that the consultants are reluctantly considering will proceed. They will feel that they have no alternative, in the interests of their patients, but to ensure that this decision is properly challenged and exposed. I have to say, too, that given the concerns about patient safety that they, as clinicians, are highlighting to us as politicians, I will feel obliged, in the interests of my constituents, to support them.

None of us wants to go down that route this morning. We hope that the Minister will be able to give us practical but reassuring commitments about a better way to resolve these very serious concerns, which, as we have heard, not only affect our constituents directly, but will be far-reaching, both immediately, in terms of the wider care that is provided at UHSM to patients well beyond the Greater Manchester conurbation, and in the long term to the credibility of the approach that is being taken in Greater Manchester and our ability to operate devolved healthcare effectively, as we all want.

10.15 am

Jeff Smith (Manchester, Withington) (Lab): Thank you, Mr Hollobone, for the opportunity to take part in today's debate. It is a pleasure to serve under your chairmanship for the first time. I echo other hon. Members' congratulations to my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) on securing the debate.

I will be brief because I do not want to repeat other hon. Members' comments about Healthier Together, but I agree with a number of concerns raised about the

process. The consultation was less than ideal and I think we all agree that the model needs review to ensure that we deliver the highest quality services for patients. I also agree that there was a strong case for awarding Wythenshawe the fourth specialist status. The high quality of the services at that hospital has already been outlined and the transport connectivity, especially given the new developments of the Metrolink line and the relief road, makes it the best option.

Like other Members here, I was disappointed by the decision not to award the fourth specialist status to Wythenshawe. What is key now is for the assurances that we have been given in relation to the existing specialisms to be robust, and for those services to be protected. I visited Wythenshawe hospital over the summer and saw for myself some of the absolutely excellent, world-leading specialist heart and vascular care provided there. What I took away from that visit more than anything was how much some of that excellent specialist provision relied on high-quality general surgery support. I agree that it is vital that we do not lose those connections and that expertise.

Having expressed disappointment about the process and the outcome of the consultation and decision making, we should not be blind to the opportunities that we now have in healthcare in Greater Manchester, particularly south Manchester. Co-operation, not competition, needs to be the future for our NHS. That is what lies behind the principles of Healthier Together, which we agree with, and the plans for devolution of health funding and organisation to Greater Manchester.

Angela Rayner: I congratulate the hon. Member for Altrincham and Sale West (Mr Brady) and my hon. Friends the Members for Wythenshawe and Sale East (Mike Kane) and for Stretford and Urmston (Kate Green) on making a compelling case, which I hope the Minister listens to.

Does my hon. Friend the Member for Manchester, Withington (Jeff Smith) agree that when we are looking at devolution and the reconfiguration of health across Greater Manchester, the evidence shows overwhelmingly that public opinion will be undermined if we rush ahead with a proposal that is clearly not good for the people of Greater Manchester? People have genuine concerns that we will not achieve the fantastic things that we could by looking at reconfiguration of health. We must consider pausing the situation and listen to the general population of Greater Manchester, giving them a voice in this process which they feel they have not had so far.

Jeff Smith: My hon. Friend makes an excellent point. Clearly, Wythenshawe was the public choice for a specialist hospital.

On working together, which I was just talking about, there is clearly a growing and improved relationship between Wythenshawe and the Manchester Royal Infirmary. Some people see that as a concern, but I think that it is very much to be welcomed and we need to see it as an opportunity.

In south Manchester, we have the opportunity to be an exemplar of partnership working. We have two fine hospitals in Wythenshawe and the MRI, which are on either side of my constituency. My constituency also houses the excellent—and, I believe, underused—facilities

at Withington community hospital, which was established under the last Labour Government. I look forward to an expanded role for Withington community hospital in health provision in south Manchester, supporting the two major hospitals and providing joined-up services for all our communities.

We have an opportunity to use Withington community hospital to integrate community services, primary care, secondary care and mental health support, with health services and social care services working together for the benefit of all the community in Manchester Withington and the whole of south Manchester. I urge everyone involved to make the most of that opportunity to expand and improve services at Withington community hospital.

I agree with many comments that hon. Members have made about the Healthier Together process, but I welcome the opportunity to use all those hospital resources together—to use Withington as a thriving community hospital to improve health outcomes for people in south Manchester.

Mr Philip Hollobone (in the Chair): Before I call the Front Benchers, I should say that we are going to have the pleasure of hearing Mike Kane sum up the debate for three minutes at the end. I would be grateful if the Front Benchers would be kind enough to leave him enough time to do that and if he would be kind enough to leave me 30 seconds at the very end to put the motion to the Chamber.

10.20 am

Mr Jamie Reed (Copeland) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. It is a pleasure, too, to be the shadow Minister in the Labour health team not running for the leadership of his party. That is a genuine pleasure, let me assure you.

I congratulate my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) on securing this timely and important debate, which is of huge importance to his constituents and those of many colleagues from across the House who are in the Chamber today. However, I will be brief, Mr Hollobone.

Hon. Members on both sides of the House will appreciate that changes to local NHS services can often be difficult and cause our constituents major concern. It is entirely appropriate, therefore, that when changes are being proposed, hon. Members speak up for their constituents and express any concerns that their constituents may have. I have been doing that with regard to services in my own local hospital for the past 10 years. The Minister is aware of that, and we are working together to try to resolve the issues.

We all know that the NHS will have to make major changes over the coming years. One of the big challenges facing health and care systems around the world is how to do more for less; that is as true in the UK as it is anywhere else. The ageing society and the need to move services out of the hospital and into the community mean that difficult decisions will have to be taken in the course of this Parliament. If done properly—if done rightly—those decisions could and should lead to a better standard of care for our constituents and a more sustainable future for local health services right across the country. Where that is the case, hon. Members have

a responsibility to support the changes, but where the clinical case has not been made, hon. Members are right to be questioning and to seek reassurance that any changes are focused on the quality and safety of services.

It is vital when any changes to hospital services are being proposed that a number of basic principles should apply, and I shall outline some of those. First, the public should be involved at the very outset of any proposal for change. The proposals should not be designed behind closed doors, and the clinical case must be presented to the public at the earliest opportunity; I struggle to count how many well intentioned reconfigurations have fallen foul of that test.

Secondly, there must be a proper, meaningful consultation. Too often, proposals for change are presented as a fait accompli and the consultations that follow are little more than box-ticking exercises. My party has previously proposed that the formal responsibility for consultation should be given to an independent body, such as the health and wellbeing board, instead of being a responsibility of clinical commissioning groups. That could go some way towards improving the consultation process and would certainly restore faith in the independence of the consultation process. Thirdly, and perhaps most importantly, the process should be as open and transparent as possible. The public should be entitled to the full range of information and data required for them to have an informed view on any proposals put forward.

Today's debate has focused on the Healthier Together review and, as we have heard from several colleagues, the review appears to have fallen short on a number of factors. My hon. Friend the Member for Wythenshawe and Sale East spoke in particular about the decision not to choose Wythenshawe hospital as the fourth site to provide emergency abdominal surgery, as part of the single service model proposed by Healthier Together. He made a compelling case as to why Wythenshawe hospital should be recognised as one of the "fixed site" specialist hospitals. I do not want to take up too much time, as I am conscious that hon. Members have raised specific concerns to which the Minister will want to respond in as much detail as he can, but I would like to press him on a couple of points to which my hon. Friend referred.

First, it appears that the decision to allocate the fourth specialist site was made largely on the grounds of travel and access. The strapline for the review includes the phrase "helping to save more lives", but it seems clear, not just in Manchester but across the NHS, that access to services and the quality and safety of those services are too often presented as a binary trade-off. We must improve on that way of configuring services, so will the Minister tell us what more can be done to resolve what appears to be an invidious choice facing people right across Manchester?

Secondly, I understand that during the public consultation 33% of respondents gave Wythenshawe as their choice for the final specialist site, while Stepping Hill was backed by 26%. The Minister will appreciate that that has led some to question the point of the consultation and, understandably, has led to concerns that the views of the public are not adequately being taken into account. Wythenshawe hospital's medical staff committee said that the decision was "irrational" and, as we have heard, there were reports last week of a plan to apply for

[Mr Jamie Reed]

judicial review. That is in no one's interests. No one wants their hospital or services caught up in legal disputes.

I hope that the Minister appreciates that there is genuine frustration among hon. Members across the political spectrum—he has seen that for himself here today—about the Healthier Together process and that there are important questions that require answers. More broadly, I hope he will ensure that the NHS reflects on what lessons can be learned from this process to ensure that the public can have confidence that future proposals for change are focused on improving the quality and safety of local NHS services, and also that access to safe and high-quality—indeed, world-class—services remains equitable for all service users and taxpayers.

My final point is about Manchester airport and the nearest adjacent hospital. As a country, we need to address the needs of those communities that host nationally significant, strategic pieces of infrastructure. That might be Manchester airport or Sellafield nuclear reprocessing plant in my constituency. The communities that house such infrastructure require special regard to be paid to them when it comes to the configuration and supply of services at their local hospital. We should do that as a nation. It is done in other countries. I hope that the Minister will reflect on such an approach. I look forward to working with him on precisely that approach and to hearing his response to the points that I have made.

10.26 am

The Parliamentary Under-Secretary of State for Health (Ben Gummer): First, I thank and congratulate the hon. Member for Wythenshawe and Sale East (Mike Kane) on bringing this debate to the House. It is a particular pleasure to be answering him. His predecessor became something of a friend, and I know that he had a similar admiration for him and certainly a far closer friendship with him, so I feel honoured now to be answering, as one of my first clutch of Westminster Hall debates, a debate brought here by him.

As is so often the case with Westminster Hall debates, it is frustrating that the debate will not be more widely seen and understood by members of the public, because they would see Members of Parliament fighting hard for their constituents and constituencies, and speaking with great eloquence and detailed knowledge and understanding of complicated things. Those things are not necessarily within their professional expertise, but they have done the research and acquired the knowledge to be able to speak about them. And, most important, Members are speaking on a cross-party basis. If more people were to see that, they would see the value that they were getting from their representatives. I value very much the passion and the detail that the hon. Member for Wythenshawe and Sale East has brought to the debate, as I do that of other hon. Members who have spoken and the measured response that the shadow Minister, the hon. Member for Copeland (Mr Reed), has given.

I should say at the outset that I am rather more restrained from giving an expansive answer to the hon. Member for Wythenshawe and Sale East than I would normally be, because a letter before action has been issued and, although the Department of Health is not a

party to any legal action, I would not like to prejudice something that did come about. I hope that the Gentleman will not mind if I comment on those areas on which I can comment and then on the general principles that were raised. The hon. Member for Stretford and Urmston (Kate Green) specifically raised the general policy of reconfiguration. I can give her more detail about that and give, I hope, a narrative explanation of how I and the Department understand the process as it has gone on so far.

In the round, it is welcome that the hon. Gentleman and other hon. Members understand the importance of devolution. I agree completely with him that the turn of events in Manchester is of serious significance; it is of a generation-changing nature. It was good to hear my hon. Friend the Member for Altrincham and Sale West (Mr Brady) saying exactly the same thing. It is important that decisions that are taken at any stage by devolved administrations, whether they be clinical commissioning groups, local councils or health and wellbeing boards—or indeed the overview and scrutiny committees in the way they look at these decisions—inspire confidence in devolved decision making, rather than acting against it. Of course, reconfiguration and change normally cause some disruption and disquiet in areas not chosen as sites for new or increased activities. He spoke powerfully of the need for devolved powers, but I hope that he accepts that it is in the nature of such decisions that people will sometimes be disappointed.

I understand entirely why Wythenshawe, with the extraordinary range of specialisms, both secondary and tertiary, which the hon. Member for Wythenshawe and Sale East pointed to, and with a history famous not only in the north-west but across the country, should feel aggrieved that it was not one of the four centres chosen to be part of Healthier Together. It would be unusual if the world-respected clinicians and management at the hospital did not fight their corner, and it is appropriate that he should represent their concerns. I agree with everyone who has said that it would be extremely sad for the matter to go to judicial review. We certainly do not want that to come to pass, either in this consultation or elsewhere.

Before I talk in general about consultations, I want to bring the hon. Gentleman up to date on events in the past couple of days. I understand that there have been some constructive conversations between commissioners and clinicians at the hospital, and that discussions will continue about the relationship between tertiary specialities and the general surgery that, it is proposed, will be moved to one of the four sites. A conversation has begun and is continuing, so there is a glimmer of hope that the parties involved will not go to the courts on this matter, which is so important for patient safety and healthcare in Manchester.

I want to speak about the nature of consultations, and to respond to the shadow Minister's entirely correct points about how a consultation should be conducted. As a constituency Member of Parliament, I, too, have been through a number of health consultations. Some are good, and some are bad, but I hope that we are generally getting better at them. I remember several, under the previous Administration—this is not a party political point, but I think that the process is generally iterative within government—which were particularly poorly conducted. To their credit, the previous Administration reversed some of the decisions.

Some consultations are well run, however, and have the support of large numbers of people in the community. I can only report on the information that I have received, but I am impressed by the support from local councils, from clinicians, from the clinical senate, from doctors and from management across Manchester for the Healthier Together programme, and for the size and scope of the consultation. As the shadow Minister and Opposition Members know, a consultation is not a plebiscite, so we cannot take the raw number of responses in favour of any particular solution as a “correct” response. It is important that all consultation responses are taken into account, and I have been assiduous in trying to make sure that the Healthier Together team—the commissioners—have listened to all consultation responses. I have urged them to engage as profoundly as possible with Wythenshawe to show that the responses have been listened to with care.

At the core of the proposal is a noble ambition: to save in excess of 1,000 lives over a five-year period. If Manchester were to match the best mortality rates achieved elsewhere in the country, 300 lives a year would be saved, which is nearly a life a day. The decisions being taken are difficult, but they will produce a considerable dividend not only for hundreds of potential victims of currently substandard care but for their families, extended families and friends. The prize is considerable, and it is worth striving after.

I agree with the shadow Minister that consultations need to demonstrate wide public engagement. I am impressed by the number of people involved in this consultation, which received some 29,000 written responses. There has been 18 months of consultation, and 23,500 people were involved in this specific part of the consultation. There are conflicting answers to the question of how to reduce mortality in Manchester; that has been clear even from hon. Members’ contributions. To mangle St Augustine, we are almost saying, “Let us have service reconfiguration and service improvement, but not yet.”

I do not fully agree with the suggestion made by my hon. Friend the Member for Altrincham and Sale West that consultations and service changes should happen sequentially. It would be impossible to run anything as complex as the health service, or, indeed, anything in government, if one were to take that approach. We must in this instance, as elsewhere, rely on the clinical judgment of commissioners. That lies at the very heart of the changes that the Government have made—both in our coalition iteration and in this new Conservative Government—towards relying entirely on the clinical basis for service reconfiguration. I must, therefore, bow to the judgment of clinicians in this and other instances, and I know that most Members here will want to do the same.

Although the shadow Minister has said that the proposal comes within the global need to try to do more with less—I do not want to rehearse the arguments about healthcare spending—I think that everyone has agreed that, in this instance, finance does not play a part. The chairman of the Manchester local councils made that explicit in his response to the consultation. This is actually about doing more better. There will always be a trade-off between travel times and sites, and clinical excellence. We would all like to have, right next to our house, a hospital with the full suite of tertiary

expertise, but as we all know, a high throughput of patients would be required to maintain the necessary skills within clinical teams. Clearly, that would not be possible, so there has to be a balance between the number of sites and the distance that people must travel to them. That is the balance that the consultation and the proposal have sought to strike. In the majority of Manchester, it is believed that they have struck that balance correctly.

Kate Green: The Minister spoke a moment ago about the decision being taken by clinical commissioning groups—by clinicians. The problem is that a different group of clinicians, namely the consultants at Wythenshawe hospital, are offering a different opinion about patient safety from that of the commissioners. As politicians, I believe that we must take account of the fact that safety is being flagged up by clinicians. How does the Department reconcile the difference of opinion about patient safety between commissioners and consultants?

Ben Gummer: The hon. Lady is right to say that there are concerns from some clinicians at Wythenshawe hospital, and we should listen to those. There is an established process by which those concerns should be brought to bear. If she does not mind me running through the detail of how reconfiguration policy works, I am sure that she will find answers to some of the questions in her speech.

Our first principle is that the service changes should be led by clinicians, which is the point of the process. In this instance, the service changes are being led by 12 clinical commissioning groups coming together to discuss the future of 10 hospitals. The service changes will affect just under 1% of in-patients, and just under 20% of patients receiving general surgery, at Wythenshawe hospital. Within the context of Wythenshawe hospital as a whole, we are talking about a very small number of patients. I appreciate the hon. Lady’s concerns about the interrelationship with other specialties, but let us keep it in mind that this is a small number of patients.

Once the commissioners have come to their decision, there are two ways of resolving complaints from one party or another. The first is by a recommendation from the joint overview and scrutiny committee to the Secretary of State for Health—such a recommendation has not been made in this case—or by a referral to the Independent Reconfiguration Panel, which the hon. Lady mentioned in her speech. The Independent Reconfiguration Panel has made a number of recommendations in the past. That is no predictor of future performance, but at no point in the past, under any Administration, has a Secretary of State gone against the Independent Reconfiguration Panel’s recommendations. The point of both those exercises is to retain clinical ownership of decisions, albeit by different clinicians from those who made the original decision. If we go back to the bad old days, when decisions were made for political purposes following a clinical recommendation, we would not listen to clinicians in the round and, therefore, would make decisions on the wrong basis, possibly putting lives in jeopardy.

The hon. Lady has raised clinicians’ concerns about the effect on tertiary services, which are impressive at Wythenshawe hospital. All I can say is that NHS England has undertaken a thorough clinically-led review of all

[Ben Gummer]

tertiary services at the hospital and has concluded that the changes to general surgery for stomach and bowel accidents will not adversely impact on the tertiary specialties available at Wythenshawe hospital. That is the advice that the Department has received from clinicians at NHS England. I have described the other options open to parties in Manchester, and I reaffirm that, even if it might suit some Members present to take that decision-making process out of clinical hands at whatever level and to vest it in the Department, it is not a direction that anyone on either side of the House ultimately wishes to take. We must therefore trust the opinion of clinicians in the bodies that have made those decisions so far.

Mr Graham Brady: My hon. Friend, for obvious and very good reasons, is valiantly treading a tightrope between discussing the specific case and addressing the general points, but I must counter the suggestion that any of us is here to try to overturn clinically-led decisions. On the contrary, our concern is that very senior clinicians feel that they have had no voice in this process. As the hon. Member for Stretford and Urmston (Kate Green) said, they are now raising very serious concerns about patient safety. As I said earlier, the consultants I have dealt with at Wythenshawe hospital are serious professionals who do not say that lightly. I also suggest that the three local Members here today do not have a record of hysteria on such things, and we are united in our concerns. We are perfectly capable, and we have shown that we are capable, of making reasonable judgments about reconfiguration when that reconfiguration is reasonable.

Ben Gummer: I am acutely aware of the huge spread of sensibleness on both sides of the Chamber, and I would not want any of my remarks to be construed as suggesting otherwise. On the contrary, I restate that it is not only reasonable but right that local Members respond to the views expressed by very experienced clinicians in their local hospital.

In my short discussions so far with local commissioners—I am sure there will be more discussions—I have impressed on them the need to engage fully with all clinicians. I understand that they began the process afresh before I made that request and that they will continue that engagement. We will only get good reconfigurations across the country if we have the general buy-in of clinicians and the public. We are now doing that better than we were five, 10 or 15 years ago, when every reconfiguration of every kind was fought tooth and nail by everyone. There is now a general move to an understanding that we need to make some changes to some areas. Indeed, the shadow Secretary of State for Health, the right hon. Member for Leigh (Andy Burnham), has made clear his desire to see some services centralised:

“If local hospitals are to grow into integrated providers of Whole-Person Care, then it will make sense to continue to separate general care from specialist care, and continue to centralise the latter. So hospitals will need to change and we shouldn’t fear that.”

I could not agree with him more on that general principle, but it does not change the fact that commissioners need to engage with every single party.

My hon. Friend the Member for Altrincham and Sale West, and every other Member, can be sure that I will pass back to commissioners their specific concerns about that engagement. In the discussions, which I am sure will continue between all of us, I hope that he and other Members will notice continued engagement between commissioners and clinicians at the hospital, and I hope that there will be a happier outcome than the one that might come about through judicial action.

The hon. Member for Blackley and Broughton (Graham Stringer) and the shadow Minister both spoke about Manchester airport and made interesting and valid points about the need for a stated relationship between important national infrastructure and centres of major trauma care. I will respond to the shadow Minister in writing on that specific question, if he does not mind sharing that response with his colleagues. This is an important matter, and I want to ensure that I can answer it in detail and in full.

If I interpreted his remarks correctly, the shadow Minister also said that consultations had been taken out of the hands of clinical commissioning groups specifically to be conducted by a third party, such as health and wellbeing boards. Again, I have not previously heard that idea, but I am happy to respond to that specific point once I have been able to give it greater thought, with no implication for the current consultation.

I will now close in order to give the hon. Member for Wythenshawe and Sale East time to reply to my comments. We all agree that reconfiguration needs to happen. In this instance, there has clearly been support from those Members who have been the beneficiaries of the reconfiguration in their constituencies, but the most important beneficiaries will be the people of Manchester, who I expect will see world-leading trauma care connected to emergency stomach and bowel surgery as a result of these changes. We must be proud that clinicians are leading the review, we must be proud that clinicians have been prepared to make bold and difficult decisions and we must be proud that Members present have come forward to represent the concerns of some that clinicians have not made those decisions in the right way. Members have made those points with lucidity, care and passion.

I hope that in the next few weeks we will resolve this matter in a rather happier way than it might otherwise have been resolved, and I pledge to continue my discussions with Members on both sides of the House to ensure that that is the case.

Mr Philip Hollobone (in the Chair): I will call Mike Kane to give a winding-up speech of two or three minutes. Members who are here for the next debate should get ready, because we will go straight on to that debate rather than waiting till 11 o’clock.

10.49 am

Mike Kane: Thank you for your excellent chairing of these proceedings, Mr Hollobone. I am grateful to the Minister for his reflective comments on the process and for bringing us up to date on the latest developments. I stress to him that the hon. Member for Altrincham and Sale West (Mr Brady), my hon. Friend the Member for Stretford and Urmston (Kate Green) and I are not behind the curve, as he can probably tell from the excellent contributions made by them.

I also thank the Minister for what he said about Paul Goggins, who worked with local elected members long before I did on the reconfiguration of Trafford services. In some ways, the assurances that he had about those reconfigurations and about working with NHS England are not being met through the process. It was also Paul Goggins, along with colleagues, who campaigned for the improvements in accident and emergency at Wythenshawe hospital. A £12 million scheme will begin there in November to create a new A and E village, a world-class facility. The Minister is right that this is a once-in-a-generation opportunity to integrate health and social care. It is also a once-in-a-generation opportunity to show that large conurbations such as Manchester, which is moving towards 3 million people, can take control of their powers to deliver their own health and social care.

I thank the Members who have turned up. What my hon. Friend the Member for Manchester, Withington (Jeff Smith) did not say about himself is that he was at the forefront of the campaign to build the new hospital in Withington all those years ago, when we reconfigured the services. We can make more of that hospital; we are already discussing 24/7 GP access there. If we can realise that vision to ease the pressures on A and E departments across the conurbation, it will be a major achievement, thanks in no small part to his campaigning activity long before he came to this place.

I am delighted that my hon. Friend the Member for Ashton-under-Lyne (Angela Rayner) is in her place. The hospital in her constituency has undoubtedly had a torrid time over the past six or seven years, but today NHS England lifted it out of special measures, which is cause for everyone to celebrate. My hon. Friend the Member for Blackley and Broughton (Graham Stringer) has been a constant defender of his local hospital, North Manchester General, and has been a visionary leader, in the sense that we are now getting to the point of being able to devolve powers on skills, housing, transport, business, investment and, eventually, healthcare to Greater Manchester. He has been at the forefront of that.

I thank the shadow Minister for his erudite contribution and for linking the issue to Manchester airport. We cannot consider health on its own. The decision on “The Northern Way”, or the northern powerhouse, can be pivotal in getting world-class inward investment in healthcare in Manchester. It will link to the airport next to the hospital, which had 23 million passengers this year, increasing to 40 million over the next couple of years. We have plans in our area to expand the Metrolink at some stage to connect Wythenshawe directly. Currently it connects to Manchester airport, but we want to send the loop around to connect with the High Speed 2 station and back to Wythenshawe hospital.

We in the north-west have had problems in the past, as hon. Members will know. I pay tribute to the hon. Member for Macclesfield (David Rutley), who has been considering life sciences across the region, including AstraZeneca and regenerating Alderley Park, and linking the issue to our vision of a life sciences institute medi-park on the Roundthorn industrial estate next to our hospital. That could be further linked to the Corridor project involving graphene and the life sciences, associated with Central Manchester hospital. We need more links with that in the future. That site also ties into Airport City, which is in development both south and north of the airport. We are expecting massive change in south Manchester and Trafford over the next 10 to 15 years. It will be generational change that will drive the northern powerhouse, with the addition of HS2 and possibly, given the discussions that the Department for Transport is having, of HS3.

We have a wider vision for the site, and we do not want it to be set back by process issues. Let us all—people watching today and everybody in this Chamber—commit to the vision of making south Manchester and Greater Manchester a world-class place for economic investment and healthcare.

Mr Philip Hollobone (in the Chair): Would all those who are not staying for the next debate please be courteous enough to leave quickly and quietly?

Business Rates (Rural Areas)

10.55 am

Jake Berry (Rossendale and Darwen) (Con): I beg to move,

That this House has considered business rates in rural areas.

It is a pleasure to serve under your chairmanship, Mr Hollobone—not only for the first time this Session, but for the first time ever. It is also a pleasure to see my hon. Friend the Member for Nuneaton (Mr Jones) on the Front Bench as Minister and to have him respond to the debate.

I am pleased to have secured this important debate, in which I want to raise with the Minister the effect of recent changes to the policy and practice of the Valuation Office Agency, or VOA, and their effect on the rural economy. Our rating system is just over 30 years old. During his excellent Budget speech in March, my right hon. Friend the Chancellor of the Exchequer announced a review of business rates to see what more can be done to ensure that we have a fair system that supports businesses across our communities.

That is set against a background since 2010 of significant steps taken by the Government to support small businesses during the economic crisis. We have supported them by doubling the small business rate relief, ensuring that such relief is automatic, capping increases on business rates and introducing a new business rate discount for high street stores with a rateable value of less than £50,000. However, with the business rate review in mind, I want to draw the Minister's attention to what I believe are anomalies in the behaviour and practice of the VOA that unfairly penalise people who choose to live and work in the countryside and contribute to our rural way of life.

My constituent Mr Alan Walker of Higher Fairbanks farm was understandably surprised to be contacted earlier this year by the Lancashire office of the VOA. The VOA told him that it wished to visit him to assess his domestic stabling for business rates, despite the fact that the stabling at his home is used solely to keep his family's horses, which they regard as pets, and that planning permission for the stables specifically precludes commercial use. In what appears to be a classic case of mission creep, the VOA is visiting farms across Rossendale and Darwen assessing what, if any, part of the farm accommodation can be charged business rates.

When Mr Walker challenged the assumption that business rates should be charged on his stabling, he was told that it is a grey area of the law. That statement seems to be backed up by the VOA's guidance, issued in February 2015, which states that every stable should be considered on a case-by-case basis. Mr Walker has, of course, appealed the VOA's decision, but if his appeal is unsuccessful he could be charged £3,000 a year in business rates on his stables. Combined with his council tax, that will mean paying more than £5,000 a year in property tax on his home, although it has never been used for any commercial purpose whatever.

In Rossendale and Darwen and across our country, our equine community make a significant contribution to the rural economy. The changes will damage businesses such as our local farriers, vets, horse dentists—apparently such things exist—and farmers who provide feed, as well as businesses that supply tack.

As far as I am aware, this new way of taxing people's homes has never been discussed in Parliament. It is bizarre that we seem to be applying business rates to areas of people's houses where they keep their pets. What will the VOA come up with next—the kennel, or the rabbit hutch? I have spent long periods of my life in the doghouse—just ask my wife; I worry about the charge that might be levelled against me.

Sadly, the case I have mentioned is not the only example of unfair taxation being applied to the countryside economy. I was contacted recently by Live Nation, which is concerned about how business rates are assessed against agricultural land that hosts music festivals. They have also been subject to unannounced and undebated changes, putting at risk not only the music festivals, which are enjoyed up and down the countryside, but our Government's commitment to support rural economies and rural businesses, many of which are struggling to remain viable.

We have only to look at the recent protest over milk prices to know what a tough time many of our farmers are having. Festivals and such events are a huge success story for the UK economy, and in terms of festivals, our music industry is now unrivalled around the world. An analysis in 2014 by the Oxford Economics Institute identified that 9.5 million music lovers attended festivals, gigs or other such events, generating £3.1 billion for our economy. At a time when farmers are struggling to compete and stay financially viable, events such as festivals are an essential part of diversifying their agricultural activity and generating supplemental income. That success story is endangered again by creeping changes by the VOA.

Currently, land on which festivals and events take place is exempt from business rates due to its status as agricultural land. However, the VOA has decided to revisit and reassess festival sites for business rates, resulting in sites being classed as rateable. As with the stables, such revisiting is particularly serious because the new classification is retrospective; landowners have ended up receiving large backdated bills for the past five years. Many sites receive no warning from the VOA that they should expect a retrospective application of rates or a large backdated bill. The large and unexpected bills are damaging to small and medium-sized festivals in particular.

David Simpson (Upper Bann) (DUP): My apologies, Mr Hollobone, for being late. I congratulate the hon. Gentleman on obtaining the debate. He touched on diversification. It seems that farmers are being penalised. It is Government policy to encourage them to diversify into different areas to subsidise their income, yet when they do that, they are penalised. Surely something should be done to give them a period during which they would not be liable.

Jake Berry: I thank the hon. Gentleman. There is an opportunity to take advantage of the small business rates exemption, and some farmers in my constituency and beyond who have holiday accommodation have used the exemption where they can have it for free. I hope that the Minister will take all the issues on board, including the hon. Gentleman's eloquent point, in the reassessment of the way that business rates are charged, with a particular focus on agricultural communities.

Festivals have had to pay large backdated business rates bills to avoid enforcement proceedings by billing authorities. As with Mr Walker and his farm, that has led many festivals to appeal the bills, imposing additional costs and burdens on the VOA. The VOA has provided little justification or explanation as to how it is taking into account the individual circumstances of different festivals, and, as with the stables, there is a serious lack of clarity in the existing ratings manual, making it effectively for a festival organiser to know whether rates will be levied. I gently say to the Minister that although music festivals are not for everyone—they are not for me—they have notable supporters. He will recall that in 2013 the Prime Minister was photographed at the Cornbury music festival—without his shoes on I believe. I hope that when the Minister considers the issues, he will think of those notable music festival fans who may control our future careers.

The final point I wish to make about business rates in today's debate is the rateable charge levied against cash machines. Over recent years, our rural areas across the country have lost literally hundreds of banks. Every Member here today will be aware of the bank closure programme in their constituencies. It has meant that, for many people, the hole in the wall or the through-wall ATM at the village shop or post office is their last access to cash. The importance of such facilities reflects the fact that about 80% of transactions are still in cash.

In the past five years, the number of ATMs liable to business rates has risen from about 3,000 in 2010 to over 12,000 this year. Each through-wall ATM that is liable to business rates has an average charge of £3,600. Major supermarkets or petrol retailers, such as Shell or BP, may be able to absorb such costs, but a small village store or post office will not. A small village store or post office may be exempt from business rates, due to this Government's action, through small business rates relief, but creating a second rateable unit at the shop means that it is hit with a bill in excess of £3,000.

John Howell (Henley) (Con): My hon. Friend describes a situation in which a bank has been closed down in a constituency, which often happens in rural constituencies such as mine. Has he found that the current position inhibits people from taking up ATMs in the transfer of that banking business to another business?

Jake Berry: I thank my hon. Friend for his contribution; I will come on to the effect of that, but the short answer is yes. Cash machine operators have warned that the attachment of business rates to through-wall ATMs makes them uneconomic, particularly in rural areas where there is low footfall and their use is not as common. They have estimated that 1,000 existing ATMs, let alone ones that we would hope to bring into our communities following a bank closure, are at risk.

An additional danger for our village shop, post office or former bank is that many of the small businesses in the village will do the majority of their transactions in cash. If people's access to cash is suddenly a car or bus journey away, some of our most vulnerable rural residents, who will not have access to transport, will be forced to leave their village or small town to access cash and, having made the journey, will also do their shopping outside the village. As with festivals and stables, taxation of ATMs is described by the VOA as an area where

some inconsistencies exist. Those inconsistencies are leading to the removal of cash machines or large, historical and significant claims for rates. It is currently estimated that 1,000 or so cash machines are at risk of removal due to the charge.

I believe that the charges were brought about by action we took in 2012. Correctly, in an attempt to encourage local authorities to seek business growth in their areas, the Government empowered local authorities to retain 50% of business rates, with the idea that they would go out and find new businesses, in the towns, villages and countryside, and encourage them to open in their areas. Local authorities now collect £26 billion a year in business rates—to put that into context, I should say that it is a bigger money spinner for local authorities than the fuel duty.

As we hoped, we have seen significant behavioural change by both local authorities and the VOA since 2012, but not in the way we hoped. Instead of localism and the encouragement of new businesses, local councils seem to have been inspired to carve out stables in people's homes for a pet tax, festivals for a party tax and ATMs for a cash tax. I hope that the Government will urgently address such anomalies in their business rate review.

I make a final appeal to the Minister. During that review, can we look at putting a mechanism in place so that, when the VOA changes policy on the collection of business rates, that is announced and we have the opportunity to discuss the impact of that change here in the House? I say that because these unknown changes, which MPs find out about through their postbags, are seriously impacting on and damaging rural businesses. I hope and believe that, as part of our review, we will ensure that that does not continue.

Mr Philip Hollobone (in the Chair): If the Minister would allow me 30 seconds at the end of the debate to put the motion to the Chamber, that would be appreciated.

11.10 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): Thank you, Mr Hollobone, for calling me to speak. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing this debate on the important issue of business rates, and in particular on how business rate rules apply in rural areas. I assure him that during this debate I will not take off my shoes, and I hope that I will not end up in the doghouse as a result of my comments.

My hon. Friend referred to several rural businesses. The rural economy is significant, contributing around £120 billion to the English economy in 2013. Our commitment to supporting businesses, including rural firms, was reflected in the Budget, when the Chancellor repeated what we have always said; the best way to create jobs and raise living standards over the long term is to support businesses, to increase productivity by making them more competitive, and to prioritise investment in skills and infrastructure. Therefore, the Budget set out a plan to back business and support productivity by introducing another cut in the corporation tax rate, increasing the level of the annual investment allowance,

[Mr Marcus Jones]

raising the employment allowance, introducing high-quality apprenticeships and committing sustained investment to the strategic road network.

As for specific support for rural areas, between October 2012 and March 2015 the five pilot rural growth networks helped more than 3,200 businesses, gave advice to more than 1,000 individuals interested in starting a business, created 530 new businesses, and created and safeguarded more than 1,200 jobs. As part of the new £3.5 billion rural development programme, the Department for Environment, Food and Rural Affairs is also investing nearly £500 million to benefit rural businesses, people and communities.

Before I talk about the future of business rates and our review of them, I will set out the action that we have taken on those rates since the 2010 election. We have doubled small business rate relief for more than five years. We have also given local authorities powers to grant their own discounts entirely as they see fit, because they know their local areas best and can use those powers to support any rural business they choose, and where they provide relief we automatically fund 50% of the costs. We have also introduced the business rates retention scheme, which provides an incentive to authorities to encourage local growth. In addition, we have introduced more than 20 enterprise zones, and we have plans for more.

I turn now to the reviews that we are currently undertaking. Through our review of business rates administration, we have listened to businesses to find out the changes to business rates that they want to see. Therefore, we will ensure that from 2017 the business rates system properly reflects the structure of a modern economy, and provides clearer billing and better information-sharing. The Enterprise Bill will also introduce a faster and more efficient appeal system. In addition, in the 2014 autumn statement the Chancellor announced a wider review of business rates, and I assure my hon. Friend that in that review we will certainly take full account of the position of rural businesses and the other matters raised in this debate. We expect that review to report by the end of 2015.

I turn now to the specific issue of cash machines and business rates. Business rates are paid on non-domestic properties and are the means by which those businesses contribute towards the cost of local services. Cash machines are a non-domestic use of property and therefore are included in business rates. It is for the Valuation Office Agency to decide, based on the facts, whether an automated teller machine should be separately assessed for business rates. That is decided independently of Ministers, based on the facts of each case, and we do not intervene. However, where cash machines are assessed for rates, it is fair that the cash machine operators, which include banks and other financial organisations, pay rates alongside other sectors, such as retail and offices. The rules also ensure that the rates assessments of cash machines reflect the value of specific sites. Busy sites have a much higher rateable value than quiet sites, and this approach is based on actual market rents that are agreed and paid by the cash machine operators.

Furthermore, we have given local authorities the power to grant local discounts. We have urged them to support access to cash machines that are free to use

through their local discount powers. Those powers can also be used, for example, to support cash machines on high streets or in rural locations, so they take into account the comments made by my hon. Friend. Where councils use those powers, we will automatically meet 50% of the cost. As I said earlier, we are currently conducting a review of business rates and we will certainly take into account the comments on business rates of my hon. Friend and those of other hon. Members who have contacted me on this issue.

ohn Howell: I wonder whether the Minister will allow me to give a plug for that review. I am conducting a review of businesses in my own constituency, and I know that they see business rates as just another tax. It would be extremely good for them to see something in return for paying their business rates—something that they have control over.

Mr Marcus Jones: I thank my hon. Friend for that intervention and it is always good to get the views of businesses, both in Henley and across the country. I will certainly take into account what he has said and I will feed those comments into the ongoing review.

I turn now to the issue of stables and local taxation. Property is subject to either council tax or non-domestic rates, which are commonly known as business rates. The boundary between the two can certainly be complex, but broadly speaking stables are only likely to be included within the council tax band if they are sited within the domestic curtilage of a property and used for purposes on a domestic scale appropriate to that property. It is for the VOA to apply the legislation and case law to the facts of a particular case.

All ratepayers have the right of appeal to an independent tribunal. Of course, a stable property that is separately rated may be eligible for business rate relief, which I think is the case in the situation that my hon. Friend the Member for Rossendale and Darwen referred to. Where a stable is taken into account in a council tax assessment, that may well result in a council tax band increase. So it is not necessarily the case that someone will pay more when a stable or stable block is separately assessed.

Caroline Nokes (Romsey and Southampton North) (Con): I thank my hon. Friend the Minister for giving way on that point and I appreciate his comments about stabling with regard to non-domestic rates or council tax. Does he agree that the British Horse Society has made an excellent submission to the Treasury's business rate review, which brilliantly highlights, first, just how complicated and grey an area stabling can be and, secondly, the many anomalies that exist for those who run equestrian premises as part of either an agricultural holding or a domestic property?

Mr Jones: I thank my hon. Friend for making that point. It is extremely important that organisations such as the one she mentioned bring forward their views and concerns during the review process. I will certainly take them into account, as I am sure my colleagues in the Treasury will, and I will also take into account the views put forward by my hon. Friend the Member for Rossendale and Darwen, who secured today's debate.

I turn now to the matter of festivals. The VOA has a duty to maintain fair and accurate rating lists, and it is of course right that music festivals and other such

events pay business rates, just like any other occupier of non-domestic property. However, I assure my hon. Friend that if there are no permanent physical adaptations to the land to facilitate festival use, and the duration of the festival is only a matter of a few days, it is unlikely to attract a rating assessment in its own right. Any assessment would be proportionate to the scale of the festival. Of course, if a ratepayer is unhappy with their assessment, they have a right of appeal to an independent tribunal.

The VOA is working with the Events Industry Forum to draw up guidance to help organisers better understand when rateability will arise. We will certainly take into account comments made by my hon. Friend and other hon. Members during the review process.

Jake Berry: Does my hon. Friend acknowledge that backdating the rate bill for five years for such events, and sometimes for stabling, is putting their viability at risk? Those involved in setting up events in 2010 or 2011, for example, had no possible way of knowing that they would be hit with a large historic bill that could make the future of those events unviable. Will my hon. Friend undertake to ensure that there is a conversation with organisers, in respect of historic bills charged to music festivals, to find out whether there is a fair or reasonable way of charging them that would enable them to stay in business? If they do not stay in business, we will be shooting the goose that lays the golden egg.

Mr Jones: I thank my hon. Friend for making that important point. He made certain points about the collection of taxation, but that is difficult to change retrospectively. Having said that, I am more than willing to make further inquiries and to respond to him in writing soon.

Picking up the other point made by my hon. Friend in relation to the VOA making unexpected changes, I reiterate that the VOA is there to interpret the law made in this House, and it does so; and it also works on the basis of case law. We can certainly consider that matter during the current review, which I have mentioned once or twice during this debate. However, it is important to say that we must have a mechanism for interpretation of laws made in this House, rather than have this House interpreting laws that we Members make. We need to bear that in mind.

In conclusion, we have taken significant action to support the rural economy, including through the business rates system. We will certainly take into account matters mentioned by my hon. Friend and other hon. Friends and colleagues during this debate. Once again, I thank my hon. Friend for securing this debate and giving me the opportunity to set out the Government's position on these important issues.

Question put and agreed to.

11.24 am

Sitting suspended.

FM Radio Applications

[MRS ANNE MAIN *in the Chair*]

4 pm

Amanda Milling (Cannock Chase) (Con): I beg to move,

That this house has considered FM radio applications.

It is a pleasure to serve under your chairmanship, Mrs Main. I thank the Minister and fellow Members for their time this afternoon. I am grateful for this opportunity to raise the ongoing challenges faced by Cannock Radio and other community radio stations in a similar position when it comes to applying for an FM licence.

Before that, however, I want to touch on the importance of community and community spirit. When I worked in market research, I conducted a project looking at the concept of localism and community throughout the UK. People would comment that community spirit was not what it used to be. Well, I certainly do not think that is true among the towns and villages of Cannock Chase. I have spoken before about the strong sense of community spirit there—largely, in my view, down to the strong mining heritage in the area. Although we no longer have the mines, we have many community groups, volunteers and local charities that we can thank for helping us to create, support and maintain that all-important community spirit.

One essential way to create and maintain community spirit is to ensure that the public are engaged, and local media, whether the press, social media or local and community radio, play an important role in that. There has been a real vacuum for local and community radio in and around Cannock Chase. Although we are served by BBC WM 95.6FM, that station covers a huge and diverse area, including Birmingham, the black country and the surrounding west midland counties. Before Cannock Radio was launched last November, there was no truly local radio.

Cannock Radio is an independent station with a credible and sustainable business model and plan. It has been incredibly successful since its launch not even a year ago. The community has really embraced the station. Only the other week, I walked into Cannock market and could hear Cannock Radio playing in the background. The station also broadcasts regularly from local events. Last week, I saw its staff broadcasting from a local charity football match that was held to raise money for Help for Heroes.

Cannock Radio epitomises the real value that community radio can offer for social gain, providing updates on local news and school closures, and local non-league football coverage—and that is just a flavour. The station already has close links with the police. It can broadcast police reports and incidents immediately, thereby playing its part in protecting the local community and residents. For example, two men were posing as charity workers. One would keep the person talking on the doorstep while the other would break in through the back door. Announcements were made on the station so that residents were not only made aware of the potential risk, but could play their part in helping to track down the criminals.

[Amanda Milling]

Cannock Radio also has a credible and sustainable plan for the future. It is not reliant on public sector grants, but is self-funding through local businesses advertising on the station. It also has exciting plans to help to create local jobs and offer a training scheme for budding young people interested in a future in radio. I would be delighted if the Minister joined me on a visit to Cannock Radio's new studio in Bridgtown, into which it moved only a couple of weeks ago, to see for himself what a fantastic community radio station it is and to hear first hand the station's plans.

Cannock Radio's future and ability to fulfil its potential is reliant on an FM licence, in terms of both fulfilling the station's community role and growing advertising revenues, which will help it to create more local jobs and develop training opportunities. The FM licence is also important for the many residents of Cannock Chase who cannot access the station because it is currently online only.

Cannock Radio has been looking to apply for an FM licence since its launch last year, but the Cannock area more generally has been fighting for such a licence since 2009. At that time, Chase FM was seeking a licence, but, due to unforeseen and unfortunate circumstances, its owner was unable to apply for one when Ofcom invited applications from the midlands last year. It was only when it was clear that Chase FM was no longer operating that Cannock Radio was created and launched. Having missed the midlands round of applications, and with no future rounds for the area announced, Cannock Radio faces a great deal of uncertainty as to whether and when a licence application will come to fruition.

To some extent, I can understand the broad principles and rationale for a region-by-region approach, but currently no further regional rounds have even been announced, and there is no clear indication of when or whether regions will be revisited, and in what order. That proves that the existing system is not creating certainty or fairness for applicants.

Iain Stewart (Milton Keynes South) (Con): I might be able to offer my hon. Friend some hope. In the previous Parliament, MK FM, the community radio station in my constituency, faced challenges similar to those faced by Cannock Radio. However, working with the Minister and Ofcom, we were able to revisit the timetable, and MK FM made a successful bid for a licence. Yesterday, the station started to broadcast from its new studio on its new, permanent licence, so there is light at the end of the tunnel.

Amanda Milling: I thank my hon. Friend for his intervention and the hope that Cannock Radio might also be successful in getting a licence in future. I am sure that its staff will be very pleased to hear about the success of his local community radio station.

Nevertheless, the future of applicants in regions where time frames have not been published hangs in the balance. From past form, we know that it can take as long as four years before they get an opportunity to apply. Such an undefined waiting period is enough to force even the best local radio stations to close. Will the Minister liaise with officials at Ofcom to try to provide

more certainty and transparency in future rounds of FM licensing, both in those regions that are yet to be considered and in those to be revisited?

I have reviewed section 104 of the Broadcasting Act 1990, which deals with applications for community radio licences, and I believe that there is scope for Ofcom to consider invitations outside the region-by-region process. Subsections 1 and 2 say that where an authority proposes to grant a licence for a local service, it shall publish a notice in such manner as it considers appropriate, specifying the region or area where the service is to be provided, providing clear time frames and stating the fee. According to my interpretation, Ofcom is not bound by a region-by-region process and has a lot of jurisdiction over the invitations to apply that it issues. Section 104 also suggests that the decision to specify areas or localities in the UK from which applications are invited lies solely with Ofcom. In short, there is nothing in the legislation that prevents Ofcom from varying its region-by-region specification, if it so wished.

I suggest a couple of solutions. Ofcom could invite applications from stations in special circumstances, such as Cannock Radio, alongside its existing region-by-region assessments. For Cannock Radio, I ask that an invitation to apply on a one-off basis, even on a five-year trial, be considered. The community wants and needs it. Cannock Radio has a business plan that totally satisfies all Ofcom's prerequisites, and there is no local competition. The Community Media Association, the industry body, has advised that it has no knowledge of any other applications of merit in the Cannock Chase area, so such an invitation would not result in a flood of similar requests adding to Ofcom's workload, which I appreciate could be a concern given its finite resources. A frequency—104—is also available.

My hon. Friend the Member for Milton Keynes South (Iain Stewart) raised the matter of community radio in the previous Parliament, and one of his suggestions was an on-demand system that would address some of the resource issues of greater and more flexible licensing. It would see stations paying a premium fee for their application to be considered outside the prescribed region-by-region rounds, which I am sure many would be prepared to pay. The fee would cover the additional costs of any extra staff and resources required. What does the Minister think of that approach?

In conclusion, community radio stations such as Cannock Radio have a distinct and invaluable role in our communities. Regional radio stations deal with cities, towns and villages, but community radio stations deal with roads and houses. I hope the Minister will consider my points about the FM licensing process and how it could be improved to give greater certainty to community radio stations such as Cannock Radio, for which an FM licence is key. I look forward to hearing his views.

4.12 pm

The Minister for Culture and the Digital Economy (Mr Edward Vaizey): It is a pleasure to serve under your chairship, Mrs Main. I thank my hon. Friend the Member for Cannock Chase (Amanda Milling) for securing this important debate about the future of Cannock Radio. I am an unashamed fan of community radio and it was a pleasure to hear how, within the space of a year, Cannock Radio has established itself as an important online

presence and is making a contribution to the community. That is all too typical of the contributions that community radio stations make: providing not only important ultra-local information and training opportunities for people in the community, but an opportunity for community organisations to promote their work.

Unfortunately, I cannot praise a community radio station in my constituency, because I do not have one. I have a truly excellent local independent station in JACKfm, but it is one of the great tragedies of my life that Didcot, the main town in my constituency, does not have a community radio station, despite my dropping strong hints to everyone I know in Didcot that they should consider one. It would be the perfect place, not least because of the stunning success of Didcot Town football club, but I digress. I get my community radio fix locally by visiting the constituency of my hon. and learned Friend the Member for South Swindon (Robert Buckland), home to SWINDON 105.5, which is another great example of the success of community radio. It is the commitment of all the stations that have taken up licences since 2005 that has firmly established community radio as part of our radio landscape.

As I hinted earlier, community radio stations range from stations serving small rural communities, such as Mearns FM and Bute Island Radio in Scotland, to stations for our forces such as British Forces Broadcasting Service Edinburgh and BFBS Colchester, to stations targeting particular communities such as students or ethnic minorities. Community radio meets an important gap not served by other services such as local commercial radio. As I said earlier, it provides a genuine link to communities and represents their interests. I look forward to visiting Cannock Radio at the earliest opportunity to see it in action. The national picture is that we have some 230 stations with a licence, with more due to come on air from the current licensing round. Demand for licences remains strong.

While we are perhaps concentrating on the difficulties that Cannock Radio has experienced in its relationship with Ofcom, it is important to recognise Ofcom's role in helping the community radio sector achieve success, ensuring a range and diversity of community stations that few of the access radio pioneers in the early 2000s could have imagined. The Government help the sector not only through licensing, but also financial support through the community radio fund. I am pleased that we have been able to maintain the fund despite the difficult economic climate and the need to find savings in the Department's budget. We have also kept the rules governing community radio under review, because we do not want stations to be overburdened by regulation and want them to have the opportunity to raise their own finances. We reviewed the rules relating to financial restrictions on advertising and sponsorship, but it is important that we maintain the dividing line between community stations and commercial radio. We also gave community stations the ability to extend their licences for a third five-year term. Those changes were brought in earlier this year and were supported by the community radio sector and by the Community Media Association, the sector's member body, with which my hon. Friend the Member for Cannock Chase has worked closely.

My hon. Friend will recognise that demand for community radio stations is great and sometimes exceeds supply in terms of licence availability and applications.

Ofcom needs to manage that demand, because it must ensure that spectrum is available and is used effectively and it must be fair to the various community groups and organisations that want to hold a community radio licence.

The Community Radio Order 2004 established the regulatory framework and the powers under which Ofcom licenses community radio stations. The arrangements were developed with due care by Ofcom following a consultation with a range of stakeholders, including the Community Media Association, leading to an agreed approach under which invitations to apply for licences are carried out on a region by region basis over a three to four-year period, giving prospective applicants the time to develop strong and sustainable applications for their licences. At the same time, it allows Ofcom to provide advice in areas where, because of existing use, the available frequencies might be insufficient. In assessing applications, Ofcom is governed by the various requirements set in legislation, which specify among other things that applicants must demonstrate that they will be run on a not-for-profit basis for social gain, will retain distinctive characteristics and will be distinctive.

I mention those points to emphasise that such applications receive careful consideration, because, as my hon. Friend indicated, such applications can be time-consuming and resource-intensive. As part of the process, Ofcom needs to consider whether awarding licences in one area may restrict development in a nearby area because of the scarcity of suitable FM spectrum or where there may be an over supply of similar services in an area that might mean that a particular community service was unviable. The process of assessing a community radio licence application is therefore not completely straightforward and depends on a number of variables. The large number of applications that each round generates and the various checks and technical work mean that it can take time to award a licence.

I take on board my hon. Friend's points about the frustrations felt by Cannock Radio and its proposal that community licences should be available in effect on demand. I acknowledge that were that process to be introduced, it could help some stations get on air sooner, but there is a risk that moving to a purely demand-led system for community radio licences could slow down the process overall, because decisions would be made in an unco-ordinated way. The current system of regional rounds, as developed by Ofcom with the Community Media Association, enables Ofcom to manage the licence process in a way that is fair and equitable to all comers and to manage all the moving parts, as it were, in a particular region. The way in which Ofcom manages that process strikes the right balance between the operational challenges of managing the licensing process and Ofcom's aim to license a community radio station for every community that meets the criteria. It avoids the situation with earlier rounds where Ofcom initially allowed applications from all over the UK, resulting in a large number of applications being submitted, with many applicants having to wait a long time for their applications to be considered.

The third licensing round is due to be completed this year, so it is a good time for Ofcom to look at whether changes can be made to the design of the next round to reflect the fact that 230 licensed community radio stations

[Mr Edward Vaizey]

are on air. That is another important point in favour of my hon. Friend's argument. We have established a critical mass of community radio stations. She raised the issue of Ofcom inviting bids in areas where demand for spectrum was determined by Ofcom to be low. She indicated that Cannock Radio would in effect be the only bidder for such a community radio licence. The suggestion is interesting, and I would like Ofcom to consider looking at it in the design of the next licensing round. I know she has had an exchange of correspondence with Ofcom on that point.

It is important to note that over the period of awarding community radio licences, Ofcom has improved its guidance on the regions where it might be difficult to find a radio frequency. That allows people to determine whether there will be serious hurdles to providing a community radio station. Conversely, where many frequencies are available, it allows for an area not to be unfairly excluded. It is important to note that Ofcom has taken steps to streamline its internal processes to enable it to process applications more quickly.

My hon. Friend also suggested in her excellent speech that community radio stations coming out of cycle should have the option of paying an enhanced fee—a premium licence fee application. Some difficulties surround that suggestion. It is important to remember that community radio licences are not commercial licences. The proposal could be perceived to be unfair on organisations that are not as strongly funded as others. As far as possible, we want to keep a level playing field for all those who are thinking of applying for community radio licences. I take her point about staffing, however, and I know that Ofcom is looking seriously at how it can speed the processes up in future rounds.

I know how disappointed Cannock Radio was when its application for a community radio licence was rejected because it was in effect submitted outside of the deadline date. My hon. Friend gave the context. I of course recognise that Cannock Radio needs to access a radio platform to develop the station further and that FM is its best option, although I note that it has the opportunity to bid for an AM licence later this year. I also acknowledge the uncertainty—she made this point in her speech—on when details of the next licensing round for FM licences will be announced. I understand that Ofcom will be announcing details of round 4 in 2016, and I hope that Ofcom will make those details as clear as possible, as soon as possible.

While I have time, I will quickly mention the role that digital radio can play in the future of community radio, and perhaps in the future of Cannock Radio. We are

working on a process to give community radio stations and small independent stations a route through to digital audio broadcasting. The Government make no secret of the fact that we believe that digital radio is the future of radio. Digital radio is growing at a significant rate. As DAB coverage improves significantly between now and 2016, it is important that we put in place a system to allow community stations to migrate on to DAB frequencies, particularly where an FM frequency might not be available. Previously, that has been difficult for them to do because with the multiplexes, the network for digital radio has effectively been at county and regional level.

Some 18 months ago, we announced details of funding for a major trial of low-cost, small-scale DAB technology, which should open the way for many community stations to go digital. We are trialling that in 10 areas, the first of which was launched last month. The rest are due to come on air this month, carrying a total of 60 services. We will complete the trial next year. Subject to a successful technical evaluation, we will bring forward plans next year to allow small stations to be licensed on a digital platform.

I hope that Cannock Radio and my hon. Friend do not find my remarks too discouraging. I hope that Cannock Radio will continue to build its online service into an essential local resource and look for an opportunity to obtain a community radio licence in the next round. My hon. Friend made perfectly valid points about timings and processes, and I know that Ofcom will have taken note and will take account of them when it comes to develop the process for the next phase of community radio stations.

As my hon. Friend the Member for Milton Keynes South (Iain Stewart) indicated, I tend to take a practical approach with these issues. I have outlined some of the parameters within which we are operating, some of the frustrations and the wider context of how Ofcom manages community radio licences, but I am more than happy to continue discussions with my hon. Friend the Member for Cannock Chase on how we can give Cannock Radio a route to an FM licence. Fundamentally, I want to do all I can to help any community radio station grow and expand; I recognise the passion and enthusiasm that so many wonderful volunteers all over the country bring to community radio. I also recognise the passion and enthusiasm of my hon. Friend, the new Member for Cannock Chase, and her championing of the cause on behalf of her constituents.

Question put and agreed to.

4.27 pm

Sitting suspended.

Urban Regeneration (England)

4.30 pm

Alison McGovern (Wirral South) (Lab): I beg to move,

That this House has considered regeneration of towns and cities in England.

It is a pleasure to serve under your chairship, Mrs Main.

I will use the time allotted to consider some of the issues to do with the regeneration of towns and cities in England. The matter is most vexing for my constituents—and, I suspect from the number of colleagues present, for many others. I will reflect on issues specific to New Ferry, a small town that I represent, but I intend to use the example of New Ferry to discuss wider issues in England.

By way of a caveat, and to help the Minister, I should say that we had a good debate in Westminster Hall in February, before the election; we covered a wide range of town centre issues—parking, business rates, shopping locally and that sort of thing. I do not intend to go over the same ground, with the exception of out-of-town shopping centres. I want to talk about proper regeneration and what happens when a place is deprived and the market fails. I am talking not about making a small shopping centre or retail market work, but about what we do and how we respond when a market has failed and about whether the Government care. Specifically, I want to talk about two things: Government policy on planning and access to capital; and the views of my constituents. I want the Minister to hear how their situation makes them feel.

First is Government policy. Having read through the transcript of the February debate and looked at the evidence, I can only conclude that the national planning policy framework has failed. The “town centre first” approach is not working. An Association of Convenience Stores report tells us that 76% of new retail space is out of town. Did anyone in our country intend that the wonderful town centres that we have all known and grown up with should be gradually shut down in favour of out-of-town retail spaces?

By and large, people have to drive to out-of-town places, which is less healthy and causes more pollution; those people who do not drive or do not have access to a car for whatever reason cannot get there. Did anyone in our country intend for that to happen? I argue that the answer is no. I argue that no one in England thought that it was a good idea for us to sacrifice historic town centres for out-of-town retail. Such retail can be a good thing and work well, but planning policy should ensure that it happens alongside and not instead of town centres. How will the Minister reshape Government policy to change our country’s aspiration, which I honestly think is probably a cross-party one? How will he make that aspiration real and not only words on a piece of paper? As we know from the ACS report, so far that aspiration has failed.

The second part of Government policy that I am extraordinarily concerned about is access to capital. We need to think not only about our successful city and town centres. I am proud to be from Merseyside. Those who are familiar with Liverpool and have visited it down the years know that, some years ago, when I was growing up there, it was possible to wander around and

to see many sites left derelict since the second world war. The beautiful buildings were the exception rather than the rule. Thanks to the efforts of the previous Government, that has changed a great deal. There are still gaps and spaces, but things have changed and the city is doing well now. Its population is growing for the first time in my lifetime—more people are now coming to live in Liverpool than are leaving, which is a great success.

What, however, is happening to the peripheral town centres? What is going on outside, in places where businesses cannot make a good argument to invest? Those places are sinking further and faster. We cannot see the same kind of business investment as in Liverpool in towns such as Birkenhead, Ellesmere Port or New Ferry, which I represent. Merseyside has had some success in the centre, but Knowsley, Southport and other places around the city centre are not seeing the same benefit. That is because of market failure—the degradation has been so great that the regeneration needed is too big for the private sector on its own.

Conor McGinn (St Helens North) (Lab): My hon. Friend and I share not only the region of Merseyside, but similarities between our constituents and constituencies. St Helens has seen huge cuts to local government, plans for investment in transport shelved, a moratorium on a new police station and now the proposed closure of the court house. Given the points that she has made, does she agree that that denigration of the status of our town discourages business and, most importantly, people?

Mrs Anne Main (in the Chair): Order. May I ask for interventions to be kept brief? That was more like a mini-speech.

Alison McGovern: Thank you, Mrs Main. I think that was the first intervention that my hon. Friend the Member for St Helens North (Conor McGinn) has made in Westminster Hall, so I am sure he will take your advice.

My hon. Friend is right, however. Of course I care that businesses should be successful; I want people to be able to make a profit, to enjoy their town centres and to have a good environment to be in. My main point, however, is that regeneration matters because of what the quality of buildings and the built environment do to people’s hearts and souls. Being from a place that other people think is rubbish is no good—I know—so regeneration matters not only because it helps people to make a buck and to get a job, but because of the pride we take and the status of our towns. That is why I am having the debate today.

My hon. Friend the Member for St Helens North made another good point. The problem with regeneration is the fact that the Government pull away access to capital from every direction. The housing market renewal initiative, which was helping lots of parts of Merseyside, including just up the road from New Ferry, has been cancelled and done away with. Swathes of grassland just by New Ferry are not being built on because the market is providing no capital to build the houses, and the Government will not do it. Regional development agencies—gone. Bromborough, where I am from, was rebuilt by the regional development agency, which identified business opportunities and pushed friendly capital towards

[Alison McGovern]

there, so that our place would grow, and it did—but the RDA is now no longer there. We have the local enterprise partnership, which is a lovely organisation, but it has no resources. As my hon. Friend said, every Department of Government has stopped spending capital that previously went to regenerate our towns.

The net impact is that market failure simply cannot be addressed. Where a town centre has deteriorated to such an extent that no business can make a decent case to the markets to access capital to invest there, nothing can be done. Only the state can fix this—it is not for the private sector alone. It is not down to Government alone, either, but it cannot be done without Government.

I want to say a few words about New Ferry. It is where my office is, and I have spent time trying to get a regeneration scheme off the ground there. It is very close to a cancelled housing site that is now just scrubland, and there are lots of empty shops. There is a genuine need, not just for business investment but for regeneration. The area needs reshaping and a new idea of what it can be; there are so many empty shops that people do not go there any more. No business is prepared to risk expending capital by itself on New Ferry. What the Government have done means that there is no mechanism to make regeneration happen, so I am standing here today to ask the Minister to create a mechanism—to find a way for the state to do regeneration in our towns once more. That is desperately needed and it must be done.

I will briefly share some of my constituents' views. In advance of this debate, I distributed leaflets and used Twitter and Facebook to tell my constituents about it, and they have written to me in great numbers to tell me what they think. Miriam Clack of Stanley Road in New Ferry said, about the place that we are from:

"it's a pig hole, and it's a disgrace, and no one is in the least bothered about it."

I am bothered about it, and I think the Government should be as well. This is the place where we live. She asks why the closed shops are not pulled down or made into something else, and she is right to. She goes on:

"If I was younger I would leave but I can't so I'm stuck in this hole."

Another constituent, Matthew Thomas, has had a great idea. He says:

"I think we already have a sufficient number of shop premises. I would even say we have too many. In my opinion it is worth considering the impact of removing the shops".

He is right. New Ferry needs to be reshaped, but only the Government can do that. No one business, on its own, is going to lead a private sector solution to deal with it; it needs to be a partnership.

The local community has done great things, but, as Joan Rawcliffe of Ortega Close said,

"in spite of considerable efforts carried out by the New Ferry Regeneration Action Group (e.g. the farmers' market, the landfill site)—

we have a new park there—

"regeneration of the area as a whole failed to take place. Monies from outside sources...were not received by New Ferry."

Such money was received in other areas, but is not available now because of the Government's actions.

In closing my contribution, I put it to the Minister that the situation is desperate. I see it, day in, day out, week in, week out, when I am in New Ferry staring at boarded-up buildings and the crumbling bricks of those beautiful old buildings I mentioned. I see it; if he does not, he is welcome to come with me to myriad town centres up and down our country to see it. I ask him to think about this: if he, as a Government Minister, could do one thing, it should be to restart the regeneration of our country. That is desperately needed and I ask him to do it.

4.43 pm

Justin Madders (Ellesmere Port and Neston) (Lab): Thank you for allowing me to speak today, Mrs Main. I am grateful to my hon. Friend the Member for Wirral South (Alison McGovern) for securing this debate. She is the Member for the constituency neighbouring mine, so we face a number of similar issues. This is one we definitely share, although, as we will probably hear from other Members, I believe it is also one that a great many town and city centres up and down the country are grappling with at the moment.

As my hon. Friend has mentioned, there have been myriad discussions and debates about the causes of town centre decline, and I do not see any great benefit in rehearsing them. The time has come to find an answer, and I agree with my hon. Friend's suggestions. There have been attempts in Ellesmere Port, which I represent, to try to regenerate the town centre. We were fortunate, a number of years ago, to have Marks and Spencer invest in the constituency. Despite many efforts on our part as a borough council, we could not persuade it to relocate to the town centre, but it was prepared to invest—in fact, it was its most significant investment in the UK for a number of years—in a large store on the edge of town, in Cheshire Oaks. As many people will know, that is a very popular destination.

Obviously, we were concerned about the impact on the town centre. We were able to agree with Marks and Spencer a generous section 106 contribution for town centre regeneration. Over the past few years, we have been putting that to good use. With that fund a town centre panel was set up, consisting of a number of representatives from the community—from the third sector, local businesses, market traders and the council, including me as I was a local councillor at the time.

The panel is still running today, but the money will run out in the not too distant future. However, it has made some important contributions to keeping the town centre going. A number of events have been put on with the broad aim of getting people into the town centre. We have had concerts and fun runs; there was a big wheel at one point, and a number of Christmas activities. The question we always ask ourselves when we look at how that money should be spent is, "Will this help get people into the town centre?"

Another interesting and innovative use of the money has been on shop front schemes. They have changed the view down the main high street, and people's perception when they come into the town—they see lots of new shops where before we had empty shops and derelict signs. It is a short-term solution, as those shops still need to be filled. We talked to owners whose units have been empty for a number of years, and put a proposal to them whereby we agreed to use the section 106

money to refurbish their shop fronts and shop units on the basis that they would then let the units to a third-sector organisation on a peppercorn rent for two years. That has brought new life and new initiatives into the town centre, but it is for a limited period, so at the moment we are grappling with the question of where that will take us in the future. It has kept us going in recent times but will not last forever. Some life has been brought into the high street, but the solution is not permanent.

I know a number of towns and cities have been looking at business improvement districts, but in a town such as Ellesmere Port the local traders do not operate on the sort of profit margins that would justify their acceptance into that sort of scheme. We have to accept that a lot of those operations are run on a national basis and it is difficult for a small stall in a smaller town in the country to justify that additional expense. BIDs have had some success, but they are not right for every town. Some of the short-term initiatives have not really been followed through, which is why I agree that we need a fundamental, sustained long-term financial plan and support for town centres.

To pick up on the point made by my hon. Friend the Member for St Helens North (Conor McGinn), the civic and community importance of town centres has been undervalued in recent years. Current pressures on the public purse and further anticipated court and library closures mean we are seeing further erosion of the civic facilities that invite people into town centres. We need a new approach. Local authorities have local knowledge and so have the tools at their disposal to try to tackle this issue, but they cannot do that without significant financial support. We know that local authority funding is being squeezed at an unprecedented level. Discretionary spend—essentially, that is what this is—is getting ever more squeezed.

I think that we should be looking at residential units as a possible option, and that some sort of new homes bonus for town centre units that are brought back into residential use should be considered. That would give an incentive to local authorities to try to change some of those empty units.

We should look at the way in which out-of-town centres are managed: they have one person who is responsible for all the functions of the shopping centre. We should have a town centre manager in every neighbourhood. We have had a town centre manager as a result of the section 106 money, which has proved invaluable in bringing together all the different strands that make up a town centre. Ultimately, that can pay for itself if the growth that, hopefully, some innovation generates allows the local authority to keep an increased proportion of the rates. I believe that a co-ordinated approach of that ilk is required.

We should also consider whether to look at enterprise zones for town centres. There is a lot to be said for enterprise zones, but when we are giving people incentives to relocate their new offices, factories and premises out of town centres, we are not doing anything to help those centres. It seems a little perverse that we are all here today extremely concerned about the future of town centres, when a system is in place that encourages businesses to locate outside town centres.

Those are just a few of my suggestions, and I echo what the hon. Member for Wirral South said: if the Minister is up in our neck of the woods, he is more than

welcome to come to Ellesmere Port and have a look at some of the good things we have done and the challenges that we have to face over the next few years. We have made progress, but, as is the theme of this debate, we can only go so far without a significant financial commitment to regenerate these town centres.

4.51 pm

Chris Evans (Islwyn) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mrs Main. I think this is the first time you have been in the Chair when I have spoken, so I welcome you to your position. I also welcome the Minister to his position; I think this is the first time I have spoken when he has been winding up for the Government.

I congratulate my hon. Friend the Member for Wirral South (Alison McGovern) on securing this debate about an issue that affects us all, wherever we live, whether in England or Wales. There is nothing worse than the situation she cited in her speech: when someone does not have pride in their community because they believe that the Government or society do not care about them—a feeling underlined by boarded-up shops or derelict places in their communities.

I am also pleased to follow my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders). I was very friendly with his predecessor, who was known as one of the great scientific minds of Parliament. I remember how, in one of our last conversations before he left this House, he waxed lyrical about the fact that his successor knew local government inside out. I am glad that my hon. Friend is bringing that knowledge to bear in the House today.

I will try to keep my contribution short, given what we have heard from my hon. Friends the Members for Ellesmere Port and Neston and for Wirral South. I would like to bring two examples before the House. Community regeneration is something I have been interested in for a long time, in particular through living and having grown up in south Wales, where we are part of the post-industrial age.

In all the time I have been a Member of Parliament, I never thought that I would speak in a debate and praise a Government led by Mrs Margaret Thatcher. However, I find myself doing that in drawing attention to the Cardiff Bay development corporation, which was set up in April 1987 to regenerate the 1,100 hectares of old derelict docklands of Cardiff and Penarth.

If anybody remembers Cardiff Bay—as I know you do, Mrs Main, with your Welsh connections—they will know that Tiger Bay was a no-go area. The most famous person ever to come out of Tiger Bay was Shirley Bassey. It was known, unfortunately, for two things—dockers and prostitutes. It was not a nice place to go. However, when people go there now, it is modern—a place where someone can take their children for a day out. It holds modern office blocks. Essentially, it was part of the British Government's urban development programme to regenerate particularly deprived and run-down areas of British inner cities, and it showed that when a Government have a political will, great things can happen.

The mission statement for the regeneration project was to put Cardiff on the international map. I am very pleased to say that it has done so, and not just with the

[Chris Evans]

Ryder cup 2010, held at Celtic Manor just down the road in Newport, or the recent NATO summit. The facilities in Cardiff—including Cardiff castle, where the President of the United States dined during that summit—really put Cardiff on the worldwide scene, and that is because of what is happening in the bay.

The five main aims and objectives identified in the regeneration project were as follows: first, to promote development and provide a superb environment in which people want to live, work and play. Having enjoyed some of the restaurants and the pubs—sometimes too much—I can say that it is certainly a place that I want to visit. My hon. Friends have encouraged the Minister to visit their areas in Merseyside, and I ask him to visit Cardiff Bay, not in an official capacity, but in a personal capacity, with his family. I think he would have a great day out there.

Secondly, the project aimed to reunite the centre of Cardiff with its waterfront, which is, of course, one of the focal features of the city. It has been used as a backdrop for many news programmes and as a filming location in programmes such as “Doctor Who”—unfortunately, a filming request for the new James Bond film, “Spectre”, was turned down.

The third aim was to bring forward a mix of development that would create a wide range of job opportunities and would reflect the hopes and aspirations of the communities of the area. Cardiff Bay is a melting pot; it brings together several cultures, like many dockland towns, such as those in Liverpool. I am glad to say that Cardiff Bay celebrates the integration and diversity that makes our country so great. Fourthly, the regeneration project aimed to achieve the highest standard of design and quality in all types of development and investment. Fifthly, it aimed to establish the area as a recognised centre of excellence and innovation in the field of urban generation.

Some of the significant achievements of the project included the construction of a barrage across the mouth of the bay to create a 200-hectare fresh water lake—I am glad to say that there are many boating trips on there now. There was the construction of new homes, including those at Atlantic Wharf, and the new offices at Crickhowell House, now the home of the National Assembly for Wales. The development also created commercial and leisure facilities, such as those at Mermaid Quay on the waterfront and the Atlantic Wharf leisure village. It is evident that investment in the regeneration of our towns and cities is vital for the most prosperous future. If somebody wants to see the beating heart of that, please visit Cardiff Bay.

My second example, from further afield, is Bedford-Stuyvesant. The change there was brought about by my great hero, Robert Kennedy, when, in 1964, he set in motion a round of legislative action that created the special impact programme, which was an amendment to the Economic Opportunity Act of 1964.

Kennedy called for the formation of the Bedford-Stuyvesant Renewal and Rehabilitation Corporation and the Development Services Corporation. Bedford-Stuyvesant, at that time, was a hotbed of crime and urban decay, and many of the brownstone houses that made up that beautiful community during the 1930s had fallen into disrepair. What Robert Kennedy outlined

was a conceptual framework for a comprehensive and integrated community planning and development effort. His speech recognised that the efforts of community residents combined with those of the private sector and of Government could bring about economic, social and physical revitalisation of some of the most impoverished areas.

Robert Kennedy identified three critical threads, which I believe also link to Cardiff Bay: co-operation with the business community in self-sustaining, economically viable enterprises; integration of programmes for education, employment and community developments under a co-ordinated overall plan; and drive and direction to be given to those efforts by the united strength of the community, working with private foundations, unions and universities, in community development corporations organised for that purpose.

Many people wrote to my hon. Friend the Member for Wirral South about her area; if there was the idea of a community development corporation that they could get involved in, I wonder whether they could put their ideas into practice. I see community development corporations, if they are taken up—again, with political will—as using the best expertise of business along with the activism of local communities.

Vital to this approach is the recognition that community development requires the direct participation and involvement of the community of residents. That means that however many Government schemes we have, and however much money is thrown at schemes by Government, they work only if there is buy-in from the communities themselves. That is not only in the decision making, but in the production, management and control of what is being produced. If people feel that a fruit and veg shop is needed in their shopping centre, that should be run as a food co-operative, or there should be some other way of bringing it about. However, that can be done only if we lower business rates and create the environment for it to come about.

The notion of community development connotes not only empowerment of residents, but the formation, development and maintenance of community-based institutions, including churches, schools, day care facilities for young and old, health centres, shops and recreational facilities. Thriving local economies are at the heart of a competitive UK economy, but development is needed to help towns and cities to meet their potential—from the quality and affordability of housing, to the mix of office space and the connectivity of transport links. Anyone who has walked down their high street and seen boarded-up buildings where shops once stood, or who is struggling to afford a decent home close to work, will grasp the scale of the challenge.

For too long, “regeneration” has been something of a dirty word. It is seen as something that Government deals with by throwing money at it. Some people will say that it is a waste of time—too big an effort. That is not helped by the fact that many grand projects have failed to deliver the benefits promised, and public funds have been wasted. But to me, regeneration matters; community and civic pride matters. For communities to thrive and prosper, people need to feel proud of where they are and where they come from. For the public, thriving local communities are about having the amenities that they need on their doorstep: leisure facilities, public services, good transport links and, most important of

all, jobs. For businesses seeking to set up in towns and cities, the right environment can be the difference between success and stagnation.

We need a new approach to regeneration in which business, local authorities, central Government and local communities work together to deliver new homes and modern office space, rejuvenate our high streets and develop high-quality infrastructure to connect towns and cities. Even in the digital age, in which connections are increasingly made remotely, place, as well as a sense of being, still matters, providing somewhere to live and work and also the right connections to be able to get around.

According to a recent report conducted by the University of Plymouth, "The Failure of Regeneration Policy in Britain", there are two main types of urban problem in the UK. The first is problem localities in prosperous cities. The second is depressed towns and cities. In both cases, and despite years of policy intervention, there is little evidence that the situation is improving. There are fundamental economic problems to be addressed on both the supply and the demand side. Preferences will have to be altered so that peripheral regions and problem areas become more desirable.

The changing balance of Government spending and the increased costs of motoring should be priorities. The first group involves the essentially prosperous economies of London, much of southern England and the provincial capitals of which Bristol is a glowing example. The second consists of locations that have struggling economies. They include former mining towns, which I represent, and centres of shipbuilding, which my hon. Friends represent.

The report draws the conclusion that the main solution seems to lie with education and training, design improvements, limited tax changes, proposals to clean up contaminated land, and targets for brownfield land and redevelopment. I think that the Government need to take a two-pronged approach. They need to look at the examples of Cardiff Bay and Bedford-Stuyvesant. Government will in Cardiff Bay has regenerated and rejuvenated that area. Community activism regenerated Bedford-Stuyvesant. At our best, this country does those things better than anybody else. I encourage the Government to promote these issues as best they can.

Mrs Anne Main (in the Chair): I would like to point out that I will be calling the Scottish National party spokesperson at 10 minutes past 5.

5.3 pm

Dr Rupa Huq (Ealing Central and Acton) (Lab): It is a pleasure to serve under your chairmanship, Mrs Main. I shall be brief compared with my hon. Friends, but I do want to add a London perspective to this very important debate. I congratulate my hon. Friend the Member for Wirral South (Alison McGovern) on securing it. It is disappointing to see how empty the Government Benches are. If that reflects a lack of interest on the Government side in regeneration issues, it is a sad state of affairs. I am just making a statement of fact. People can compare the numbers; it is not difficult.

My hon. Friend mentioned the out-of-town areas that people have to have a car to access, and we heard about examples from the north-west and from Wales.

I think that all these issues are linked together by the concept of suburbia. I am talking about the suburbs. Those areas are within our cities, so they are not the out-of-town retail parks, but they are on the edges. Often, places such as my own constituency, Ealing Central and Acton, were conceived around transport nodes, and I think that they are suffering under this Government. They were built as an ideal that was in-between the rural idyll and the big bad city; they were meant to be the best of all worlds. However, they can end up being forgotten, because unlike the real rural world, they do not have pressure groups such as the Countryside Alliance to fight their corner; and at the same time, they do not have the urban allure of the cities or the inner cities for regeneration initiatives. So in the end they can up being a bit forgotten and dismissed and derided by urban snobs, who see suburban dwellers such as me as people who live behind twitching net curtains, who live in places that are a bit out of the way: "You wouldn't really want to go there." There is that metropolitan snobbish attitude, I think, so I want to speak up for the suburbs in my short contribution to the debate.

Some estimates say that 80% of us now live in suburbs. However, they are always absent from the debate. People may remember that when the late Baroness Thatcher won her third election victory in 1987, her first reaction, probably looking at the electoral results, was to say, "We've got to do something about those inner cities." Nobody ever said, "We've got to go to Acacia Avenue. The people there are hurting; they're suffering." However, I would contend that under this Government, there is a whole set of suburban problems that my constituents in Ealing Central and Acton face. I am talking about problems such as housing, which my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) mentioned. People face exorbitant housing costs. In my constituency, there are beds in sheds. That is a relatively new phenomenon. We also have delayed transitions—people in their 30s who are still living in the parental home. That is a suburban problem that people have in west London.

My hon. Friends who have contributed to this excellent debate—I restate that I think it is sad that there were not more Members from the Government side and, indeed, more Members from both sides of the House here—described the issue of hollowed-out high streets. That is in the face of rising business rates such that small businesses are collapsing, and we have seen more of a movement towards online transactions, so the idyllic suburbs are looking ugly with those empty shops. Also relevant are rising transport costs that become punitive, and derelict pubs. The public house was part of the suburban set-up, but more and more of those have gone.

Although suburbs are by definition peripheral zones, suburbs should be central to any future regeneration policies. We have heard time and again about urban taskforces that go, with their gung-ho attitudes, to spruce up areas. Is it not time to have a suburban taskforce to look at suburbia in this country?

5.7 pm

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to speak under your chairmanship, Mrs Main. I thank the hon. Member for Wirral South (Alison McGovern)

[Alison Thewliss]

for calling the debate, which I have found most enlightening. It is a shame that Government Members are not here, particularly given that I, a Scottish Member, am here speaking in a debate largely about English towns.

In particular, I want to say that we can learn much from one another across these islands in the way we approach urban regeneration—in the way we approach our towns and cities. I am a Glasgow Member. Glasgow is a city, but it is also made up of villages all around it. We might not recognise them as such because they are close together, but they do have their own distinct feel and vibe, and people are very proud of where they come from even within a city the size of Glasgow. Cities that have suffered the long-term social impacts of deindustrialisation, such as Glasgow, share a lot with cities in England and Wales. That is a particular challenge, too.

I want to highlight a few things that Scotland has done thus far to make progress on urban regeneration that might be of interest to my colleagues here today. Regeneration is difficult. It requires sustained investment, long-term planning and commitment. It is not a project to be embarked on lightly or for short-term political gain; and it cannot be done successfully without working with local people and communities and being led and informed by what they want to see on their doorsteps.

Projects have failed. The Glasgow East Area Renewal in the 1980s failed for a number of reasons, but the main one was that the people locally did not see anything for them in that. It came; it went; and there was nothing left afterwards. I absolutely agree with what the hon. Member for Wirral South said about market failure in our towns and cities. When that happens, an intervention is needed, which will not come from the private sector; local government and national Government will have to work in partnership to turn things around. In Glasgow, in the area I represent, Clyde Gateway has been key not only to doing the difficult land remediation projects, but to regenerating parts of Bridgeton and Dalmarnock. Across the neighbouring constituency of Rutherglen and Hamilton West, a lot of difficult work has been done, and Clyde Gateway has stepped in to fill the void.

In the Communities and Local Government Committee yesterday, I listened with great interest to the Minister for Housing and Planning, who talked about investment in transport hubs. People do not live in transport hubs, in my experience; they live in towns and places, towards which they feel great affection. The Government need to consider the place of towns in people's health and wellbeing, and their sense of self. If we do not recognise how important that is, we are setting ourselves up to fail.

Many sites around our cities remain boarded off; they do not have the required investment because of the market failure that has been mentioned. In Scotland, we have recognised that. The Scottish Government have undertaken a range of initiatives, particularly through the Community Empowerment (Scotland) Act 2015, which supports the role of local communities in taking ownership of areas in cities and towns, as well as in rural areas. That could play a significant role in regenerating urban areas, bringing people in and changing how they feel about the areas in which they live. Instead of being frustrated that they cannot do anything about the situation,

people can come together and buy out that area, or have an option on that land, so that they can do something with it.

The Scottish Government have a lot of strategy for town centres. They developed the “town centre first” principle in agreement with the Convention of Scottish Local Authorities. The town centre action plan was started in 2013 and followed up in 2014. The Scottish Government established an empty homes fund for town centres, because part of the problem is that if people move out, there is no one to support local shops and local businesses. Scotland has a £2.75 million fund for town centre housing and a £4 million empty homes fund, so local authorities and housing associations can start to change that around, fix the houses that have fallen into disrepair and bring people in to live in towns and cities. The small business bonus scheme supports small local businesses below a certain rateable value by exempting them from business rates so that they can stay put, and that helps to sustain them in difficult times.

The regeneration capital grant fund is being used in my constituency in an innovative way. The Barras market is world famous for various reasons, but it has seen better days, and regeneration capital grant funding will bring derelict floor space in the Barras market area back into use. Industrial buildings or buildings that once contained market stalls, but that have fallen into disrepair, are now being brought back into use. Various organisations, including artists' organisations, are coming back into the area. That will have a positive impact and will bring more business and other things into the area.

Mrs Anne Main (in the Chair): May I ask the hon. Lady to address her remarks to the regeneration of towns and cities in England? She is coming to the end of her remarks, and they have been somewhat out of line with the motion.

Alison Thewliss: Yes. I am interested in hearing about what is happening in towns in England, and I believe that some of the ideas from Scotland may be of use and of interest to other hon. Members. I would be more than happy to visit the constituencies of other hon. Members, and I encourage them to come to Glasgow or elsewhere in Scotland to see some of our initiatives. There is a lot going on.

Alison McGovern: I have great friends in Glasgow, and I visit often. I thank the hon. Lady for her invitation, and I extend a similar invitation in return.

Alison Thewliss: I thank the hon. Lady and I will leave it at that.

5.13 pm

Mr Steve Reed (Croydon North) (Lab): It is a pleasure to serve under your chairmanship, Mrs Main. I congratulate my hon. Friend the Member for Wirral South (Alison McGovern) on securing this debate on the Government's failure to secure investment in regeneration in our town centres and district centres away from the main urban centres. I congratulate my hon. Friend on the work that she has done with the community in her constituency in supporting regeneration initiatives that have already had a big impact, such as the Port Sunlight river park,

which I believe she helped to open, and the award-winning New Ferry farmers market, which certainly sounds as though it is worth a visit if hon. Members are in the vicinity of the Wirral.

My hon. Friend has also spoken, however, about many of the concerns that her local residents raise with her—the sight of empty shops blighting a previously thriving town centre; the lack of new investment in the area; a general sense of decline that people do not want to feel about the area where they live and bring up their families; and the general lack of opportunities, not only for young people who are growing up and will feel as though they cannot stay in the area but for adults who are already making their lives in such places.

We are not just talking about New Ferry; we have heard many examples from other parts of the country that are suffering in similar ways. We have heard from Cardiff and Liverpool about the success of their urban regeneration projects. Those projects are, on the whole, led by Labour councils that are doing a fantastic job, but the Government have denied them the tools that they need to do even more for the communities that they serve. No one has mentioned London yet, but London is not exempt from this problem.

Dr Huq: I did.

Mr Reed: I do apologise; of course my hon. Friend mentioned London. No one has mentioned south London, then. I will mention Croydon, which is, like Ealing, in outer London. Because of that, it feels forgotten sometimes. Even in an outer London borough, district centres such as Thornton Heath or South Norwood in my constituency also feel as though they have been forgotten by the main town centres in their boroughs.

I want to draw attention to three areas in which the Government could do better—first, cuts, funding and resources, secondly, the role of local enterprise partnerships and thirdly, devolution. The Government continue to ignore the unfair impact of the way in which they allocate funding across the country. Only last weekend, new figures showed that the reduction in councils' spending power per head in the worst-off areas has been 10 times higher than in the wealthiest areas. It does not seem fair to penalise poorer areas. Doing so will push areas that are already struggling to succeed into a downward spiral, which does not benefit anybody. In the Wirral, there has been a cut of £228 per head of population in spending power since 2010, which is nearly nine times higher than the reduction in the least deprived parts of the country. How is that helping the Wirral to overcome the kinds of problems that my hon. Friend spoke about so eloquently in her opening contribution?

Let us turn to local enterprise partnerships. I speak as a former board member of London's LEP, the London Enterprise Panel. LEPs could be much more effective than they are at the moment, but they need two things that they are not fully getting from the Government: a long-term commitment and the resources to do the jobs that they are looking at properly. Regional development agencies, which LEPs replaced, were able to make single three-year funding agreements that offered stability. LEPs, however, have access to far smaller overall budgets and many different funding pots, so they cannot combine them in ways that could be more helpful and beneficial to the communities that they serve.

Labour has proposed rationalising the LEPs where they do not properly reflect functioning regional economies. For instance, they should look at covering a travel-to-work area as an indicator of a regional economy rather than subdividing them as they do in some places, with the result that they cannot work effectively across the whole area. Government need to be much clearer about the core purpose of LEPs, because that would enable them to work much more effectively and build stronger partnerships with local authorities.

I will conclude by speaking about devolution. We believe strongly that powers should be removed from Westminster and handed to communities across the country, but we cannot do that in the piecemeal way attempted by the Chancellor. The Government cannot dump a one-size-fits all model on each part of the country and leave them to it. Devolution deals must properly reflect the different characteristics and needs of the area that they are being set up for. We need to ensure that, when the Government strike a deal with Liverpool, the needs of places on the fringes of that great city, such as New Ferry and Ellesmere Port, are not neglected. I look forward to the Minister addressing the many serious concerns that have been raised by Opposition Members, and I hope that he will reflect on what he has heard and conclude that the Government need to do a much better job.

5.20 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): I am delighted to serve under your chairmanship, Mrs Main. I thank the hon. Member for Wirral South (Alison McGovern) for securing this important debate and giving me this opportunity to set out the Government's vision for the future of our towns and cities.

I am passionate about high streets and town centres and their importance to our communities and local economies, so I was delighted to take on the portfolio for high streets, town centres and markets. We are at a critical moment for our town centres, and I am dedicated to giving local authorities, local enterprise partnerships and local communities access to the tools that they need to transform their local areas. The Government have made it clear that we wish to empower towns and cities to become real engines of growth, unleashing their full potential by placing power to make decisions locally in the hands of people who know those local areas best, and we have certainly started to do that. We have created 39 local enterprise partnerships, chaired by business leaders, covering the whole of England. We have delivered 28 city deals, which are revitalising the English regions by enabling private sector growth. And now we have the Chancellor's vision for a northern powerhouse that will raise the growth rate of the north, which could be worth an extra £44 billion for the north by 2030. Clearly, the Wirral and Liverpool have a vital role to play in that vision.

There has been significant investment in the Wirral, which I will touch on when I answer some of the hon. Lady's questions. There has been significant progress, because five years ago more than 1,300 people in the Wirral were claiming jobseeker's allowance. That figure has now fallen to less than 700, which is less than half the number we inherited. We are not complacent, but that reduction represents significant progress.

[Mr Marcus Jones]

High streets and town centres play a crucial role in our areas. They create future jobs and nurture small businesses. A recent Association of Town Centre Management report shows that town centres contribute nearly £600 billion to UK plc each year. Recent news has shown that high streets across the country are fighting back valiantly following the great recession. Recent data show positive footfall trends in most locations, and the national town centre vacancy rate fell to 9.8% in July 2015, which is the lowest reported since records began in July 2011. Year-on-year sales have increased for 28 consecutive months, which is the longest sustained period since 2008.

Where empty shops stubbornly remain, I recognise that they can blight town centres and bring down the general appearance, which is why I urge local authorities and landlords to think innovatively and look for meanwhile uses for such properties. Pop-up shops have provided a great stimulus in many towns and high streets, not only enabling entrepreneurs to get going but bringing people into town centres who are keen to see new, innovative traders. The Government have taken significant action to support town centres to weather the storm. Since 2010, the Government have helped to create 300 town teams and have given more than £18 million to towns, which includes funding and practical support in New Ferry in the hon. Lady's constituency.

Alison McGovern: I think that the Minister is about to make my point for me. We had pop-up shops in New Ferry, and they did not work; we have a town team, and it does not work. What we need is capital, because the market in New Ferry is failing. Will the Minister please help us with resources?

Mr Jones: I am coming on to those points. I am well aware that there are many structural issues facing many town centres, and there are many areas where, as the hon. Lady identifies, the stock of property is not conducive to 21st century use. There are many challenges, so this is probably a good point for me to address her questions. First, she mentioned the national planning policy framework. There is a strong "town centre first" policy in the NPPF, and areas such as Croydon, Swindon and Southampton are doing extremely well in ensuring that they are strong in relation to the "town centre first" policy. The chief planning officer wrote to all local authorities in February 2015 to reiterate the "town centre first" policy and to remind councils that they should pay due deference to this important policy.

The hon. Lady also mentioned the views of the Association of Convenience Stores. The association is extremely important, and I am meeting it this Friday, which I am sure she will be glad to hear. She made a fair point on out-of-town stores, but she and her fellow Opposition Members failed to mention online retailing, which has had a significant effect on town centres. She made an important point on regeneration.

Dr Huq: Will the Minister give way?

Mr Jones: Just bear with me, because I have very little time. The hon. Member for Wirral South made some important points, and I am doing an awful lot of work to try to introduce proposals on the issues that she mentioned. The structural problems faced by many areas, not just in the north but in pockets across the country, are significant. We need to look at those problems carefully, but we should not go back to the days of the failed regional development agencies. In my region—the west midlands—the RDA failed significantly, with fewer people employed in the private sector after the RDA finished than before it started. Gloucester is a good example of an area where the LEP is embracing its town and city centres. Gloucester city centre is benefiting from the LEP's work, but we need to encourage the LEPs to take on board the challenges in our towns and city centres and work to support them.

The shadow Minister mentioned Government support, and Wirral South has had significant Government support. There was an £8.5 million investment in the Unilever Port Sunlight research and development project, and there is also the Wirral Waters enterprise zone, which I understand will be the largest regeneration project in the UK. Some Opposition Members fail to understand that these issues are complex. Although money is important in many situations, it is not the only solution. I am looking into the many challenges and working through the different issues that affect our town centres, and I am working with partners to try to secure solutions.

It was good to hear from the hon. Member for Islwyn (Chris Evans), who mentioned Cardiff. It would be good one day to go to see the regeneration that happened as a result of the work of Mrs Thatcher and Lord Heseltine back in the 1980s. The comments of the hon. Member for Ealing Central and Acton (Dr Huq) were reasonably negative, but I note that Pitshanger Lane in Ealing has been entered into the great British high street competition, which I welcome. I wish its supporters well in their efforts. The hon. Member for Glasgow Central (Alison Thewliss) made the important point that the UK Government and the devolved Administrations need to work together on what works well and on best practice.

I find it difficult to accept the shadow Minister's view on cuts. Before the general election, the Labour party said that it was going to cut local government, so it is difficult for him to say now that the Labour party would not do so. On spending power, the authorities that he mentioned generally have higher spending power than authorities such as the one in the area that I represent. I certainly do not want to go back from LEPs to RDAs, as he mentioned.

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Tuesday 8 September 2015

TREASURY

UK Asset Resolution: Consumer Credit Act

The Economic Secretary to the Treasury (Harriett Baldwin): I can today update the House following previous statements on 11 December 2012, *Official Report*, columns 20-21WS, and 11 December 2014, *Official Report*, columns 52-53WS, on the Consumer Credit Act (CCA) litigation case undertaken by NRAM plc (formerly Northern Rock (Asset Management) plc). I can now confirm that following the High Court judgment in December 2014 and the subsequent decision taken by the boards of UK Asset Resolution (UKAR), the NRAM holding company, and UK Financial Investments (UKFI), to pursue an appeal, the Court of Appeal overturned the High Court judgment in July 2015 and found in favour of NRAM. The Court of Appeal confirmed that customers who took out unsecured loans of more than £25,000 under agreements that incorrectly stated these loans were regulated under the CCA are not entitled to the same rights and remedies as those customers who took out loans that were regulated under the CCA. The UKAR statement is available at: <http://www.ukar.co.uk/media-centre/press-releases/2015/23-07-2015?page=1>

UKAR had estimated the cost if it had to remediate affected customers to be £279 million plus any future interest accruing on these accounts before remediation is made. A provision for this amount was included in the Treasury group accounts and following the Court of Appeal judgment this provision has been removed.

[HCWS180]

DEFENCE

Counter IED Equipment: Pakistan

The Secretary of State for Defence (Michael Fallon): I have today laid before the House a departmental minute describing a package of spare parts for counter-improvised explosive device (C-IED) equipment which the UK intends to gift to the Government of the Islamic Republic of Pakistan at their request to support previously gifted C-IED equipment. The value of the package is £948,439.00, plus around £40,000 for packaging and shipping.

Pakistan continues to face a severe threat from IED attacks perpetrated by terrorists based in its country. It has sought the UK's assistance in developing the capabilities of its security forces to tackle this threat. In May, the UK finished providing a three-year counter-IED (C-IED) programme to help Pakistan develop a multi-agency capability for tackling IEDs. As part of this programme, the UK has gifted in total £12.915 million of C-IED equipment to Pakistan. A new, enhanced programme will be launched later this year.

Pakistan now has a rapidly expanding C-IED capability, with over 5,000 of its security forces trained. More of these IEDs are being defeated across the provinces and lives are being saved. Pakistani battalions, who have benefited from UK support, have been operating for more than a year as part of the military's counter-terrorism operations in North Waziristan agency.

Developing Pakistan's counter-terrorism capability is firmly in support of our counter-terrorism strategy, targets the problem at source and reduces the risk of a terrorist attack, potentially against UK interests.

Subject to completion of the departmental minute process, gifting is expected to be undertaken in the fourth quarter of 2015.

[HCWS179]

JUSTICE

Prison Education

The Lord Chancellor and Secretary of State for Justice (Michael Gove): We have more than 80,000 adults in our custody. One of the most important things we can do once they are inside the prison walls is to make sure that they get the literacy and numeracy skills they need to make them employable and positive contributors to society once released. For those serving longer sentences, education and training is a key part of their rehabilitation.

We must have the right incentives for prisoners to learn and for prison staff to make sure that education is properly prioritised. I want to see prisoners motivated to engage in their own learning and Governors with the right tools to be more demanding and creative about the education provided in the prisons they run.

I have seen some excellent examples of innovation and visionary organisations providing prisoners with education opportunities and qualifications they actually need to help secure a job on release. But I want to see more.

That is why I have asked Dame Sally Coates to lead a review of the provision of education in prisons.

Dame Sally has a wealth of experience in working with pupils in inner-city schools and in taking decisive action to improve schools' performance. She took charge of Burlington Danes Academy when it became an Ark school, leading it from special measures to outstanding in all areas. In her current role as Director of Academies South for United Learning she oversees the provision of education in 16 academies and seven independent schools. She recently carried out a review of teaching standards for the Department for Education and I know she will inject fresh thinking into the neglected area of prison education so that many more offenders' lives can be turned around.

Dame Sally will be supported by a panel of people who have delivered outstanding secondary education, experts in further and higher education, employers, representatives from Ofsted, senior officials from the Ministry of Justice, the National Offender Management Service and the Department for Business, Innovation and Skills as well as experienced frontline prison staff. Together they will work with Dame Sally to explore how we can significantly improve education for all prisoners.

They will also investigate how the quality and methods of prison teaching can be improved including in classrooms and workshops, how prisoners can be encouraged to positively engage with learning and the potential for employers to advise on the curriculum to ensure that prisons offer the right courses and qualifications to enable prisoners to secure jobs on release.

I want this review to happen at pace so I have asked Dame Sally to make recommendations by spring next year.

A copy of the terms of reference for the review will be placed in the Libraries of both Houses.

[HCWS178]

Petition

Tuesday 8 September 2015

OBSERVATIONS

HEALTH

Chemotherapy drug Abraxane

The Petition of residents of the UK,

Declares that the chemotherapy drug Abraxane, used for treating people with pancreatic cancer, is being reviewed by the Cancer Drugs Fund panel at the end of July 2015; further that the drug should be retained on the Cancer Drugs Fund list of approved drugs; further that pancreatic cancer has the worst survival outcome of any of the 21 most common cancers with less than 4% of patients surviving 5 years or longer and that these low survival rates have remained virtually unchanged for the past 40 years; further that there are currently very few treatment options available for patients and that Abraxane offers a treatment option that some patients may be able to tolerate better than the most effective treatment currently available; further that ultimately Abraxane will give more patients access to life-extending treatment; further that removing Abraxane from the Cancer Drugs Fund will see pancreatic cancer patients in England disadvantaged; further that there is clinical support and demand for Abraxane and it is the only pancreatic cancer drug on the Cancer Drugs Fund; and further that an e-petition on this matter was signed by 2,700 individuals.

The Petitioners therefore request that the House of Commons urges the Government to retain the chemotherapy drug Abraxane on the Cancer Drugs Fund list of approved drugs.

And the Petitioners remain, etc.—[Presented by Nic Dakin, *Official Report*, 21 July 2015; Vol. 598, c. 1463.]

[P001539]

Observations from the Secretary of State for Health:

The Government recognise the importance of having access to new and promising treatments for people affected by pancreatic cancer and firmly believe that clinically appropriate drugs that are established as cost-effective should be routinely available to NHS patients.

The National Institute for Health and Care Excellence (NICE) is the independent body that provides guidance on the clinical and cost effectiveness of drugs and treatments. NICE is currently appraising Abraxane (nanoparticle albumin bound paclitaxel or nab-paclitaxel) for the treatment of prostate cancer and has not confirmed when its final guidance is expected to be published.

NHS England is responsible for administering the Cancer Drugs Fund (CDF). Advances in medical science means that new cancer medicines are emerging all the time and NHS England needs to regularly prioritise its national CDF list so people can access these too.

Decisions on which treatments are included on the national CDF list are made by the CDF expert clinical panel. The panel includes expert oncologists, oncology pharmacists and patient representatives and is fully aware of the very poor outcomes in pancreatic cancer and of current available treatment options in this disease area.

The inclusion of Abraxane on the national CDF list was reviewed at the panel's prioritisation meeting at the end of July. On 4 September 2015, NHS England published its decision following its review of Abraxane. The CDF panel concluded that the clinical benefits of Abraxane in metastatic pancreatic adenocarcinoma were insufficient to merit retention within current CDF funding and that it will be removed from the list from 4 November 2015. The panel's decision summary is available at: <http://www.england.nhs.uk/wp-content/uploads/2015/09/cdf-decision-sum-nanoparticle-albumin-bound-paclitaxel-mpancreatic.pdf>

Where a drug has been removed from the national CDF list as a result of the re-prioritisation process, any patients currently receiving the treatment under the CDF will normally have the option to continue treatment until they and their clinician consider it appropriate to stop. In addition, clinicians can make Individual Cancer Drug Funding Requests (ICDFRs) on the grounds of clinical exceptionality from the cohort for which the decision not to fund has been made.

The Government remain committed to the Cancer Drugs Fund which has already helped more than 72,000 people access the cancer drugs they need.

ORAL ANSWERS

Tuesday 8 September 2015

	<i>Col. No.</i>		<i>Col. No.</i>
JUSTICE	201	JUSTICE—continued	
Bill of Rights	205	Parliamentary Questions.....	216
Bill of Rights	211	Prison Education	201
Court Closures.....	215	Prison Officers: Assaults	212
Employment Tribunal Fees	209	Reoffending	210
HM Courts and Tribunal Service.....	213	Topical Questions	217
Magistrate Court Closures	214	Torquay Magistrates Court	208

WRITTEN STATEMENTS

Tuesday 8 September 2015

	<i>Col. No.</i>		<i>Col. No.</i>
DEFENCE	7WS	TREASURY	7WS
Counter IED Equipment: Pakistan.....	7WS	UK Asset Resolution: Consumer Credit Act.....	7WS
JUSTICE	8WS		
Prison Education	8WS		

PETITION

Tuesday 8 September 2015

	<i>Col. No.</i>
HEALTH	9P
Chemotherapy drug Abraxane.....	9P

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CONTENTS

Tuesday 8 September 2015

Oral Answers to Questions [Col. 201] [see index inside back page]
Secretary of State for Justice

Northern Ireland: Political Situation [Col. 223]
Statement—(Mrs Villiers)

Devolution (London) [Col. 240]
Bill presented, and read the First time

Satellite Navigation (Updating Scheme) [Col. 242]
Motion for leave to bring in Bill—(Mr Liddell-Grainger)—agreed to
Bill presented, and read the First time

Refugee Crisis in Europe [Col. 245]
Emergency debate under Standing Order No. 24

Finance Bill [Col. 297]
Considered in Committee

Online Retail Delivery Charges [Col. 379]
Debate on motion for Adjournment

Westminster Hall
Hospital Services (South Manchester) [Col. 1WH]
Business Rates (Rural Areas) [Col. 23WH]
FM Radio Applications [Col. 30WH]
Urban Regeneration (England) [Col. 37WH]
General Debates

Written Statements [Col. 7WS]

Petition [Col. 9P]
Observations

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
