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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**
(HANSARD)

Tuesday 15 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

BUSINESS, INNOVATION AND SKILLS

The Secretary of State was asked—

EU Membership: Business

1. **Huw Irranca-Davies** (Ogmore) (Lab): What recent assessment he has made of the UK's membership of the EU on businesses. [901321]

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): The UK was the fastest growing major advanced economy in 2014. The OECD forecasts that that is to continue in 2015. This Government's ambition is for Britain to be the most prosperous major nation in the world by the 2030s, and free trade with the rest of Europe has a very important role to play in that.

Huw Irranca-Davies: I welcome those words. The First Minister of Wales, Carwyn Jones, was in Japan only last week, building on our strong cultural, economic and social ties with that country, which have developed over a long time, and promoting our exports, which increased by 27% in Wales last year, building on the work of established companies such as Toyota, Sony and Sharp. Those companies view Wales and the UK's membership of the European Union as key to the trading relationship and the thousands of jobs it underpins. Does the Minister agree with them?

Sajid Javid: I respect the hon. Gentleman, but given the utter shambles of his party's EU policy I am surprised that he wants to ask that question. It is clear that free trade is hugely important to the prosperity of our nation, and that means working with our EU partners on more free trade agreements. That is at the heart of our renegotiation, because we want more free trade with an EU that is outward looking, not just inward looking.

Mr Peter Bone (Wellingborough) (Con): First, may I congratulate the new Leader of the Opposition on his shift in policy in making Labour more Eurosceptic?

Is it not the truth that the European Union holds us back on free trade? Does our current account deficit of some £50 billion not prove that we would be better off out of the EU, with more free trade, more jobs and more business?

Sajid Javid: My hon. Friend highlights an important issue. [HON. MEMBERS: "Shambles!"] Labour Members are talking about their EU policy, but my hon. Friend wants to hear my answer. We want more free trade, which means that, at this point, we have to work with the EU. For example, if the free trade agreement being negotiated between the EU and the US—the Transatlantic Trade and Investment Partnership—goes through as planned, it will add £10 billion a year to GDP, which is worth £400 for every hard-working family in Britain.

Kelvin Hopkins (Luton North) (Lab): I utterly reject the idea that TTIP will be beneficial, but that is another question. The head of Vauxhall has said today that he is fairly relaxed about whether Britain remains a member of the European Union. We still import twice as many cars as we export, so there is plenty of scope for Britain to expand its manufacturing sector.

Sajid Javid: Under this Government, the manufacturing sector in Britain has been growing strongly, thanks to our policies to reduce the deficit and bring back economic confidence. As I have said, working with our EU partners is hugely important to increasing trade, particularly exports, and for sectors such as the automotive industry. They are doing very well, but they could do better if we keep working with our partners.

Neil Carmichael (Stroud) (Con): Given that so many of our firms are in supply chains that benefit from the single market, does the Secretary of State agree that it is absolutely necessary for the Prime Minister to make sure that we reform that single market so that we can stay in the European Union and continue to thrive as a nation?

Sajid Javid: We are focused on delivering a successful renegotiation, and once that is done we will let the British people make the decision in the referendum. Having a better single market is at the heart of that renegotiation: it is about having more competition, less red tape and more free trade.

Michelle Thomson (Edinburgh West) (SNP): Firms such as Nestlé and automotive companies such as Hyundai and Ford have indicated that a Brit exit could result in their scaling back. The UK automotive industry employs more than 700,000 people and accounts for 3% of GDP, according to KPMG. Does the Secretary of State really believe that it is worth risking foreign investment in the UK to solve an ideological battle within the Tory party?

Sajid Javid: The hon. Lady will know that the debate about the EU has been going on for many years and the right thing to do is to renegotiate. In order for that renegotiation to be successful, it is right to have a referendum. That is exactly what this Government are doing, and then the British people will decide. It is also clear that this Government have many policies that help industries such as the automotive industry to succeed, such as our investment in skills.

Apprenticeships

2. **Kevin Foster** (Torbay) (Con): What plans he has to increase the number of apprenticeships. [901322]

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid):

The coalition Government have delivered over 2.3 million apprenticeship starts since May 2010, and this Government will support 3 million new apprenticeship starts over this Parliament. We are developing a comprehensive plan for growth, including more work with large employers, more help for small businesses and a new funding system supported by an employer levy.

Kevin Foster: I thank the Secretary of State for his answer. Support for further education colleges, including South Devon college in Torbay, will be vital to delivering more higher level apprenticeships and, in particular, degree-level apprenticeships, which provide the highest level of training. What plans does he have to support FE colleges, including South Devon college, in delivering that type of training for employers?

Sajid Javid: I know that my hon. Friend is very passionate about this issue. I am happy to congratulate South Devon college on its plans. Degree apprenticeships are a fantastic route to higher level training. I assure my hon. Friend that my Department is working hard with colleges, universities and employers to support what is an increasingly popular route.

Jenny Chapman (Darlington) (Lab): I am afraid that there is an issue not just with quantity, but with quality. With further education in a state that is getting close to desperate, too few apprenticeships are of a high enough quality. I visited Mech-Tool in my constituency, where apprenticeships are four years long and people get good jobs afterwards. What will the Secretary of State do to make sure that we improve quality for the rest of our apprentices?

Sajid Javid: The hon. Lady makes an important point. No one wants an increase just in quantity; we at the same time want to see quality improve. I hope that the hon. Lady will, for example, support the Enterprise Bill, when it is introduced in the other place on Thursday, which will for the first time protect the term “apprenticeship”.

Dr Andrew Murrison (South West Wiltshire) (Con): The agricultural sector in this country is small, but important. One of the things that is holding it back is a lack of skills on the technical side of agriculture. Wiltshire college in Lacock is particularly concerned about that. What can my right hon. Friend do to assist in building up technical skills in agriculture in this country, and in particular to increase the number of apprenticeships in agriculture?

Sajid Javid: My hon. Friend is absolutely right. That issue has come up a number of times in the agriculture sector, and there is more work to be done. My hon. Friend the Minister for Skills is working on seasonal apprenticeships, which will help to make a change.

Ms Angela Eagle (Wallasey) (Lab): Britain has a serious and growing skills shortage in science, technology, engineering and maths, with businesses facing what they have called a “skills emergency”. Alarming new figures show that of more than 250,000 apprenticeship starts last year, only 140 were in science and maths, and fewer than a fifth of apprenticeships this year are in

engineering. Will the Secretary of State tell the House how he hopes to close the skills gap when there are so few apprenticeship opportunities in those subjects?

Sajid Javid: May I again welcome the hon. Lady to her place and to her new position? I agree with her that there is a skills shortage. When we talk to employers across the country, that is one of the first issues that they bring up. That is why the Government have brought significant investment and focus to bear on the issue. For example, we launched our higher apprenticeships earlier this year and I would like to see those increase; as I have said, we are currently seeing record growth. We are also setting up a network of national colleges: there will be seven national colleges, and I hope that they will all be operational by September 2017.

Ms Eagle: I thank the right hon. Gentleman for his second welcome in as many days. I hope that there are some things we can agree on, even though we started off on very disagreeable terms with the Trade Union Bill yesterday.

There are serious concerns that in the rush to meet the Government’s artificial, politically driven target, many apprenticeships are really little more than a rebranding of entry level jobs. The latest Government figures show that only 3% of new apprenticeships starts were at the higher level. How can that be compatible with the Government’s aim of creating a highly skilled workforce?

Sajid Javid: As the hon. Lady perhaps knows, we are starting to see a significant increase in the number of people taking STEM-related apprenticeships and higher apprenticeships. She will also be aware that, in the recent Budget, we announced the introduction of the apprenticeship levy, which will help to make sure that there is long-term sustainable funding not just for the quantity of apprenticeships, but for their quality. I hope that she welcomes that.

Mr Alan Mak (Havant) (Con): I welcome the Government’s move to ensure that all big Government contractors deliver apprenticeships as a key part of their commitment. Does the Secretary of State agree that, with over £50 billion a year spent on procurement contracts, that represents a huge opportunity to boost apprenticeship numbers across the country?

Sajid Javid: My hon. Friend makes an excellent point. We looked at that issue in the coalition Government, but I believe that we can take it further and we will announce plans shortly.

Michelle Thomson (Edinburgh West) (SNP): I am delighted that the Secretary of State has learned the value of apprenticeships from Scotland. Our Parliament has created 25,000 places each year during its lifetime. It has now exceeded its target and brought the number up to 35,000 annually. Moreover, every apprentice in Scotland is guaranteed a job once their training is completed. As part of the plans to impose an employer levy, has he assessed the cost to Scottish businesses and apprenticeship opportunities that such a levy would impose?

Sajid Javid: I am pleased to hear that apprenticeships are doing well in Scotland—I have been following that closely. I would like to see more apprenticeships throughout

the United Kingdom. That would be a good thing. I hope that the hon. Lady welcomes the development of the employer levy. We are in the process of deciding exactly how it will work. We are talking to all devolved authorities and look forward to working with them on it.

Ian Paisley (North Antrim) (DUP): Northern Ireland has a good story to tell with regards to the development of apprenticeships. However, with the resignation of the Minister responsible and the impending collapse of the institutions, will the Secretary of State indicate that he and his Department will step up to the mark if required, fill the gap and continue that good work?

Sajid Javid: Of course I hope that Northern Ireland is able to deal with these troubling issues and that there is no collapse of the institutions. If there is anything that we can do to help, we will of course look carefully at that.

Technical Skills

3. **Bill Esterson** (Sefton Central) (Lab): What assessment he has made of the level of technical skills required by employers. [901323]

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): To increase productivity we need to deliver the higher level, technical and intermediate-level skills that employers demand, as we have just heard. Our approach is to create a responsive, employer-led system of higher vocational education through expanding higher and degree apprenticeships and creating national colleges and institutes of technology.

Bill Esterson: We have a shortage of technical skills, not least in engineering and construction. According to employers, the Government's focus on the number of apprenticeships amounts to little more than a re-badging of existing in-work training courses. When will the Government take the necessary action to deliver the high skills that are needed to boost productivity, growth and living standards in this country?

Sajid Javid: That gives me an opportunity to highlight the legacy of 13 years of Labour Government, when hardly anything was done to boost the skills of our people, particularly young people, in every sector. This Government have changed that. We saw progress under the coalition Government. As I said earlier, we will focus on higher apprenticeships, we will have national colleges and we will set up a prestigious network of institutes of technology.

18. [901343] **John Howell** (Henley) (Con): Will my right hon. Friend join me in congratulating my constituent, Senior Aircraftman Shayne Hadland on winning a silver medal for aircraft maintenance at the WorldSkills competition in Sao Paulo and on being named best of nation for the United Kingdom? Does that not illustrate the importance of good technical skills and how the RAF is providing them?

Sajid Javid: I join my hon. Friend in congratulating Shayne Hadland. It was a huge achievement to win such a prize at the WorldSkills competition—I know

just how competitive it was. Luckily for Britain, we had many other winners and I congratulate them too. It is an inspiration to many people.

Ian Austin (Dudley North) (Lab): Does the Secretary of State agree that the best way to improve the level of technical skills in the west midlands would be to get behind the proposals from the region's local authorities and local enterprise partnerships for a combined authority and elected mayor with devolved skills budgets to improve skills, bring former industrial sites back into use, provide more housing and better transport links, and get the economy of the west midlands really moving?

Sajid Javid: I agree with the hon. Gentleman that the proposal for a west midlands combined authority looks exciting and should be taken seriously. Obviously, the Government are considering all the proposals and need to look at their merits. I have met a number of people behind that proposal and it would be great to see whether we can work together and bring it forward.

Michael Tomlinson (Mid Dorset and North Poole) (Con): Dorset Young Enterprise is a voluntary organisation that goes into schools to help improve skills with local employers. I declare an interest as someone who has worked within Dorset Young Enterprise. Does my right hon. Friend agree that such organisations are vital in closing the skills gap and ensuring that young people leave school ready to start work?

Sajid Javid: My hon. Friend is absolutely correct that Dorset Young Enterprise and many groups like it throughout the country are doing a hugely important and vital job in closing the skills gap. The Government could look at how we can support that not just in Dorset but throughout the country. He is absolutely right to raise this matter.

Apprenticeships: Travel Costs

5. **Scott Mann** (North Cornwall) (Con): What steps his Department is taking to help apprentices with the cost of travelling to work in rural areas. [901325]

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): Apprenticeships are paid jobs with quality training, and availability is determined by employers. There is no central publicly funded support towards travel costs, but some local authorities run schemes that help apprentices with such costs. Apprentices who were previously unemployed may be able to benefit from a travel discount card operated by Jobcentre Plus.

Scott Mann: It has been brought to my attention that many young apprentices struggle with their first car insurance premium. Will the Secretary of State consider bringing in special insurance premiums for apprenticeships?

Sajid Javid: I am pleased that my hon. Friend has raised that important point as the cost of car insurance is an issue for many young people across the country. Many insurance companies already offer ways to reduce the cost of insurance for young drivers, for example by installing driver monitoring devices, and I would welcome other approaches by insurance companies to reduce

that cost. My hon. Friend may have some ideas in that regard, and I would be happy to meet him to discuss them.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Minister realise that many young people in the rural part of my constituency have difficulty getting to the fine Kirklees further education college in Huddersfield? I beg him to take notice of Professor Alison Wolf's clarion call that if we put all our money into apprenticeships and neglect our FE colleges we will be on the road to ruin and will never sort out the productivity challenges of our country.

Sajid Javid: I listen carefully to what Professor Alison Wolf says. The hon. Gentleman points out the pressures faced by the FE system, and he will know that as the quantity and quality of apprenticeships increase—for example, with the introduction of the apprenticeship levy—that will help to support our college system.

Construction Sector: Cash Retention

6. **David Simpson** (Upper Bann) (DUP): What steps the Government are taking to tackle cash retention within the construction sector. [901328]

The Minister for Skills (Nick Boles): We are working with the industry through the Construction Leadership Council and its supply chain payment charter, which includes a commitment to zero retentions by 2025.

David Simpson: I am sure the Minister will agree that cash retention is having a major difficulty on the cash flow of SMEs across the United Kingdom. Surely some form of sanctions needs to be in place to alleviate cash-flow problems when companies are going out of business.

Nick Boles: I certainly agree that there are some problems with the system, but it is also a fairly deeply embedded feature of the construction industry. We must act on the basis of evidence, which is why the Government will commission an analysis of the cost and benefit of retention payments to inform future action. We endorse entirely the Construction Leadership Council's commitment to remove such payments from the industry by 2025.

Chris Leslie (Nottingham East) (Lab/Co-op): With last week's construction output figures going backwards, and with so many small construction firms facing cash-flow difficulties, is it any wonder that the house building programme in this country has been so lamentable? Do we need to do more to help SME construction firms, for example with a help-to-build underwrite of some sort behind that loan finance for small building companies? We should not just avoid adding to borrowing; we should make a real difference for those construction firms, particularly small ones.

Nick Boles: We certainly want to support a range of construction firms, both small and large, but it would have been nice if the hon. Gentleman had taken advantage of his Back-Bench position to reflect a little more openly and honestly on the legacy of the last Labour Government, which saw the construction industry crushed.

Housing starts are up by 50% from the low that was achieved at the end of the last Labour Government. There is a lot further to go, and we will work closely with construction firms to make that progress, but let us be honest about where the industry started.

Ms Margaret Ritchie (South Down) (SDLP): Will the Minister and his colleagues hold a range of discussions with their colleagues in the Treasury and Her Majesty's Revenue and Customs, to discuss the need to reinstate the aggregate levy scheme, and particularly the exemptions, as that would assist the construction sector and the cash-flow situation for industries in Northern Ireland?

Nick Boles: I would be happy to invite the hon. Lady to meet me to discuss that in detail.

Government Strategic Support

7. **Stephen Kinnock** (Aberavon) (Lab): What recent assessment he has made of the effectiveness of the Government's strategic support for industries and sectors. [901329]

The Minister for Small Business, Industry and Enterprise (Anna Soubry): Through sector councils and meetings with companies across all sectors we will continue to work closely with industry to understand its needs and what more Government can do to retain the UK's competitive position within the global economy.

Stephen Kinnock: I thank the Minister for her response. Given the crucial role of the steel industry to the British manufacturing sector and our very sense of pride and prestige as an industrialised nation, will you today agree to accelerate the full implementation of the energy-intensive industries package? Crippling energy bills are crippling the steel industry, and it is time for the Government to act.

Anna Soubry: The question was obviously to me, Mr Speaker, but that does not matter. Importantly, we know that the steel industry faces very difficult times. It would be fair to say that these are the most difficult times it has ever faced in this country. We are looking at all the things that the Government can do to continue to assist the steel industry, and we have already started that work, which is one of the reasons why I am going to China next week, specifically to talk to the Chinese about their over-production and the allegations of dumping. I could expand on other points and will no doubt do so in answer to supplementary questions.

Andrew Stephenson (Pendle) (Con): Rolls-Royce's two factories in Barnoldswick are a key part of Pendle's aerospace supply chain. When I visited Rolls-Royce in Derby in August, bosses told me of the huge benefit of the Government's aerospace growth partnership. Does my hon. Friend agree that the continuation of that successful partnership is vital for that sector?

Anna Soubry: The short answer is yes. I am more than happy to visit my hon. Friend's constituency to meet those companies and see the great work that they do. The aerospace sector is incredibly important and I pay tribute to all who work in it and all the success it has had.

20. [901345] **Anna Turley** (Redcar) (Lab/Co-op): My hon. Friend the Member for Aberavon (Stephen Kinnock) is right: there is a crisis in UK steel making and 2,000 jobs in my constituency are at risk. I have secured a Backbench Business debate on Thursday, and I would be grateful if Ministers could come to pledge their support for UK steel making. We have to see action on energy prices and business rates. If we do not, UK steel will have no future. It is up to Ministers now to take action.

Anna Soubry: I am delighted that the hon. Lady has secured that debate on Thursday and I will be there. It follows on from the debate that we had in Westminster Hall. As we know, there is an over-production of steel across the world. The consumption of steel has fallen dramatically and that has meant, for example, that the price of slab has almost halved. People say we could do something about the price of energy—if only it were that simple. It is hugely complicated. We already have a compensation scheme and we are looking at how we can expand it, but we have to make it clear that if we begin to take the pressure off electricity-intensive industries, we have to shift it somewhere else. It is not as simple as it perhaps seems, but the hon. Lady can be assured that we are well aware of what is happening in SSI UK, which is why I met it last week.

Tom Pursglove (Corby) (Con): High energy costs are affecting not only the steel industry—something I know from my own constituency—but the plastics industry. Over the summer recess, I visited both Amaray and RPC in the town. What steps are Ministers taking to help the plastics industry?

Anna Soubry: As I said, we are aware of the particular pressures that high electricity prices put on industries, especially those that use the most, and a compensation package is available. We all want a greener, cleaner environment, so we have set targets that we have to meet, and a cost is associated with that. I am happy to meet my hon. Friend to discuss that, especially as it affects the industries in his constituency of Corby.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Minister and I have discussed the clear and present dangers to the UK steel industry in a constructive fashion several times since she took her post. Given a summer of deeply worrying developments in the steel industry, not least with the news today from Redcar, can she assure us—notwithstanding what she has said today—that she has the full backing of the Prime Minister and the Chancellor to take whatever action is necessary urgently to stand up for the steel industry in the UK?

Anna Soubry: Unfortunately, I was not present at Prime Minister's questions last week, but I know that the hon. Member for Scunthorpe (Nic Dakin) put a question to the Prime Minister, who made it very clear that he wants to give his full support to our steel industry. We recognise its importance to the economy and I am delighted that I have had so many very positive meetings with Members, notably Opposition Members, in which we have explored all the difficulties

in an atmosphere that has been frank about what more we can do. We also have to understand that we are limited. The state aid rules just do not help.

Self-employed People

8. **David Rutley** (Macclesfield) (Con): What steps he is taking to support self-employed people. [901330]

The Minister for Small Business, Industry and Enterprise (Anna Soubry): The new enterprise allowance and start-up loans schemes are making it easier for people to move into self-employment. We have appointed Julie Deane, founder of The Cambridge Satchel Company, to carry out an independent review and recommend what more we can do to support those who are self-employed.

David Rutley: The growth in self-employment is an important and positive trend, and I welcome the announcement of Julie Deane's independent review. Will my right hon. Friend confirm to the House that it will include a full review of how the Government and their agencies communicate with the self-employed, so that they are fully aware of all the available support? Does she agree that that would help them to achieve their aspirations and to play an even greater role in taking forward the Government's long-term economic plan?

Anna Soubry: As somebody who was self-employed for more years than I care to remember—about 20 years—I am fully aware of not only the benefits but the disadvantages. My hon. Friend makes a really good point about the importance of communication, so that people who are self-employed know what assistance is available. Julie will be looking at that particular aspect, and we welcome and look forward to her report and her recommendations.

Caroline Flint (Don Valley) (Lab): By how many hundreds if not thousands of pounds will self-employed people lose out from the removal of working tax credits, which we will be discussing today, from working people, including the self-employed?

Anna Soubry: The straight answer is that I do not have a figure, but I will find out and I will write—[*Interruption.*] No, don't be silly. I will write to the right hon. Lady with that figure. Let me make it absolutely clear: the rebalancing of our economy, paying off our debts, reducing the deficit and making sure that work pays are at the heart of what the Government stand for. That is what we were elected on, with a very clear manifesto and the support of the British people. We are doing the right thing by hard-working families.

Regional Growth

9. **Rehman Chishti** (Gillingham and Rainham) (Con): What steps he is taking to promote regional growth. [901331]

12. **Kevin Hollinrake** (Thirsk and Malton) (Con): What steps he is taking to promote regional growth. [901335]

14. **Heidi Allen** (South Cambridgeshire) (Con): What steps he is taking to promote regional growth. [901337]

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): The Government remain totally committed to the rebalancing of our economy through unleashing the economic potential of our cities and regions. We have invested in infrastructure, connectivity, and science and innovation across the country, not least in the northern powerhouse and most recently with the £235 million the Sir Henry Royce Institute focused on research into advanced materials. We have agreed 28 city deals, 39 growth deals and a total investment of £7.7 billion, including the transformational of Greater Manchester devolution agreement. It is working: the north-east and the north-west are now cited as the fastest-growing regions in the country. We are going further and are now discussing a further 38 radical devolution proposals to empower local regions.

Rehman Chishti: On regional growth, the Government have committed £7 billion of the £12 billion regional growth fund, including £488 million to my own South East local enterprise partnership, which is creating more jobs, homes and growth. However, when does the Minister expect the remaining £5 billion to be allocated? Does he expect the overall pot to grow?

George Freeman: My hon. Friend is right and I take this opportunity to congratulate him on his leadership locally in helping to secure that £7 billion and the £488 million that has gone into the Thames Gateway in north Kent. Decisions on the remainder of the RGF will be made in the spending review, but I will point out that we restated in the spending review guidance our commitment to the full £12 billion and to a radical package of devolution across the country.

Kevin Hollinrake: Regional growth in Thirsk and Malton depends largely on access to superfast broadband. We are delighted that 95% of premises will receive superfast broadband by 2017, but the final 5% percent is without doubt the biggest challenge. Many businesses cannot wait until 2020 to get access to superfast broadband. Will the Minister confirm that he will look at ways to open up the market to create more competition for the final 5%, thereby increasing the pace of roll-out?

George Freeman: My hon. Friend makes an excellent point. It is great news that, as a result of our £800 million programme, 95% of the country will have superfast broadband by 2017. However, the final 5% or 10% in the most rural areas require special attention, which is why my hon. Friend the Minister for the Digital Economy is actively looking at a package of measures to help the most marginal rural constituencies. We have launched an £8 million pilot programme looking at vouchers, mobile broadband and a range of innovative schemes, including social investment finance models.

Heidi Allen: The Minister might recall that a few weeks ago I mentioned to him the incredible economic growth in Cambridgeshire which risked being hampered because of infrastructure constraints. We are ready to present an innovative private funding model to him, so can I secure some time in his diary to share the proposals with him?

George Freeman: I would be delighted to give my hon. Friend a date. She makes an important point, and I welcome the ambition set out in the "Case for Cambridge" manifesto. Having sat myself on the board of the Greater Cambridge partnership, I well know that Cambridge is now a global technology cluster. Only last week, I went to visit AstraZeneca's £500 million global research and development hub site. It is a city that needs global infrastructure, and we welcome the ambition set out in the manifesto.

Mary Creagh (Wakefield) (Lab): Regional growth in Yorkshire and the north-east is dependent on good transport links, so the cancellation of electrification between Leeds and Manchester and Leeds and Newcastle was a bitter blow to our economy. May I urge the Minister to urge the Chancellor to review the decision in the autumn statement and to look at the skills capacity in the transport sector, which is pushing up costs and prices in the electrification area?

George Freeman: First, the programme has not been cancelled; it is paused. It is a massive programme. [Laughter.] Opposition Members do not know much about running major projects. It is absolutely necessary that we get it right. The howls of derision opposite reveal their embarrassment at our success. You would think we would get more thanks for what we have done: a £7 billion regional growth fund; city deals across the country; 11,000 small and medium-sized businesses helped; and 130,000 jobs created, not least in the north.

Jo Cox (Batley and Spen) (Lab): The Minister will know that the suspension of the business rates revaluation in 2013 has had different effects in different parts of the country. Will he commit to investigating how businesses in my constituency, like so many in the north, were disadvantaged by the decision and find a way to redress this north-south divide?

George Freeman: I would be delighted to feed the hon. Lady's comments into the Government's review of business rates, which is already in hand. We recognise that particularly in many small towns business rates have a crippling effect on the high street. That is why we have launched a major review, which is ongoing and live at the moment.

Toby Perkins (Chesterfield) (Lab): In response to my hon. Friend the Member for Wakefield (Mary Creagh), the Minister did not talk about the midland main line, but gave a list of other things he was doing. The cancellation of the midland main line electrification is a significant blow to south Yorkshire, north Derbyshire and the east midlands. What representations has the Department made on the impact on businesses and regional growth of not electrifying the midland main line? Will he respond to the question and tell us what is actually happening?

George Freeman: I dealt with that point. The midland main line is an important strategic rail route, and we are pausing to make sure we get it right. We will take no lectures from the Labour party on economic competence, when its own shadow Chancellor, according to his biography, is committed to the overthrow of capitalism.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): I am aware that the Life Sciences Minister is creating a specialist life sciences enterprise zone to support sites across the UK hit by the global pharmaceutical corporate restructuring. Will he commit to providing every possible support to Covance, a pharmaceutical company in Alnwick, in my constituency, where more than 140 scientists' jobs are at risk?

George Freeman: My hon. Friend has raised this matter with me already, and the Office for Life Sciences stands ready and is taking a close interest. We have already made contact with the local authority and will offer every support we can to its bid to make sure the site remains viable and that we protect local jobs.

EU Membership: Business

10. **Peter Grant** (Glenrothes) (SNP): What assessment he has made of the potential effect on businesses of the UK leaving the EU. [901332]

The Minister for Small Business, Industry and Enterprise (Anna Soubry): The Prime Minister is focused on reforming Britain's place in the EU, and rightly so. A wind of change is blowing through the EU, and it is a wind that wants reform. We are in a process of renegotiating, and when we have completed that renegotiation, the question will be put to the British public.

Peter Grant: Earlier this morning, the Secretary of State referred to the difference of opinion on the Labour Benches with regard to our membership of the European Union. Will the Minister take this opportunity to demonstrate the undeniable, 100% unity that exists on the Conservative Benches by confirming that she and all her ministerial colleagues will enthusiastically promote the positive case for remaining in Europe when the time comes?

Anna Soubry: I know that the hon. Gentleman is new to this place, but I do not think the Conservative party has ever shied away from the fact that we are not all as one when it comes to the future of our European Union membership and whether we should stay in or leave. What is absolutely the case is that, unlike other Governments who had the opportunity, we are trusting the British people. We are in a process of negotiation. We will go to the people, and let the people decide whether or not to stay within the EU.

Mr David Nuttall (Bury North) (Con): Has the Minister seen the report from Business for Britain, entitled "Change, or go"? Does she agree with one of its conclusions, that leaving the European Union would "not entail a loss of influence on the world stage."?

Anna Soubry: I will be fascinated and delighted to read this document, and I am sure my hon. Friend will send me a copy, but given my long-term support for our continuing membership of the European Union, I might need a bit more persuading than his document could provide.

Mr Speaker: It looks as though it is going to be a very lengthy read, I must say, and probably rather heavy as well.

Keith Vaz (Leicester East) (Lab): As part of the Prime Minister's renegotiation, and as he visits various European capitals, he presumably has a list of reforms that he wants enacted. How many directly relate to business?

Anna Soubry: The Prime Minister has set out his broad categories. He continues to meet leaders throughout the European Union, and he continues to put the interests of our country first and foremost. In due course, and most importantly, the people of this country will decide whether or not to stay within the EU. As to my answer to the previous question, I take it all back—I am not reading a document of that length, but I will have a five-minute conversation with my hon. Friend the Member for Bury North (Mr Nuttall).

Mr Philip Hollobone (Kettering) (Con): In the 1980s, the European Union accounted for about 30% of world trade. By the beginning of the next decade, that figure will be about 15%. Over that time, our trade deficit is growing to £50 billion a year. Is it not clear that Britain would be better off outside the EU?

Anna Soubry: Given the views of the new Leader of Her Majesty's Opposition, it might be a good idea for my hon. Friend to meet him and persuade him further of the case that he advances. It seems that there is another major shift in the policy of the Labour party.

EU Membership: Business and Universities

11. **Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): What recent estimate he has made of the value of UK membership of the EU to businesses and universities. [901334]

The Minister for Universities and Science (Joseph Johnson): Our world-class universities, with their close links to business, are at the heart of the global knowledge economy. They will benefit from the reforms we want to see in place across the European Union. As the Minister for Small Business, Industry and Enterprise just said, the EU is our biggest market. Reform and growth on the European continent is good for British business, and it is good for our globally networked universities.

Gerald Jones: Universities UK recently highlighted the risk to potential funding and collaboration if Britain withdraws from the UK. That applies to my own constituency as well. Does the Minister agree with that, and does he support Universities UK and its campaign?

Joseph Johnson: I discuss these issues regularly with Universities UK, which recognises that reform across the European Union will support growth and competitiveness. In turn, that will help the links that our great universities have with business.

Philip Davies (Shipley) (Con): Will the Minister confirm that last year our trade deficit with the European Union was £62 billion, and that it is therefore nonsensical for anybody to argue that we see the end of free trade with the EU if we were ever to leave it? When he has confirmed that, perhaps he can set out what on earth we get for our £18 billion membership fee every year.

Joseph Johnson: We want to see the completion of the single market so that British businesses can compete more effectively across promising sectors of the European single market. We have a strong export sector and we want to break down further barriers that prevent our businesses from fulfilling their potential in that market.

Liam Byrne (Birmingham, Hodge Hill) (Lab): May I stiffen the Minister's answers? The truth is that British universities win more research grants from the European Research Council than any other country in Europe. Well over £1 billion flowed in last year from Europe into the British science base, which is more than any other country received. The European Union and our membership of it is mission critical to our success and the future of our high-tech, high-productivity industries. Over the months to come, will the Minister join me in helping to ensure that British universities are at the forefront of leading the campaign for this country to stay in the European Union?

Joseph Johnson: British universities and British science punch well above their weight around the world, and they secured 16% of the last batch of grant money from the European Union. That is because we have a competitive, world-class research base, and we are the Government who are supporting it and providing a stable climate for business and universities to invest in research and science. The Labour party would jeopardise that with its new economic policies, which would destabilise our business climate.

Small Businesses: West Yorkshire

13. **Jason McCartney** (Colne Valley) (Con): What recent support he has provided to small businesses in West Yorkshire. [901336]

The Minister for Small Business, Industry and Enterprise (Anna Soubry): A total of 892 StartUp Loans have been issued to entrepreneurs across West Yorkshire, amounting to nearly £5 million, and 890 West Yorkshire businesses have secured guarantees under the enterprise finance guarantee scheme, amounting to £87 million. Through the growth deal funding in 2015-16, we have supported the establishment of a growth hub in the Leeds city region, which helps businesses across West Yorkshire to gain access to joined-up, expert advice, grants and loans.

Jason McCartney: I welcome that positive news. As the Minister knows, one of the big challenges for my local businesses, which are expanding at a fantastic rate, is finding new premises. There are many derelict mill sites, but they need a big capital injection to prepare them for the expanding businesses. Will the Minister continue to consider investing through the regional growth fund and the business growth deal to support those wonderful businesses, creating jobs and apprenticeships?

Anna Soubry: Of course we will continue to consider investing, but during this period we are looking at our future plans for public spending, and it is all part of that.

Foreign Students

15. **Kirsten Oswald** (East Renfrewshire) (SNP): What representations he has received from the further and higher education sectors on the number of students from abroad studying in the UK. [901338]

The Minister for Universities and Science (Joseph Johnson): We have built a world-class university system in the United Kingdom. According to data published today following a survey, we have 10 of the world's top 50 universities and four of the world's top 10, and we warmly welcome the growing number of international students who choose to study at them. As I made clear in my first speech in my current role at the Going Global conference, there is no cap on the number of genuine international students who can come to study in the UK. However, it is right that we continue to seek to drive out abuse, and to tackle it wherever it exists in our system.

Kirsten Oswald: What economic assessment has the Minister made of the impact on the Scottish economy and the Scottish further education sector of the tier 4 regulations?

Joseph Johnson: International students who come to this country bring significant benefits to our higher education system, which is why there is no cap on international student numbers and the Government have no intention of introducing one. Our further education system also benefits significantly from the 19,000 or so international FE students in this country.

Topical Questions

T1. [901346] **Philip Davies** (Shipley) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): Over the summer, my Department has been responding to the Treasury's request to find savings in the BIS budget. That is a vital part of the Government's plan to eliminate Labour's record budget deficit, support the recovery, and protect the economic security of the nation. We have also been preparing important legislation: the Trade Union Bill, which received its Second Reading here yesterday, and the enterprise Bill, which will be introduced in the other place later this week.

Let me take this opportunity to congratulate all the British people who took part and won in the summer world skills competition in São Paulo.

Philip Davies: Whatever one's view of Sunday trading, does the Secretary of State agree that it is absolutely absurd that a Tesco Express can open all day on a Sunday, but a Tesco Superstore can open for only six hours? Will he commit himself to taking steps to allow people to work and shop when they want to, not when the Union of Shop, Distributive and Allied Workers tells them they can?

Sajid Javid: My hon. Friend always raises important issues like that. It is absolutely right for us to take a fresh look at Sunday trading rules, which have not been considered carefully for many years, and that is what

the Government are doing. My hon. Friend will be fully aware of our proposal to devolve the relevant decision-making to local authorities.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): In *The Independent* last week the previous Business Secretary described the deafening silence from this new Government on industrial strategy as “ominous”. Has the current Business Secretary decided if he has an industrial strategy yet?

Sajid Javid: Our policies for dealing with all industries are very clear: we have a very active dialogue with all industrial groups and with many companies, as well as with leading business groups, and that dialogue will continue. We do that, for example, through the sector councils; we listen very carefully to what they have to say and work in partnership wherever we can.

T2. [901347] **Suella Fernandes** (Fareham) (Con): I recently visited SMR Automotive in Portchester, a global leader in vehicle exterior mirrors and camera-based ADAS—advanced driver assistance systems. With 750 jobs locally, it is an outstanding example of manufacturing. What is my right hon. Friend doing to ensure quicker and greater access to brownfield land so that companies such as SMR can expand?

Sajid Javid: It is great to hear another example from the UK’s successful automotive industry; it is one of the brightest stars in the constellation of British business. We encourage the effective use of land by reusing brownfield land. Local planning authorities, through their local plans, need to respond to market signals and set out a clear strategy for allocating land suitable for development.

T3. [901348] **Mr David Hanson** (Delyn) (Lab): Following on from the question of the hon. Member for Shipley (Philip Davies), it is not just USDAW members who are opposed to changes in Sunday trading. Last week, for example, the British Retail Consortium said:

“There is a strong consensus across the industry that the proposal to devolve these decisions to a local level, rather than them being decided nationally, is a matter for concern.”

Will the Business Secretary truly take account of the consultation and, if business, workforces and the public say no, not make those changes?

Sajid Javid: As the right hon. Gentleman will know, the consultation is about to close and we will carefully look through its responses, as we always do, but I am sure the right hon. Gentleman agrees with choice, so that local authorities can decide if it is the right thing for them. If, for example, there is a local area with higher unemployment than elsewhere and the local authority thinks the changes will help to create jobs for local working people, that will clearly be a good thing. There was a time when the Labour party was the party of working people; what has happened?

T5. [901350] **Stuart Andrew** (Pudsey) (Con): Is my hon. Friend aware of the example mentioned last week in the Science and Technology Committee of a £2 million Innovate UK investment leveraging a further £44 million from the private sector? Does he agree this shows the importance of Government supporting science?

The Minister for Universities and Science (Joseph Johnson): Yes, I do agree. Science and innovation are among the UK’s greatest strengths, and the example my hon. Friend gives—I believe he is referring to the drug discovery firm Summit plc—is a good example of the way public investment in R and D crowds in additional private investment. Every £1 the public invests in R and D crowds in an additional £1.36 of investment on average.

T4. [901349] **Alison Thewliss** (Glasgow Central) (SNP): Scottish Renewables announced yesterday that the sudden early withdrawal of the renewables obligation has already hit investment in projects, deeply concerning the sector. What assessment has the Minister made of the further impact the Government’s stance could have on the future viability of institutions such as the Green Investment Bank and the innovation they fund?

The Minister for Small Business, Industry and Enterprise (Anna Soubry): There are a few questions in there, and forgive me if I did not catch all of them, but I am very happy to meet the hon. Lady to give her a full set of answers. On the renewables obligation, we are very aware of the burden it places on a lot of our industries, but, as I explained in a previous answer, if we move it from one sector, we have to find somewhere else for it to go, and it will either fall on the individual consumer or another part of business. It is not as simple as it appears at first blush.

T7. [901352] **David Rutley** (Macclesfield) (Con): I welcome the steps being taken by the Under-Secretary of State for Life Sciences to accelerate the adoption of new, properly tested medical treatments in the NHS. Can he confirm that this not only has tangible benefits for patients, but also helps underpin the strength of the life science sector in north-east Cheshire and across the country?

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): The accelerated access review that we have launched is about unleashing the power of the NHS to support 21st-century drug development and the test beds putting technology into practice in our health system. As my hon. Friend says, this has benefits not just for patients, but for industry, and not least for the north-west. During my visit to the Alderley site with my hon. Friend in the spring, I saw at first hand the power of that cluster in advanced medicines manufacturing and technology, and I think it has a very bright future in 21st-century life sciences.

T8. [901353] **Ian Mearns** (Gateshead) (Lab): With only 6% of 16 to 18-year-olds going into apprenticeships, may I ask the Secretary of State what specific steps he is taking to ensure that the 3 million apprenticeships that the Government hope to create are of good quality, are quality assured and have proper qualifications that will lead to increasing the trainee’s career prospects and are not used, as we are currently seeing in the north-east, as a ruse by less scrupulous employers to employ young people on cheap wages?

The Minister for Skills (Nick Boles): The hon. Gentleman will know that under the previous Government we had apprenticeships that did not even involve an employer and that lasted a few months. This Government have

introduced a 12-month minimum. They have put employers in charge of developing apprenticeship standards so that apprentices learn skills that employers value, and they are introducing an apprenticeship levy to ensure that there is funding for the 3 million apprenticeships that will benefit his constituents.

T9. [901354] **Chris Skidmore** (Kingswood) (Con): The current law allows for strikes to be called by unions on the basis of a mandate for industrial action that was secured up to two years ago. That is unfair on those whose lives are inconvenienced by strikes on which a vote was taken years ago. Does my hon. Friend agree —[*Interruption.*] The Corbynistas on the Opposition Benches should calm down. Does he agree that strikes should take place only on the basis of a current mandate?

Mr Speaker: I do not think that the hon. Member for Huddersfield (Mr Sheerman) has ever previously been so described.

Nick Boles: My hon. Friend is absolutely right. There was a National Union of Teachers strike in 2014 that closed 1,500 schools and colleges. It was based on a mandate from two years before, and it had secured only 27% turnout in the ballot. That is wrong. We are changing that, which is why I am delighted that the Bill passed its Second Reading so handsomely yesterday.

Mr Iain Wright (Hartlepool) (Lab): In his written statement of 20 July, the Minister of State for Skills announced that the aim of area-based reviews of post-16 provision would be to create “fewer, larger” providers, and that colleges would remain “independent institutions.” Will the Minister explain how those two statements demonstrate policy coherence or indeed any logic at all? Will he confirm that the only means by which he can reconcile those statements is by cutting off funds to starve colleges into submission. Is that what he will do?

Nick Boles: I am slightly surprised at the hon. Gentleman who is a great man and a great Chair of the Business, Innovation and Skills Committee. He knows full well that it has required no arm twisting or strong arming by Government to encourage lots of colleges to combine with each other to form very successful groups. Manchester College and others are great examples of it. It is that kind of sensible consolidation to increase the strength of the college system that we will be encouraging through the area reviews.

Will Quince (Colchester) (Con): At the weekend, my wife and I visited Bill's, which is a new restaurant in Colchester and part of a large chain. At the end of the evening the bill had an automatic 10% gratuity, which the staff member said that they did not receive. Does my hon. Friend agree that the public expect staff members to get the tips in recognition for the service rendered?

Sajid Javid: Yes, absolutely. When a diner leaves a tip, they rightly expect that to go to the staff. Recent reports have suggested that some restaurants are not doing that, which is unacceptable. I have already launched a call for evidence. I will see whether the Government need to take any action. If they do, nothing is off the dining table.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): Over the summer, we have seen example after example of consumers' data—credit card details, travel records or dating preferences—being hacked or shared without their permission. What is the Minister doing to ensure that consumers can own and control their own data?

Nick Boles: I am very happy to talk to the hon. Lady who has a great deal of expertise in this area to take ideas from her. [*Interruption.*] Yes, I do believe in learning from those on the Opposition Benches on occasion about how we can do better on this important issue.

Matt Warman (Boston and Skegness) (Con): Many of my constituents are employed on the minimum wage, with an average salary of £15,000 in Boston and Skegness. Has the Minister made an assessment of what impact the national living wage will have on my constituency?

Nick Boles: I am delighted to remind the House that from the beginning of October the national minimum wage, which will benefit all my hon. Friend's constituents over the age of 18, will go up by 3%. That is the highest increase since 2006. Next April, the national living wage will come in, and it will give his constituents over the age of 25 a significant benefit. That is the result of this Government's economic plan working. [*Interruption.*] It is benefiting working people throughout the country, and I would have thought that the Labour party, which used to stand for working people, would support it.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The Office for National Statistics has stated that in July our manufacturing output dropped, our exports—particularly to the emerging markets—dropped and that confidence levels among our manufacturers was very low. Given that the Chancellor said in 2011 that he was backing the “march of the makers”, what additional measures will the Minister take to ensure that that boast can become a reality?

Sajid Javid: I always listen carefully to what the hon. Gentleman says. He did a great job as Chair of the Business, Innovation and Skills Select Committee and he makes some important points, but he will be fully aware that manufacturing crashed as a proportion of our economy under the previous Labour Government, almost halving in size. Under this Government, the proportion has gone up as we rebalance the economy. He is right, however, to identify the question of exports, and we have set up an export taskforce to come up with new initiatives that will make a huge difference.

Daniel Zeichner (Cambridge) (Lab): Last week the World Economic Forum published its “Inclusive Growth and Development Report”, which states that “efforts are required to improve access to education as well as its quality, which would be important for tackling...the low levels of social mobility in the country.”

What efforts is the Secretary of State making to achieve that?

Nick Boles: The hon. Gentleman might not have noticed, but we are investing a huge amount of effort and money, through an apprenticeship levy that will be coming in in 2017, in the expansion and improvement of apprenticeships to create opportunities for young

people and people in later life. I very much look forward to his contributing to the debate on this subject and supporting the apprenticeship levy in the Lobby.

Several hon. Members *rose*—

Mr Speaker: Last but not least—I call Mr Bone.

Mr Peter Bone (Wellingborough) (Con): The previous Secretary of State gave his approval for Rushden Lakes, a major retail and leisure facility in my constituency.

The development is now well under way, and it will create thousands of jobs. Will the Secretary of State find time in his calendar next year to show his support for the development and for the success of Conservative economic policy?

Sajid Javid: Yes, absolutely, and I hope that Mrs Bone will be able to join us.

Northern Ireland

12.32 pm

The Secretary of State for Northern Ireland (Mrs Theresa Villiers): With permission, I would like to make a statement about political developments in Northern Ireland. First, I welcome back the hon. Member for Gedling (Vernon Coaker) as shadow Secretary of State. I hope we can continue the constructive working relationship that we had when he last held the post. With that in mind, I would say that the new Labour leader and the shadow Chancellor are on record as having expressed their support many times for a united Ireland. That is an entirely legitimate view, as is the clearly held preference on the Conservative Benches that our country should stay together and that Northern Ireland should remain part of the United Kingdom. It would be helpful for the shadow Secretary of State to confirm when he responds to this statement that, under his party's new leadership, the consent principle at the heart of the Belfast agreement will remain paramount.

Last week we started a new round of cross-party talks focused on two issues: the continued presence of paramilitary organisations in Northern Ireland and the pressing need to implement the Stormont House agreement. The talks began on Tuesday with a meeting of all the participants, at which everyone agreed that those two issues needed to be addressed as a matter of urgency, although views differed on the sequence in which they should be considered. On Wednesday morning, the Police Service of Northern Ireland arrested three well-known members of the republican movement, including the northern chairman of Sinn Féin, in connection with their ongoing investigation into the murder of Kevin McGuigan. It would not be appropriate for me to comment on a live police investigation, save to say that all three were subsequently released unconditionally. These developments had dramatic political consequences.

On Thursday evening, Peter Robinson announced that Democratic Unionist party Ministers, with the exception of Finance Minister Arlene Foster, were resigning from the Northern Ireland Executive. The First Minister himself has stepped aside, with Mrs Foster taking over the functions of that office for a period of six weeks. That does not trigger an early Assembly election—that would happen only if either the First Minister or Deputy First Minister were to resign. Nor does it mean suspension of the institutions or a return to direct rule—that would require primary legislation at Westminster, which is not something the Government believe would be justified in the current circumstances. It also does not mean that the Assembly or the Executive cease to function, but the situation is very grave.

A number of Departments are left without ministerial leadership, and relationships between the parties have almost completely broken down. That leaves the devolved institutions looking increasingly dysfunctional. Over recent days, I have been maintaining close contact with the five main Northern Ireland parties and with the Irish Government, and I have kept the Prime Minister constantly updated on the situation. Yesterday, I held a series of bilateral and trilateral meetings at Stormont, aimed at establishing a basis for further intensive talks. I plan to hold further such discussions at Stormont tomorrow and in the days ahead.

The events I have outlined do not alter the fundamental issues that need to be resolved. First, the brutal murders of Gerard Davison and Kevin McGuigan have brought into sharp focus the continuing problems around the existence of paramilitary organisations in Northern Ireland, and the involvement of some of their members in criminality and organised crime. The Government are clear that paramilitary organisations have no place in a democratic society. They were never justified in the past, they are not justified now and we all need to work together to find a way to bring to an end this continuing blight on Northern Ireland society. The Government are working with the parties in the Northern Ireland Executive on how to achieve that goal. For example, serious consideration needs to be given to whether the time is right to re-establish a body along the lines of the Independent Monitoring Commission. The remit the parties might wish to give to such a body is likely to be different from the matters addressed by the original IMC, reflecting changed circumstances. But there might well be scope for such a body to play a part in providing greater community confidence and repairing working relationships within the Executive. The Government will also actively consider whether there is more that we can do to support efforts to tackle organised crime and cross-border crime in Northern Ireland. In the days to come, we will continue to listen carefully to representations made to us on the best way to ensure that all parties can engage in this process.

The second issue on the agenda is just as important as the first. Resolving the differences that have been blocking the implementation of the Stormont House agreement is crucial if the finances of the Northern Ireland Executive are to be placed on a sustainable footing. Without welfare reform and steps to tackle in-year budget pressures, there is a real danger that Executive Departments could start running out of money, becoming steadily less able to pay their bills, with the serious negative impact that could have on front-line public services. As we have seen in those parts of Europe where Governments are unable to control their debts and live within their means, some of which are supported by the new leader of the Labour party, it is the vulnerable and most disadvantaged who suffer most in such situations. We have therefore made it clear that if these matters are not dealt with by the parties, as a last resort the Government would have to legislate here at Westminster, a position on which I hope we would have the support of the hon. Member for Gedling.

As things stand, every day that passes is likely to see the devolved institutions less and less able to function effectively. We have limited time, so once again I urge all parties to engage intensively and with focus, determination and good will in the talks under way. We on the Government Benches, and I hope those across the whole House, continue to give our full support to the Belfast agreement and the institutions it created. There can be no doubt that power-sharing, inclusive government comes with its frustrations and difficulties—indeed, I hear about them every day—but as my right hon. Friend the Prime Minister often reminds this House, the Northern Ireland political settlement was a huge achievement. It has transformed life in Northern Ireland for the better, and it is an awe-inspiring example of what can be achieved with political leadership and vision. On so many occasions in the past 20 years Northern Ireland's politicians have come together to achieve the seemingly impossible. It is

time to do so again, so that we can continue on the road to a brighter, more secure future for Northern Ireland. I commend this statement to the House.

12.40 pm

Vernon Coaker (Gedling) (Lab): I thank the Secretary of State for her good wishes and for advance sight of her statement. Let me take this opportunity to thank all the parties in Northern Ireland, as well as many others, for their good wishes.

Let me say straight away to the Secretary of State that it is the Opposition's intention, as well as my own, to pursue a bipartisan approach based on the agreements reached, in particular the principle of consent. Our policy remains absolutely the same and I emphasise that to the Secretary of State and all those who are listening to or reading this debate.

I take up this post again at a time of real challenge in Northern Ireland. Will the Secretary of State reassure us all that the full authority of the British Government, working with the Irish Government and with Washington, will be used to help resolve these difficulties along with the parties of Northern Ireland. The current problems of political stability revolve around continuing paramilitary activity and the implementation of the Stormont House agreement.

Following the murders of Gerard Davidson and then Kevin McGuigan, the Chief Constable of the Police Service of Northern Ireland said that some Provisional IRA organisational structures still exist, but for a radically different purpose than before, although some members still engage in criminal activity. Does the Secretary of State agree with this assessment? Can she explain what it means and give her assessment of what it means for communities? Will she update the House as far as she can on the investigation by the PSNI into the two murders I mentioned earlier? Does she agree that we need once and for all to end any ambiguity on the issue of paramilitary activity? As she said, paramilitaries have no place whatsoever in Northern Ireland, so will she update us on her assessment of the level of paramilitary activity in all communities, the threat it poses and what is being done to combat it? Does she agree that supporting a more comprehensive approach across all departments and agencies could be beneficial?

The rule of law must be paramount and there can be absolutely no compromise on that principle. The parties in the Northern Ireland Executive are all committed to that, but in the light of the Secretary of State's statement to the House last week and today about the IMC, will she update us further on the current position, what she is considering and what any of the proposals she has outlined actually mean?

Let me turn to the implementation of the Stormont House agreement, which was a tremendous achievement by all involved. It has clear proposals on finance and welfare, on difficult issues such as flags, identity, culture and tradition, parades and dealing with the past, and on institutional reform—many, if not all, of the hugely challenging and difficult issues that arise in the context of Northern Ireland with its different traditions. However, it was a negotiated agreement to move forward on those matters, not to leave them as being too difficult to resolve, reflecting a desire to tackle them. It showed hugely courageous political leadership from all involved, including many in the Chamber today.

Does the Secretary of State agree that the price of negotiating a way of successfully implementing the agreement would be another historic milestone? Does she agree that it would take forward the peace process by saying that, although we have brought about a substantially better Northern Ireland now is the time to deal with many of the outstanding issues arising from the different traditions and competing narratives as well as legacy issues around victims, mental health, economic insecurity and poverty?

On that basis, how will the Secretary of State play her part in helping to break the impasse, particularly on welfare reform? Are there other ways of supporting vulnerable people with targeted Treasury money to help, for example, mental health or economic insecurity, both of which are significant legacy issues? Does she accept that to break the deadlock the same proposals cannot always be put forward time and time again? Although Northern Ireland should not be treated as a special case, there are in Northern Ireland special circumstances.

Can the Secretary of State also tell us what progress is being made on a Bill to implement the Stormont House agreement? Is there a timescale, and is a legislative slot available? She knows that many people would feel let down if bodies designed to deal with such issues cannot be set up.

These are immensely challenging issues, but let me once again reassure everyone in the House, and in Northern Ireland, that Her Majesty's Opposition will work hard, in the spirit of bipartisanship, to play our part in helping to make the continuing progress that we all want to see. It is my strong belief that talks, discussion and negotiation, in the end, are the only way forward. Is the Secretary of State hopeful that roundtable talks will be possible in the near future? The prize of a more prosperous, stable and peaceful Northern Ireland is within reach. Let us all play our part in helping to seize it.

Mrs Villiers: I thank the shadow Secretary of State for his clear commitment to a bipartisan approach and his reiteration of the consent principle at the heart of the Belfast agreement, which I am sure will be warmly welcomed across the House. In response to his first question, yes the full authority of the Government will be deployed in our efforts to try to resolve these two very serious issues facing Northern Ireland's political leaders.

Do I agree with the chief constable's assessment of the situation in relation to the Provisional IRA? Yes, I do. The shadow Secretary of State asked me to expand on that. I think that we need to be cautious about what information we put into the public domain, but we are giving serious consideration as to whether there is a fuller picture that we could share with the parties and the public.

The shadow Secretary of State asked for an update on the police investigation. I do not think that it would be appropriate, or that it would serve the interests of justice, to provide a running commentary, although I appreciate that interest in the case is high. I think that the important thing is for the police to be able to get on with their job and to follow the evidence wherever it leads them.

[Mrs Villiers]

I agree that there must be no ambiguity about the fact that there is no role for paramilitaries in Northern Ireland. It is time that all these organisations disbanded. I also agree that we need to work across agencies and Government Departments, with the Government and the Executive working together, and indeed with groups in society, as we develop a broader strategy to deal with the scourge of paramilitarism. There is no easy political fix; we need a range of people making an effort to bring an end to paramilitary presence in Northern Ireland.

With regard to the Independent Monitoring Commission, the important thing is not to prejudice what the parties will put forward during the talks. In my discussions with all the parties in recent days there has been some recognition that an independent body of that sort could play a role in resolving the questions around paramilitaries.

I agree with the shadow Secretary of State's comments on the importance of implementing the Stormont House agreement. The Bill is being worked on as we speak, and we still hope to be able to present it to Parliament next month, as planned. I agree that it is important to press ahead with creating the institutions on the past that are contained in the Bill in order to give better outcomes and greater support to the victims of the troubles who have suffered most at the hands of terrorists.

Lastly, the shadow Secretary of State mentioned the implications of Northern Ireland's special circumstances in relation to welfare. We have often said that we will not fund a more expensive welfare system in Northern Ireland than we do elsewhere in the UK, but our settlement with Northern Ireland does reflect the fact that it requires extra help, which is why public spending per head in Northern Ireland is considerably greater than it is anywhere else in the UK. Northern Ireland's special circumstances are one of the reasons why the Stormont House agreement is accompanied by a package worth £2 billion in additional spending power for the Executive.

Mr Owen Paterson (North Shropshire) (Con): I thank the Secretary of State for her statement and for the steady manner in which she has reacted to recent events.

I congratulate the newly appointed shadow Secretary of State and thank him for the robust manner in which he stated that Her Majesty's official Opposition will stand by the Belfast agreement and succeeding agreements that guarantee that Northern Ireland is a fully participating part of the United Kingdom so long as the majority deliver their consent. I am glad that that was delivered in the face of the new shadow Chancellor, the hon. Member for Hayes and Harlington (John McDonnell), who is no longer in his place.

In the talks, the Secretary of State has the full support of the people of Northern Ireland, who are exasperated and bewildered that the Stormont House agreement has not been delivered. Will she go forward making it very clear that the current generation will be let down if the parties that are being difficult at the moment do not deliver on their responsibilities, and that future generations will be let down, because if powers were taken back to this Parliament, the local politicians could no longer implement corporation tax reduction, which is key to the long-term prosperity of every single citizen in Northern Ireland?

Mrs Villiers: I agree that it is in the interests of the current generation and future generations that the Stormont House agreement is implemented, not least because of the tremendously positive impact that devolution of corporation tax powers could have in rebalancing and transforming the economy in Northern Ireland.

Mr Nigel Dodds (Belfast North) (DUP): I, too, welcome the hon. Member for Gedling (Vernon Coaker) to his place as the new shadow Secretary of State for Northern Ireland. I welcome the robust way in which he set out the commitment to maintaining Labour's approach on support for the principle of consent. I wish him well in holding the line in terms of the position of the Labour party.

Does the Secretary of State accept that we need to be reminded in this House of how we have got to this position: namely, Sinn Féin's decision to renege on its commitments in the Stormont House agreement; and Sinn Féin's links to an existing IRA, in the words of the Chief Constable, whose current members carried out a murder on the streets of Belfast? People need to remember how we got to this point today.

So far as the Secretary of State is aware of the First Minister's discussions with the Government in relation to our concerns about the basis on which talks need to take place, will she commit to continuing to discuss with us in the next number of days how our concerns can be addressed to allow full participation in the talks by us and others? We will then be able to have a proper talks process that will resolve the outstanding issues and not cause any further fudge or putting off of the difficult decisions? We need to move forward, but it can only be on the basis of our concerns being addressed.

Mrs Villiers: It is important for us to recognise the reasons why we have got to where we are on this. I do recognise that Sinn Féin's change of mind on welfare reform has played an important part in destabilising relations between parties. One cannot have a coalition that works effectively if it is incapable of delivering a workable budget.

In answer to the right hon. Gentleman's last questions, of course I will continue to engage with his party and others to discuss how we ensure that we have an effective talks process in which all parties can engage with enthusiasm and determination.

Mr Laurence Robertson (Tewkesbury) (Con): The Secretary of State said that she was very reluctant to reintroduce direct rule, and rightly so. I speak as somebody who led for the Conservative party for a number of years when major decisions on Northern Ireland were taken upstairs in a small room with very few Members of Parliament present, even fewer Members from Northern Ireland present, and nobody from the Assembly able to influence the affairs of Northern Ireland. Has she been able to put it to those taking part in the talks that the very stark choice is that either we make the institutions work or we go back to that very unsatisfactory way of governing Northern Ireland?

Mrs Villiers: I firmly believe that no one wants to wind back the clock and go back to direct rule. As I have said, there are difficulties and frustrations with power-sharing and inclusive government, but it is hugely

preferable to direct rule. That is one of the reasons why the Government are determined to work as hard as we possibly can with Northern Ireland's leaders to find a way through to ensure that the Executive and the institutions can continue to work effectively to deliver on their priorities for the people of Northern Ireland.

Deidre Brock (Edinburgh North and Leith) (SNP): I welcome the Secretary of State's statement. I particularly welcome her view that this is not the time to re-impose direct rule. I must question, however, the need for the party politics in her statement. I hope that we can go forward in a more cohesive and co-operative manner.

The resignation of the First Minister and Ministers at Stormont was an unwelcome development. I understand the political frustration and I appreciate the stresses that politicians in Stormont are working under, but there needs to be leadership now, and the presence of all of them at the negotiating table is needed. A willingness to compromise by all parties to the negotiations is needed as well. No one should be going into these talks with anything but the best intentions and a determination to find a way forward that will allow the resumption of the Executive's business at Stormont.

Alongside the full engagement of the UK Government, the involvement of the Irish Government would be advantageous. Ireland is not a disinterested party in this affair, and the good offices of her Government may provide an additional channel of opportunity. I understand that the Secretary of State has already been in touch with her Irish counterpart, and I hope that she will bring us up to speed on those discussions.

It is to be hoped that all the concerned parties will go into the negotiating rooms with a positive attitude and a determination to come away with a result that everyone can live with, even if it means that each has to give ground to get there. They have to enter into those negotiations without preconditions and without prejudging the outcome, and come to the table in a spirit of compromise and co-operation. The only real alternative is for them to lay out their case and allow the voters to judge them in an election, but that would leave Northern Ireland without the Assembly for even longer.

I wish the Secretary of State well in her endeavours over the next while, but may I ask her how far she considers us to be from getting all the parties around that table and whether she will update us on her discussions with the Irish Government?

Mrs Villiers: In answer to the hon. Lady's first point, I make no apologies for holding to account the official Opposition and their new leader. It is useful that they have confirmed today that the consent principle remains paramount for Northern Ireland.

I agree that we are in a serious situation. The hon. Lady talks of the need for Northern Ireland's leaders to enter talks with a positive attitude and a willingness to compromise. I firmly believe that all the five largest parties in the Northern Ireland Assembly want this to work, are trying to find a way through, and want to resolve these two important questions. They are going to be extremely tricky to get right, but with determination I think it is going to be possible.

The Irish Government have been taking part alongside the UK Government in the round of cross-party talks that we have recently started, in accordance with the

three-strand approach. I do recognise that their input can be very positive in trying to find a resolution on these matters.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my right hon. Friend on her statement and welcome the reassurances of the hon. Member for Gedling (Vernon Coaker) in respect of the position of his party under its new leadership.

My right hon. Friend will remember from what happened at Christmas how important it was to engage those within civil society in the talks. I would be grateful to know what efforts have been made to re-engage with them in the light of recent events, and also what efforts have been made to contact the American authorities, who were extremely helpful at Christmas in brokering what we hoped was going to be an agreement.

Mrs Villiers: I agree that it is helpful for civil society to be involved in trying to resolve these questions. As I said in response to the shadow Secretary of State, if we are going to deal with this paramilitary problem we need a response from across society, not solely from politicians. The business community can play a part, not least because they have campaigned long and hard for the devolution of corporation tax and can see it slipping through their fingers unless these matters are resolved.

I agree that the influence of the United States has often been hugely positive and helpful in Northern Ireland's political history over the past 20 years. I keep in regular touch with the representative of Secretary of State Kerry, Gary Hart, who is following events closely.

Kate Hoey (Vauxhall) (Lab): The Secretary of State has mentioned dealing with the past. Has she had time to read the harrowing evidence given by the victims of Libyan-imported Semtex? There were strong views on how previous Governments and the current Government have dealt with the issue. The Government could help to sort this out—they really must do something. Will the Secretary of State please assure us that she will read the evidence and take action to make sure that the matter is settled once and for all?

Mrs Villiers: Of course I will read the documents to which the hon. Lady refers. I fully recognise the scale of the suffering caused by the Libyan Semtex. The UK Government have always tried to provide support to the victims of those brutal incidents. It is our policy not to espouse individual claims, but we are doing our best to provide support for victims in their efforts to find a way forward. We will continue to do so, but the reality is that the situation in Libya continues to be very difficult. Of course, however, the interests and needs of the victims of Libyan Semtex are taken into account in our relationship with Libya.

Jack Lopresti (Filton and Bradley Stoke) (Con): Does my right hon. Friend agree that there will be no peace, security or long-term stability in Northern Ireland until we have dealt with the paramilitaries, and will she confirm that the police and security services are getting all the support and resources they need to do just that?

Mrs Villiers: I believe that the police and security services have the resources they need to properly and appropriately combat the dissident republican threat.

[Mrs Villiers]

One of the reasons it is crucial that the Stormont House agreement is implemented is that, if the Executive do not have a workable budget and they continue to pay out on a more expensive and flawed welfare system, that will mean fewer resources for the police, which could have worrying consequences for front-line services.

Mark Durkan (Foyle) (SDLP): The importance of implementing the Stormont House agreement should not lead to any indifference about its detail. Obviously, some of us have different views on welfare reform, but I will not dwell on that now. Questions about the past are particularly important. The Secretary of State should be aware that many victims and victims groups are expressing suspicion and concern about the burden of the proposals relating to the past and the fact that the Department of Justice in Northern Ireland is declining to have open consultation and hiding behind the fact that negotiations are taking place among party leaders.

Will the Secretary of State assure the House that, if she introduces the proposed legislation, she will not hide behind or rest on the fact that there was no proper consultation, she will meet the victim groups to hear their concerns and suspicions, and she will avoid the sort of misadventure a previous Government got into in 2005 with the Northern Ireland (Offences) Bill? Many of the victims groups view the schemes and language attached to the arrangements on the past as on a par with that misadventure.

Mrs Villiers: The hon. Gentleman and his party do not share my view on welfare, but I emphasise that the agreement they helped to secure at Stormont castle was a good one for welfare in Northern Ireland. It provides a reformed system that is more effective in rewarding work, but it will also top it up from Northern Ireland's own resources, giving Northern Ireland the most generous welfare system in the United Kingdom and one of the most generous in the world.

On the proposed legislation, there was a discussion about having a consultation in Northern Ireland, but there was not enough consensus to enable that to happen. We will do everything we can to engage with a range of groups and with the Northern Ireland Affairs Committee in advance of publishing our Bill, which we propose to do shortly.

Nigel Mills (Amber Valley) (Con): The Secretary of State says that the Government will legislate on welfare reform as a last resort. Can she indicate how close we are to that last resort? Can she conceive a situation where we could get to next year's Assembly elections with no deal, without us having to take over that responsibility?

Mrs Villiers: We have reflected on whether it would be appropriate to set deadlines at this point. I do not think we are at that stage yet, but I reiterate that we cannot let this situation drag out indefinitely. The public finances are at stake. We have a duty to safeguard the interests of the taxpayer and we believe that, if the Northern Ireland parties cannot resolve these questions, ultimately this House will have to do so.

Mr David Winnick (Walsall North) (Lab): Despite the present crisis, is it not a fact that the Belfast agreement has saved the lives of so many people, certainly compared with what happened previously? May I tell the Secretary of State, since she was not here at the time, that when atrocities and crimes were being committed by the IRA, the overwhelming majority of Labour Members of Parliament denounced such actions, as we did, of course, the murderous crimes of the loyalist gunmen? To describe the actions of the IRA in any way as an armed struggle is absolutely wrong and farcical.

Mrs Villiers: The hon. Gentleman is absolutely right and I welcome the reminder that the vast majority of Labour Members denounced IRA atrocities very vocally at the time. It was right that they did so.

Stephen Phillips (Sleaford and North Hykeham) (Con): My right hon. Friend has set her face against the reimposition of direct rule at this stage and does not like to set deadlines, but could she tell the House, so that the parties in Northern Ireland can be very clear, what conditions she thinks would make it necessary to bring primary legislation before this House to reintroduce direct rule?

Mrs Villiers: I will reflect on whether we could talk about more specific conditions, but I am really not sure that trying to set them out at the Dispatch Box today would be helpful. All the parties know that we need to find a way through this. They have a deal—all five parties agreed it at Stormont castle. It is a good deal for Northern Ireland, giving it a better welfare system—one of the most generous welfare systems in the world. We need to find a way to get that back on track and get it implemented.

Mr Alistair Carmichael (Orkney and Shetland) (LD): May I join others in welcoming the hon. Member for Gedling (Vernon Coaker) to his new position? The maintenance of a bipartisan approach in this House has been enormously useful and necessary at times to keep the peace process on track. I say to the Secretary of State, in the nicest way possible, that that may occasionally mean that she and her colleagues will have to resist the temptation to make the most obvious digs, however tempting that may be.

May I welcome, albeit with a heavy heart, the Secretary of State's recognition of the possible need to create a future Independent Monitoring Commission-type body? May I encourage her to talk to the parties in Northern Ireland and, indeed, the Irish Government and other interested Governments about the remit and possible membership of that body so that, should its constitution ever be necessary, it can be done as effectively and as quickly as possible?

Mrs Villiers: I am delighted to hear the right hon. Gentleman confirm that the Lib Dems will continue to take a bipartisan approach. He makes fair points about a potential new IMC. This is an urgent matter for Northern Ireland's political parties to consider, but I agree that the input and thoughts of the Irish Government and contacts in Washington could also be helpful.

Mr Steve Baker (Wycombe) (Con): I join other Members who have welcomed the remarks of the hon. Member for Gedling, particularly because I remember the necessity,

as a young officer, of checking under my car for explosives every time I used it. Will the Secretary of State join me in regarding with the utmost horror the now well-known comments made by the shadow Chancellor, which in particular endorsed armed struggle, bombs and bullets?

Mrs Villiers: I condemn those comments and hope the shadow Chancellor has changed his views. I have no doubt he will be questioned on that in days to come.

Ian Paisley (North Antrim) (DUP): It is important for Her Majesty's Opposition to express very clearly from their Front Bench that they will support the self-determination of the people of Northern Ireland. That is an important confidence-building issue and I welcome the statement made by the shadow Secretary of State and hope that others on Labour's Front Bench were listening.

Does the Secretary of State agree that at some point the can kicking will have to stop and that the Government will have to start dealing effectively and determinedly with the issues of criminality that go right to the heart of the poison in Northern Ireland society? The sooner that is tackled, the better for everyone—both Catholic and Protestant—in getting these people off their backs.

Mrs Villiers: Like the hon. Gentleman, I welcome Labour's confirmation of its strong support for the consent principle. His point about criminality has been at the heart of many of my discussions with his party colleagues and others over recent days. I am convinced that the Police Service of Northern Ireland, the Garda and their security partners are doing a huge amount of good work in tackling such matters, but I am of course open to seeing whether we as a Government can, with others, do anything further or take any further action to provide confidence that no criminality will be tolerated and that we will do everything we can to combat it.

Bob Blackman (Harrow East) (Con): My right hon. Friend has raised the issue of perhaps creating an independent monitoring commission. What consideration has she given to the terms of reference, the membership and the timetable for the introduction of such a body, and whether any of the political parties in Northern Ireland could veto such an exercise?

Mrs Villiers: We would aim to build consensus across the five main parties. I would hope that we can discuss the terms of reference and membership in due course. As always with such matters, there is a trade-off between time and the perfection of the organisation: some structures may be ideal, but would be problematic if they took a long time to get established. We need to look for a compromise or middle way that provides an effective independent institution in which people can have confidence, but does not take forever to set up and to report.

Mr David Anderson (Blaydon) (Lab): If I have learned anything from Northern Ireland in 30 years it is, first, do not leave a vacuum, and secondly, choose your words very carefully. The Secretary of State has come to the House today and has quite clearly not chosen her words very carefully in relation to tackling the history of some of my leaders. In the interests of moving things forward, what will her leader do now? I am not asking what my leaders did in the past, but what her leader will

do now. Will he engage in a better way than he has during recent impasses in Northern Ireland, when his not being there has been very unhelpful?

Mrs Villiers: I assure the hon. Gentleman that the Prime Minister remains constantly engaged in these matters. He is updated all the time, and he has played a hugely positive role in delivering many things in Northern Ireland recently, not least the legislation on devolving corporation tax, which he championed for many months. We should bear in mind that it is important to scrutinise the new leadership of the Opposition. The track record of the attitude of the right hon. Member for Islington North (Jeremy Corbyn) and the shadow Chancellor on IRA violence is very worrying, and I make no apologies for challenging them in the House on such matters.

Tom Pursglove (Corby) (Con): In the absence of elected ministerial leadership, what decision-making or interim processes will be put in place in individual Northern Ireland Departments?

Mrs Villiers: Such matters will clearly have to be discussed in the talks, but whatever process is ultimately set up, we must take into account the point that my hon. Friend has made.

Tom Elliott (Fermanagh and South Tyrone) (UUP): I thank the Secretary of State for her statement. I, too, welcome back the hon. Member for Gedling (Vernon Coaker) as shadow Secretary of State for Northern Ireland. I also welcome his comments on the issue of consent in relation to the people of Northern Ireland, and I look forward to that being repeated by his party leader and the shadow Chancellor.

The Secretary of State will be aware that very few cases of criminality have been brought by Her Majesty's Revenue and Customs for fuel laundering and tobacco and alcohol contraband products. Is the Secretary of State willing to engage the National Crime Agency in tackling the issue of criminal and organised paramilitary activity? It is an international issue, because some of those concerned come from the Republic of Ireland jurisdiction. I hope that the Secretary of State will ensure that they are not let off the hook by making sure that the Garda Síochána is also involved in tackling such criminality.

Mrs Villiers: The hon. Gentleman is right to raise matters relating to HMRC and the National Crime Agency, as well as law enforcement bodies south of the border. They all have a hugely important part to play in tackling organised crime, criminality and cross-border crime, and I know that they are making every possible effort. I will engage with my colleagues across government who have responsibility for such bodies to see whether we can do more to ensure that we do everything we can to combat criminality and cross-border crime.

Mr Peter Bone (Wellingborough) (Con): I thank the excellent Secretary of State for coming back to the Commons to update us. I am not sure about the timescale in relation to what is undoubtedly a crisis. Are we talking about having to resolve it within weeks or within months? If it has to be done within weeks, will she undertake to request a recall of Parliament during the conference recess, if necessary?

Mrs Villiers: I do think we must press ahead as a matter of urgency. Last time I stood at the Dispatch Box, I said that we should aim for a period of four to five weeks. These matters are hugely difficult, but as every day passes, the credibility of the institutions is at stake. We do not want them to carry on in a dysfunctional way; we want to find a way to ensure that they are back up and running properly to enable them to deliver on their priorities in achieving a secure Northern Ireland for the future.

Ms Margaret Ritchie (South Down) (SDLP): I welcome my hon. Friend the Member for Gedling (Vernon Coaker) to his position.

When I was Minister for Social Development back in 2007, I had to take action to ensure the protection of the then political institutions in Northern Ireland, because of paramilitarism. That position was supported and substantiated by the Police Service of Northern Ireland, but it was not supported by either Unionist parties or Sinn Féin. In that respect, does the Secretary of State agree that we need all parties in Northern Ireland to commit to round-table talks to discuss and resolve all the issues in order to underpin the political institutions and ensure that there is no further frustration among the wider public? Does she agree that there is a need, as the hon. Member for South West Wiltshire (Dr Murrison) emphasised, for the active involvement of a member of the American Administration, possibly as the independent chair of the round-table talks?

Mrs Villiers: As I said in my statement, we will only find a way ahead if we can engage all of Northern Ireland's five parties in the process. I think that the American influence is positive, which is why I am engaging regularly with Senator Hart and keeping him updated. He has provided very helpful influence in relation to previous discussions, and I will continue to work with him.

Kevin Foster (Torbay) (Con): I thank my right hon. Friend for her statement. She will agree with me that with power comes responsibility. In Wales and Scotland, devolved Administrations agree balanced budgets. Does she agree that it is now important that all, not just some, parties in Northern Ireland are prepared to agree a deal to do the same and to implement and deliver it?

Mrs Villiers: My hon. Friend is absolutely right. It is not possible to function as a Government unless that Government can live within their means. That is the key to everything else. If they do not have a workable budget, they will be plunged into the sort of chaos that we have seen in some parts of Europe. That is why it is imperative to implement the Stormont House agreement. It gives Northern Ireland a good deal, a workable budget and sustainable public finances.

Lady Hermon (North Down) (Ind): In her statement to the House, the Secretary of State directly quoted the Prime Minister's description of the political settlement in Northern Ireland as "a huge achievement". It was, and it is. At what stage does the Secretary of State believe that it would be helpful for the Prime Minister to go to Northern Ireland and become directly involved in finding a resolution to the current difficulties?

Mrs Villiers: The hon. Lady will be aware that the Prime Minister makes regular visits to Northern Ireland. I am sure he will do so again in due course. I assure her that he is in day-to-day contact about events as they unfold. He is hugely supportive of Northern Ireland matters and is taking a great interest in what is a very serious political crisis.

Pat Glass (North West Durham) (Lab): The situation is extremely worrying and getting more dangerous all the time. The ordinary people of Ireland, including families—like mine—who live close to the border, are frankly worried sick over this. Is it not time for the Prime Minister and No. 10 to bother to get themselves involved?

Mrs Villiers: I assure the hon. Lady, as I have other hon. Members, that the Prime Minister is very focused on this matter and will continue to be so. It is a worrying situation for many people in Northern Ireland, and it is important that we resolve these matters. The Prime Minister is 100% behind that.

Gavin Robinson (Belfast East) (DUP): Secretary of State, last week when the Prime Minister spoke in this Chamber, Members listened to his impassioned plea for the institutions in Northern Ireland but felt that he missed the elephant in the room. Given the lack of any content in the statement referring to consequences, will the Secretary of State outline what concrete proposals she has for consequences for those who wish politically to disrupt or dismantle our institutions and our peace?

Mrs Villiers: A number of parties have raised their concerns about the way the rules on exclusion from the Executive work. It is important for the political parties to give thought to that. A number of parties have indicated that they would like to look again at the ministerial code and how it is applied. It is important to look at that in the cross-party talks, in which I hope all parties will take part.

Steve McCabe (Birmingham, Selly Oak) (Lab): Some people who are listening to this statement might think that the Secretary of State is struggling with her political priorities. She has referred to her various contacts with Senator Hart. Has she asked the parties in Northern Ireland whether they would welcome the assistance of a Senator Mitchell figure to act as an honest broker, in an effort to save the peace and institutions at this worrying time?

Mrs Villiers: The party that has raised that matter, as it has this morning, is the SDLP, so I have discussed it with that party and the Irish Government. It is obviously important that Washington and US figures continue to provide support. There is not a clear case for a Senator Mitchell-type role, but I am open to ideas and discussions on those matters.

Danny Kinahan (South Antrim) (UUP): I thank the Secretary of State for her statement. I am pleased to have secured a Back-Bench debate in this Chamber on 12 October to give everybody a chance to discuss this matter. We would like to get back to the Belfast agreement and the principles in it, which were voted on and agreed to in the referendums 17 years ago. On one key point

from that agreement, we do not believe that the truth about the IRA can be negotiated as part of the talks, and neither can the issue of tackling paramilitary criminality. That should not be part of a process whereby nothing is agreed until everything is agreed. The truth cannot be a bargaining chip. Will she ensure that that point is fully recognised?

Mrs Villiers: I do recognise that point. The hon. Gentleman's party leader, Mike Nesbitt, has made it very clear. I reiterate that it is essential that both those questions are resolved. Both cause a huge threat to the sustainability and future success of the institutions. Therefore, both must be addressed.

David Simpson (Upper Bann) (DUP): I am sure that the Secretary of State will agree that with all the punishment beatings, the shootings, the murders, the 160 criminal gangs operating on both sides of the border, and a fuel-smuggling organisation run by republicans that is the second best to western Europe, this is an unacceptable society for the people of Northern Ireland. A group of people who have been forgotten about—the wounds are being opened again—is the victims. We saw some of that yesterday on TV. The wounds are being opened again and people are suffering again. That is an intolerable situation to be in.

Mrs Villiers: It is always important to have a reminder of the interests of those who have suffered most as a result of the troubles and the terrorism that took place. The hon. Gentleman is right to highlight the problem in Northern Ireland of so-called paramilitary assaults. These things are utterly unacceptable. For people to seek to take the law into their own hands is just an

excuse for violent thuggery. Many people have lost their lives or suffered permanent disability as a result of those assaults. That is one reason why we need to address urgently the role of the continuing paramilitary organisations, so that we can finally see an end to what really is a scourge on Northern Ireland's society.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for her statement. I am especially pleased to see the shadow Secretary of State back in his position. I look forward to welcoming him down to Strangford. He said that it was the best constituency in Northern Ireland and I know he will say it again the next time he is there.

Political developments in Northern Ireland are obstructed and held back by criminality. Dissident republicans—who have been involved in maiming and killing—are involved in my constituency of Strangford in illegal fuel smuggling and the disposal of that fuel. The rise in the number of people being intimidated out of their homes by thugs is at an unprecedented level in my constituency and it continues to cause great concern. What discussions has the Secretary of State had with the Chief Constable in relation to those matters, and what steps will be taken to ensure that such criminality right across the Province and in my constituency comes to an end?

Mrs Villiers: I am regularly briefed on the actions that are taken to combat the dissident republican threat. That extends not only to their terrorist activities but to the criminal activities that they engage in to fund those terrorist activities. I am working closely with the PSNI and their security partners to ensure that the UK Government do all they can to combat this menace, whether on the criminal side, the terrorist side or both.

United Kingdom Borders (Control and Sovereignty)

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

1.25 pm

Andrew Rosindell (Romford) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for the re-establishment of the control and sovereignty of policy, administration and all other matters relating to the United Kingdom's borders with the European Union and to the entry and exit to the United Kingdom of foreign nationals; and for connected purposes.

It is the paramount duty of Her Majesty's Government to protect and defend the integrity of our national borders. There can be no doubt that today the British people expect and, indeed, demand that their elected Government do exactly that. I do not believe there has ever been an electoral mandate for open borders. On the contrary, Governments of all parties have promised the British people that they would strictly control the entry of peoples into our country.

Indeed, the expectation of my constituents is that our Government will implement a policy to guard our borders from land, sea, air and the channel tunnel; to manage our immigration system to serve our national interest; and, most importantly of all, to keep our people safe from harm. I have to tell the House that the clamour of the British people for such an approach is greater now than at any time before, and no Government can ignore it.

From the outset I should make it clear that, while it is my intention in presenting the Bill to introduce a vital change, restoring full control and sovereignty over our UK borders to Her Majesty's Government and our elected Parliament, thus making it possible to achieve more sustainable levels of migration, I am not against immigration. Immigration to these islands over the centuries has been overwhelmingly positive in shaping our nation's development and evolution, contributing to our cultural and economic success. Our island story has been enriched by the arrival of peoples of every nationality and, most especially in recent decades, those from our Commonwealth family of nations and territories, with whom we in the British Isles, including Ireland, share such a close bond through our cultural, historical and constitutional ties.

Immigration that is controlled and managed properly is therefore a good thing for Britain, but that can happen only if the power to decide who is allowed to enter our country and who is not allowed to enter is restored. A nation that does not retain sovereignty over its national borders will ultimately be powerless to determine its own destiny.

Figures released by the Office for National Statistics show that net migration for the year ending March 2015 was roughly 330,000 people, of whom nearly half were EU citizens. The Immigration Minister described those figures as "deeply disappointing", reflecting not just his frustration but the Government's inability to make progress in reducing net inward migration to the tens of thousands that the British people were promised.

Immigration now stands at its highest level ever, with huge social and economic consequences for our country. Some may welcome that and say that it is good for

Britain, but others may argue—as I do—that such a colossal increase in our population is unsustainable and sensible controls are needed. Whatever one's view, my Bill will give the British Government and British Parliament, elected by the British people, the absolute right to decide what our future British immigration policy should be.

Once sovereignty is restored, Her Majesty's Government may wish to continue with the current policy of free movement of people from Europe, or even extend it to other countries, and that would be their right as the democratically elected Government of our country. On the other hand, they may decide to restrict numbers entering the UK, perhaps adopt a points system for all entrants, similar to that successfully implemented by Australia, or give greater preference to the nations of the Commonwealth and Her Majesty's realms, with whom we share so much in common, most notably our English language. They may choose whether to extend the ancestry rule, depending on their point of view, but whatever the Government of day decide, based on a democratic mandate handed to them by the British people, my Bill would restore the absolute power to do what Her Majesty's Government believe to be right for Britain, and deny any supranational commission, Parliament or court the power to overrule us.

Control over our borders is one of the defining attributes of statehood: in short, a state cannot be truly self-governing unless it can ultimately exercise control over who can and cannot enter that country. Unsurprisingly, the better we do economically as a country, the greater the number of people who want to come here, but our public services are now under relentless strain as they struggle to cope with the number of people arriving. It may be true that European immigrants have paid more in taxes than they have taken out in benefits, but the tangible provision of Government services simply cannot keep up. It takes time to build houses, establish GP surgeries, hospitals, and schools, and with the strain that we see on public services today, it is obvious that the increase in our population is having a significant social impact on our nation.

We must be realistic about the length of time that it takes for people to integrate into British society, and it is not unreasonable to say that such a rapid increase in population—including some people from very different cultures—has led to tension within our towns and communities. However, I believe that the overwhelming majority of people who have travelled to these shores and chosen to make their home in Britain are thoroughly admirable people who are prepared to uproot their entire lives to make a new life for themselves. I welcome those people, so let me be clear that it is not immigration but uncontrolled immigration that I believe is unsustainable. If we are serious about achieving more sustainable levels, it is imperative that we first reassert sovereignty over our national borders.

Through our ever closer integration with the European Union, I fear that we have lost sight of our place in the world as a global, trading nation, neglecting our close ties with the English-speaking world and Commonwealth, and instead aligning ourselves most closely with the one region of the world where economic growth is stagnating. My Bill would repeal all legislation that prevents the United Kingdom from asserting sovereignty over our national borders, freeing ourselves to look to the wider world and to enable the brightest and best talent to

come to Britain, attracting highly skilled workers from Canada, India, Australia, the Caribbean, Africa, the Americas and the far east, as well as from Europe.

My Bill will give Britain a fresh start on immigration policy, restoring the right of control over our national borders to the British people and their elected Government. That must surely be the only reasonable position of a legislative body that wishes to govern in the interests of its own nation. Our immigration policy and control of our nation's borders rightly belong under the jurisdiction of our own, sovereign, UK Parliament, and it is to achieve that goal that I commend this Bill to the House.

Madam Deputy Speaker (Natascha Engel): The question is that the hon. Member have leave to bring in the Bill.

Mr Steve Baker (Wycombe) (Con): On a point of order, Madam Deputy Speaker. Certain Opposition Members have clearly indicated their dissent to this Bill, but they have not risen to oppose it. Can you give some indication of how the House might test the will of Members if no one opposes the Bill and see through their clearly indicated dissent by forcing a Division?

Madam Deputy Speaker (Natascha Engel): There are a number of ways that people can indicate their dissent, including voting against something during a Division. It is perfectly possible for Members to indicate their dissent without voting against the Bill. I will now put the Question.

Question put and agreed to.

Ordered,

That Andrew Rosindell, Mr Henry Bellingham, Mr Douglas Carswell, Sir William Cash, Mr Jeffrey M. Donaldson, Frank Field, Mr Roger Godsiff, Kate Hoey, Ian Paisley, Tom Pursglove, Gavin Robinson and Mr Laurence Robertson present the Bill.

Andrew Rosindell accordingly presented the Bill.

Bill read the First time; to be read a Second time on 22 January 2016, and to be printed (Bill 68).

National Insurance Contributions (Rate Ceilings) Bill

Second Reading

1.38 pm

The Economic Secretary to the Treasury (Harriett Baldwin): I beg to move, That the Bill be now read a Second time.

This Bill implements our manifesto commitment not to increase national insurance contributions for employers and employees. It will be interesting to discover whether it will be opposed by Her Majesty's Opposition now that their new leader favours a 7% increase in national insurance for higher earners.

Hon. Members will be aware of the Government's strong record of significantly reducing the burden of national insurance. At Budget 2011, my right hon. Friend the Chancellor announced a £21 a week above-inflation increase to the employers' national insurance threshold. In 2014 we introduced the employment allowance to support businesses and charities across the UK by saving them up to £2,000 every year, and that has already benefited well over 1 million employers. The Government are now going further, and hon. Members will recall that the Chancellor announced in the summer Budget that that saving would be increased to £3,000 from next April. That means that a business will be able to employ four people full time on the national living wage and pay no national insurance at all.

From April 2015, the vast majority of employers employing under-21-year-olds were lifted out of employers' national insurance as well. The exemption will be extended to cover apprentices under 25, helping young people to stand on their own two feet and fulfil their aspirations.

Lady Hermon (North Down) (Ind): I am sorry to intervene so early in the Minister's speech, but for the sake of clarity will she explain the long title to the Bill, which appears to apply only to class 1 national insurance contributions? I presume that the other classes will be covered in due course.

Harriett Baldwin: My remarks will be so short that hon. Members will need to intervene quickly with their points of clarification on this five-clause Bill. The hon. Lady will be aware that in the summer Budget the Chancellor announced that we are asking the Office of Tax Simplification to look at class 2 and class 4 contributions. We are expecting that consultation, which opened on 21 July, to inform the Budget next year. She asks a sensible question and I welcome her curiosity.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): Can the Minister clarify what assessment she has made of the number of self-employed people who may apply for an exemption from paying class 2 contributions, especially as at least half of the increase in employment is self-employed people and, on average, self-employment incomes have fallen to less than £10,000?

Harriett Baldwin: We are very pleased that we are backing those who want to take a chance, start their own business and become self-employed. In fact, we have taken measures in previous Budgets to simplify the process so that self-employed people can consider making those contributions alongside their self-assessment.

Mr Jim Cunningham (Coventry South) (Lab): Has the Minister done an impact assessment on public services—for example, the impact that the Bill will have on the national health service and benefits?

Harriett Baldwin: I am delighted to hear the first bid from the Opposition not to freeze national insurance for employers and employees. As the hon. Gentleman will know, national insurance contributes a substantial sum to the Exchequer and we have committed as a Government to continue to increase the amount of money that goes into the NHS.

Mr Cunningham: The Minister should not twist my words. I asked her about the impact of the Bill.

Harriett Baldwin: Of course, the impact of freezing national insurance for employers and employees is that throughout the life of this Parliament they can have the confidence that their national insurance rates will not change—a confidence they would not have if the hon. Gentleman had any say in it.

Barbara Keeley (Worsley and Eccles South) (Lab): The Minister's team might helpfully do something about the fact that if one searches online for the impact of this Bill, one gets a 404 error message. It would be useful to have some view on the Bill's impact.

Harriett Baldwin: I thank the hon. Lady for her sensible suggestion. I know that those who put together the impact assessment online will have taken her wise words to heart and will make a change. Clearly, when one brings in legislation to freeze national insurance rates, the impact is that there is no change in national insurance and therefore no impact to report.

Rehman Chishti (Gillingham and Rainham) (Con): I have businesses in my constituency that work hard and do the right thing. They do not want to be clobbered with more taxes. The impact of the Bill is that if people do the right thing and work hard, the Government will support them to succeed in life.

Harriett Baldwin: I thank my hon. Friend for making that excellent point. The Government want to back small businesses, entrepreneurs and those who want the certainty over the next five years that if they employ five people on the new national living wage, they will not have to pay any national insurance because of the employment allowance.

Debbie Abrahams: May I press the Minister on the point I made in my earlier intervention, which she did not actually answer? What assessment has she made of the number of self-employed people who earn so little that they could apply for an exemption from class 2 national insurance contributions?

Harriett Baldwin: When one starts out in business, it is often the case that one earns a small amount, but it is those fantastic people who start businesses, often at their kitchen table, whom the Government are trying to back with the measures in the Bill, which will give them a certainty that they would not have if Labour were in charge.

Andrew Stephenson (Pendle) (Con): Freezing NI is important for my constituents, many of whom are low wage earners and have benefited tremendously over the last few years from the dramatic rise we have seen in the personal allowance. Does my hon. Friend agree that hard-working people already pay enough in tax?

Harriett Baldwin: I certainly agree that the Government are keen to take steps to back an economy that continues to grow and to create jobs so that everyone can have the dignity of taking home a pay cheque or starting their own business. We have taken other steps in the Finance Bill to raise the amount that people can make before having to pay income tax, and that is what this Government stand for.

Andrew Gwynne (Denton and Reddish) (Lab): Surely the Minister has not forgotten that in the lifetime of the previous Parliament—from 2010 to 2015—no fewer than 24 tax increases were put on working people by her Government. The latest Budget also includes the tax increase on insurance premiums.

Harriett Baldwin: That is an extraordinary line of attack. The Government have nearly doubled the personal allowance—the amount that people can make before they pay income tax—from the £6,475 that the hon. Gentleman thought was appropriate at the end of the 2010 Parliament. That is what this Government stand for.

Mark Spencer (Sherwood) (Con): Will the Minister comment on how successful the previous Government were in getting people into work? This policy is in addition to that record and will increase the number of people in employment, taking home a wage packet and providing for themselves.

Harriett Baldwin: That gives me a welcome opportunity to state that every Labour Government in history has left office with more people out of work than when they came into office. This is the party of working people and we created many jobs during the last Parliament, which no one expected, and we continue to back businesses and their growth through this Bill.

Simon Hoare (North Dorset) (Con): My hon. Friend may be ruining her invitation to Members to intervene. In a constituency such as mine, where the main focus of economic activity is on micro and small businesses, one of the first questions that a potential employer asks is how much it will cost to take on an additional person. That is the engine that will grow the economy, and the Bill is extremely welcome.

Harriett Baldwin: My hon. Friend's point is well made, because in North Dorset and around the country it is the small and micro businesses that are the engines of job creation. That is why the employment allowance is so important—it will mean that a small business taking on its first employee will not have to pay employers' national insurance at all under this Government. Indeed, if every small business took on just one extra employee, we would have full employment. That is why the Government back small businesses.

Kevin Foster (Torbay) (Con): One of the problems with national insurance contributions for employers is that they are a direct tax on employment, making it more expensive to employ someone in both the private and the public sector. It may be worth while Opposition Members noting that putting up national insurance contributions for employers would hit local councils severely, giving them an extra bill to pay. The Bill backs business, but it will also help public services by keeping their bills low.

Harriett Baldwin: My hon. Friend is right. The Bill's measures strongly back business and other employers, many of whom will benefit from the employment allowance too.

The Bill legislates our commitment to provide certainty on national insurance rates for the duration of the Parliament. Hon. Members will be aware that our other commitments in the manifesto to lock taxes were that we would not increase the main rates of income tax and value added tax, as well as not increasing national insurance. The Finance Bill will deliver those commitments and this Bill delivers the commitment on national insurance.

Rehman Chishti: The Bill is very much welcome and goes hand-in-hand with what the Government are doing in other areas, such as the local growth fund. The Government have set aside £12 billion, £7 billion of which has already been spent on building homes and supporting businesses. The wider picture is that the Government are supporting businesses on the front line, creating homes, jobs and opportunities. That is the right way forward.

Harriett Baldwin: My hon. Friend is absolutely right. This is part of a package of measures the Chancellor announced in the July Budget.

Andrew Rosindell (Romford) (Con): The Office of Tax Simplification has been asked to look at proposals to merge income tax and national insurance. Will the Minister say where we are with that? In particular, what assessment has been made of its possible impact on pensioners?

Harriett Baldwin: My hon. Friend is correct. In the summer Budget, the Chancellor announced a consultation on behalf of the Office of Tax Simplification. It is currently undertaking its work. I expect my right hon. Friend to take its recommendations into account in due course.

Turning to the detail of this five-clause Bill, it provides that the rate of class 1 national insurance contributions paid by employees and employers must not exceed existing rates.

James Cartlidge (South Suffolk) (Con): On a point of clarification—this may be a bit cheeky—I take it that we could reduce national insurance if we wanted to. The Bill would not stop us doing that.

Harriett Baldwin: That is not a cheeky question; that is a very sensible question. It is indeed the case that we will still be able to reduce levels of national insurance. This is only a ceiling, as is noted in the Bill's title.

It has been the convention that the level of the upper earnings limit for national insurance is aligned with the level of the higher rate threshold for income tax. The Bill formally limits increases to the upper earnings limit, so that its annual equivalent amount cannot exceed the level of the higher rate threshold for income tax. Both the restriction on national insurance rate rises and changes to the upper earnings limit come into force on Royal Assent and apply until the start of the tax year following the date of the first parliamentary general election to take place after Royal Assent.

The Bill provides certainty for employers and for employees that the national insurance rates that affect millions of employees and employers across the UK will not rise for the duration of this Parliament, and that the upper earnings limit will not exceed the higher rate threshold. The Bill demonstrates the Government's commitment to provide certainty on tax rates for the duration of this Parliament. I commend it to the House.

1.53 pm

Barbara Keeley (Worsley and Eccles South) (Lab): As the Minister described, the Bill provides for the Government's commitment, as set out in their manifesto, to a tax lock: a commitment to not increase the rates of VAT, income tax or national insurance in the next Parliament. The Bill provides for the national insurance element of that pledge. Such a measure has to remain separate from the Finance Bill currently going through Parliament, because statutory provisions regarding national insurance contributions cannot be included in the annual Finance Bill.

As we have heard, the Bill prevents any increase in the current rates of class 1 national insurance contributions paid by employees and employers for the duration of the 2015-20 Parliament. It also provides that the upper earnings limit cannot exceed the higher rate threshold, which is to say that the upper earnings limit cannot exceed the sum of the personal allowance and the basic rate limit.

Responding to the tax lock announcement during the election campaign, many people wondered why such a commitment etched into the statute book would even be necessary. If Ministers—indeed, the Prime Minister—commit to not raising income tax, national insurance contributions or VAT in the run-up to an election, surely such a commitment should be taken at face value? Apparently not in the case of Conservatives, who perhaps felt that the low levels of trust in their pledges were such that they would have to go much further. No wonder, when we consider that the Prime Minister made a similar commitment in 2010 not to raise VAT, only then to raise it to 20% after entering Downing Street.

Harriett Baldwin: Will the hon. Lady confirm that in her party's manifesto, on which she just stood, there was a similar commitment not to increase national insurance rates, yet the new leader of her party has stated publicly that he would like to increase them by 7% for higher earners?

Barbara Keeley: I will come on to my party's manifesto commitments in a very short while. I do not think it is helpful, and I am not going to respond, to any interventions or points made by Government Members that refer to

[Barbara Keeley]

things the current Leader of the Opposition said before he was Leader of the Opposition. [Interruption.] That is a different situation. What I have just said is that when the Prime Minister was elected in 2010, he raised VAT when he had said that he would not do so.

Beyond the broken pledge on VAT, which is a serious matter—[Interruption.] Government Members can sit giggling, but these are very serious matters that hit the country hard. It is worth remembering that the Prime Minister appeared to rule out cuts to tax credits when appearing in front of a special “Question Time” audience during the recent election campaign. Yet, we are due to vote later today on that measure, and the Government’s cuts to tax credits will leave some 8 million families on average over £1,000 a year worse off. That is a shocking broken pledge.

Simon Hoare: Unlike the hon. Lady, not all Government Members are obsessed with the new leader of the Labour party. Surely she has to accept that on broken promises, the greatest albatross around her party’s neck is the previous Prime Minister, Mr Brown, who promised the end of boom and bust? That was signally incorrect and is the biggest albatross from which the Labour party can never be freed.

Barbara Keeley: Government Members should stop going back in time. I have just referred to the fact that the Prime Minister promised before the 2010 election not to raise VAT. [Interruption.] Look at your record. You’re in government. You’re defending your Bills.

Madam Deputy Speaker (Natascha Engel): Order. The hon. Lady is using the term “you” which refers to the occupant of the Chair, not Government Members.

Barbara Keeley: Thank you, Madam Deputy Speaker, that is really helpful. It is sometimes easy to forget.

I have made the point and I am prepared to come back to it again and again. In five years, there have been two serious broken pledges that have cost the British public dearly.

Let us get back to the Bill. [HON. MEMBERS: “Hear, hear.”] I did not make the diversion. Let me be clear, Labour in opposition wholeheartedly supports the principle of not raising taxes for working people. The Minister has just questioned me on this. During the election campaign, it was the Labour party that first pledged not to increase national insurance contributions. In fact, we did it before the election campaign, because the pledge was made on 25 March. As such, we will not be opposing the Bill today. Regardless of that, however, there is no doubt that this tax lock has become the height of gimmickry. It was said to be such during the election campaign and it remains so today.

Let me give you, Madam Deputy Speaker, and hon. Members present, some quotes relating to the tax lock. On 29 April, the *Financial Times*, lamenting what it saw as the level of gimmickry coming all too often from the Conservative campaign, put in its leader:

“What is more of a shock is the stream of gimmicks and poor policies coming from the Conservatives... arguably the silliest idea yet came this week when David Cameron proposed an act of parliament that would make it illegal for a future Tory government

to raise various taxes to close the deficit: VAT, income tax, and national insurance... the UK fiscal deficit is still high. Removing the option of tapping revenue streams that in aggregate raise more than £350bn for the exchequer would make the challenge needlessly harder.”

Andrew Stephenson: I hear what the hon. Lady is saying—she believes the Bill is purely a gimmick—but would she not agree that this so-called gimmick will save money for millions of hard-working families? It is not a gimmick to the hard-working people we represent.

Barbara Keeley: In a minute, I will record how other commentators also think it is a gimmick. I have said we are not going to oppose the Bill because we do not want working people to pay more, but we have just seen in this Parliament a tax-raising Budget. I will talk more about that in a moment.

One of the main concerns about this policy gimmick is the serious constraints it will place on the Treasury and the Government’s ability to raise taxes or maintain the flexibility to raise revenue in response to economic events. As Alex Henderson, tax partner at PricewaterhouseCoopers, said:

“Arguably the lock means the Government has less flexibility on where tax revenues could come from, with the burden more thinly spread.”

He also pointed out that it would not constrain Ministers’ ability to raise revenue from the same taxes in other ways—for example, by delaying the uprating of thresholds and removing reliefs. So it is not true that people are not going to pay more; there are other ways. We know the Chancellor used such measures, otherwise known as fiscal drag, to great effect in the last Parliament, because, according to the Institute for Fiscal Studies, they have raised taxes of roughly £64 billion a year by doing so. The headlines people read do not indicate tax rises, but the measures used do.

Simon Walker, director general of the Institute of Directors, said:

“While IoD members are opposed to increases in the rates of VAT, Income Tax and National Insurance, we consider it imperative that the Government’s commitments do not prevent bold tax reforms to both simplify taxation and reduce the burden upon businesses and individuals.”

As Paul Johnson, director of the Institute for Fiscal Studies, pointed out, the tax lock could rule out sensible tax reforms, such as the treatment of national insurance contributions for the self-employed, which has already been referred to.

Lucy Frazer (South East Cambridgeshire) (Con): I am a little confused. The hon. Lady has said that she supports the policy but is now quoting a load of people who do not support it. Surely, she supports it because it gives hard-working people the chance to keep more of their income and gives businesses certainty about the number of people they can employ.

Barbara Keeley: The hon. Lady confuses our not opposing a pledge that we made first on 25 March—it is our pledge, if you like—with a Bill that I am denouncing as a gimmick. It is not just me who is denouncing it as such; a range of commentators have done so as well.

Christopher Pincher (Tamworth) (Con): Will the hon. Lady give way?

Barbara Keeley: No.

Paul Johnson believes that the tax lock could rule out sensible tax reforms. That is the answer to the question from the hon. and learned Member for South East Cambridgeshire (Lucy Frazer). The commentators and others who work day in, day out on these issues think it ties the Government's hands too much. Paul Johnson said it was

"extreme to tie your hands for such a long period with the main rates of the three largest taxes".

It is worth reminding Members of *The Guardian's* view of the tax lock—Members may not have read it—as set out in its editorial on 29 April.

Michael Ellis (Northampton North) (Con): Nobody reads it.

Barbara Keeley: I can assure the hon. Gentleman that Opposition Members do. It read:

"No one can see into the future. So a responsible chancellor ought to be duty-bound to keep options open, to be able to respond to events and adapt to unexpected changes in the economy, not close them off. Instead, the Conservatives are now committed to tying their hands behind their back, placing the taxes that provide roughly two-thirds of all government income – income tax, national insurance and VAT – wholly off-limits, come what may, for five years. This is madness."

Harriett Baldwin: So it is not a gimmick then, but welcome certainty for families and business.

Barbara Keeley: The hon. Lady is not listening.

The *Financial Times* leader, to which I referred earlier, said:

"It is unwise for the Conservatives to bind their hands, legally or otherwise, against using tax rises to close the deficit. Much of public expenditure is unavoidable or politically protected"—that is the important thing; these days certain budgets are politically protected—

"so that ever more savings need to be found from the shrinking funds for welfare, social care, justice and defence. It makes sense to leave oneself the option to turn to tax in times of adversity to smooth the path of consolidation."

Nothing better reflects the gimmickry of this measure than the fact that the recent summer Budget included some significant revenue-raising measures that amounted to significant tax rises for millions of people. As the Office for Budget Responsibility set out, the tax-raising measures announced in the summer Budget amounted to nearly £16 billion of tax rises by 2020-21—we touched on this point last week—£3 billion of which will come from changes to vehicle taxation, as well as increases in the insurance premium tax, which will raise £8 billion by 2020-21.

Last week, we debated the increase in insurance premium tax, and as I pointed out then, some of the UK's biggest insurers, including Aviva and RSA, have confirmed that they plan to pass on the cost of that tax increase to customers. Experts say that many people will now see their household insurance bills rise by between £50 and £100 a year, if they have more than one car and they insure their buildings and contents. I highlighted the fact, and still think it a serious point, that young drivers would be hardest hit, and many might wrongly take the risk of driving uninsured. In the last week, therefore, we have seen a £50 to £100 tax bombshell for millions of families, and this tax-lock Bill does nothing to guard against that.

What is more, the Government are yet to offer any assurances that they will not raise insurance premium tax further in subsequent Budgets. Given that a Conservative peer, Lord Northbrook, has called insurance premium tax an "easy target", I invite the two Treasury Ministers present to say whether they will be increasing insurance premium tax any further. Would either like to say what their intentions are?

Harriett Baldwin: Madam Deputy Speaker, may I seek your guidance about whether we ought to be discussing something that Parliament settled last week or the Second Reading of this Bill?

Madam Deputy Speaker (Natascha Engel): The hon. Lady is experienced enough to know that if she wishes to raise a point of order, she can do so by way of a point of order. However, the point she raises is a matter for discussion, so I invite the shadow Minister to respond, if she wishes.

Barbara Keeley: I think that the whole range of the tax regime and national insurance is under discussion today.

Given that we hear no assurances that there will not be further increases to insurance premium tax in this Parliament, I want to make it clear again that we support the principle of not raising taxes for working people. That is why we do not oppose the Bill. As I mentioned earlier, before the election campaign started properly, we pledged not to raise national insurance contributions, so this could rightly be described as our idea.

Christopher Pincher: The hon. Lady says that the Opposition will not oppose this welcome measure. Does that mean they will vote for it, or simply abstain?

Barbara Keeley: As I understand it, there will not be a vote because it will not be opposed, but I cannot speak for other parties in the House.

The Government's tax lock, of which the Bill forms a part, is nothing more than a gimmick of epic proportions, as I have outlined and demonstrated with many comments from people outside the House. It speaks volumes about the lack of belief that Conservatives have in their own policy commitments. We vote annually on tax legislation, and the Government regularly introduce Bills on NICs alongside Finance Bills—we have already heard about suggested changes to NICs—and, as such, primary legislation, debate and Division are already required in the House.

Mark Spencer: The hon. Lady keeps referring to the measure as a gimmick. It would be helpful if she could explain why, when the Labour party commits to it, it is not a gimmick, but when the Government commit to it, it is.

Barbara Keeley: I do not think that the hon. Gentleman is listening. I know that Conservative Members often sit there with their Whip's brief and try to find a way of working in some point that the Whips have given them to say. *[Interruption.]* I do not know what the hon. Gentleman is looking at. The point is, as I said earlier, this is a gimmick because we do not need legislation.

[Barbara Keeley]

A commitment was given on this. All that is required is that the Government and the Prime Minister stick to that commitment. It is a question of delivering on what was pledged. We do not need a Bill for every single element of what a party has pledged in the run-up to an election campaign. I am questioning—and people outside the House are questioning—why we need a Bill for the Government to bind themselves not to increase the rates, which they have already set out. It is very strange indeed.

Dr Andrew Murrison (South West Wiltshire) (Con): I can understand why the shadow Minister does not want to comment on her new leader's position, but will she comment on the shadow Chancellor's position? The hon. Member for Hayes and Harlington (John McDonnell) recently said that he would commit his Administration to a 7% rise in national insurance and to a 2.5% increase in corporation tax. What she is saying now seems to suggest a change in position. Will she confirm that that is the case?

Barbara Keeley: We are not signalling any change of position. It is amusing to hear this from Conservative Members, after a tax-raising Budget that is taking £8 billion from British people through the insurance premium tax, and after they put VAT up to 20%—when they promised not to do it. The absolute gall of Conservative Members in raising these points is amazing.

James Cartlidge: Will the hon. Lady give way?

Barbara Keeley: No, I will not.

The tax lock restricts the Government's ability to respond to unexpected economic events. That is why this Bill is seen, both outside and inside this place, as a gimmick. If we have learned anything in the last decade, it is that such flexibility is absolutely essential. Indeed, it was this flexibility at the time the Labour Government left office in 2010 that meant we had an economy recovering and growing once again. Above all, this tax lock provides no protection to millions of hard-working families, who, if the statutory instrument on tax credits is voted through by Conservative Members later today—

Andrew Gwynne: Is it not indicative of the level of trust in politics and politicians generally, but specifically in this Government and their record on tax, that they need to come to the House of Commons to legislate not to increase a specific tax, rather than allow people to accept their pledges at elections at face value?

Barbara Keeley: Indeed. I agree with my hon. Friend and I thank him for raising that point. I think that Ministers have got to think about what they are doing to public trust if they have to introduce gimmicks such as this Bill—it is a gimmick, and was seen as a gimmick by a host of commentators outside this place.

Harriett Baldwin: Will the hon. Lady give way?

Barbara Keeley: No, I have nearly finished.

As I have argued, the Bill provides no protection for millions of hard-working families, and if the statutory instrument on tax credits is voted through by Conservative Members, those families will be £1,000 a year worse off

on average. That will be a direct result of the Chancellor's fiscal decisions, and I believe many Conservative Members will come to regret it. Ministers should not be wasting their time on legislative gimmicks such as this so-called tax lock.

Lady Hermon: I am most grateful to the hon. Lady for allowing me to intervene. She will know that the Bill extends to Northern Ireland. I have listened very patiently to what she has said here today, but I think the people of Northern Ireland and of the United Kingdom generally are entitled to know the policy of the Labour party, the main Opposition party, after a change in the leadership and with a new shadow Chancellor of the Exchequer. What exactly is their policy on national insurance contributions? Is Labour not going to increase them? Does Labour agree with the Government that they should not be increased for five years? Is that the clear policy of the Opposition?

Barbara Keeley: Yes, it is. I am the shadow Treasury spokesperson responsible for the Bill today. [Interruption.] Well, I am standing here today. We made the pledge first. I am very pleased that the hon. Lady raised the question in the manner she did. As I say, we made the pledge first: it is our pledge. Let us get back to that point.

Rather than wasting their time with gimmicks such as this so-called tax lock, Ministers should perhaps direct their focus on supporting low and middle-income families. [Interruption.] Ministers should really bear in mind that every time they sit there laughing on a day when they are going to take £1,000 off 8 million hard-working families, they simply provide grist to the mill of people who contribute to news letters up and down the country. The Government's fiscal policies are too serious for Ministers to sit there laughing. I really advise them to stop it. They should direct their focus at supporting low and middle-income families who will be worst hit by the summer Budget of this Conservative Government—with or without a tax lock.

2.15 pm

Kit Malthouse (North West Hampshire) (Con): It is often forgotten that companies do not actually pay tax. All they do is collect their tax on behalf of the Government from their customers and pass it on. If we go into the Tea Room and buy a Mars bar or whatever, we pay the cost not only of the ingredients, the machines and the capital deployed by the company, but of the corporation tax, the duty, the VAT and indeed national insurance as part of the price. Over the last 30 years that I have been in business, it has certainly been the case that the moving parts in running a business have become ever more complex, and tax in the general sense has occupied ever more time of the business person, particularly those who run small businesses. Anything that injects an element of certainty into the tax horizon for business is therefore extremely welcome, particularly at a time when lots of other things are changing for small businesses. The introduction of reforms in pensions, particularly auto-enrolment, changes to the living wage and other employment regulations create an atmosphere in which running a business feels very much like a game of 3-D chess.

We can look around the world at tax regimes for business where stability and lack of change has been a constant for some time and see success, irrespective of the rates. If we look at the United States, corporation taxes are actually quite high in comparison with this country—pleasingly—but also with the rest of the world. The US economy does extremely well, largely because tax rates have not changed for decades. The US has elected for stability and a lack of change to the relative level of the rate because it knows that one of the things most valued by businesses is certainty. Whenever people are starting or running a business, they spend their entire lives forecasting what the world is going to look like over the next two or three years. When people do that, they know that the day after the forecast, it will be wrong because of the many different moving parts, as I said. One area that business should be able to rely on for some certainty and stability is government. So the introduction of the Bill, which provides a four-and-a-half or five-year time horizon on national insurance, is extremely welcome.

There are people who might say that this is a gimmick, but much of what we do in the House is about signals. Economics is all about psychology and the individual choices that people make.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): The hon. Gentleman talks about the need for certainty and explains why he believes that the Bill will give certainty to small and medium-sized enterprises. If certainty is so important, why have this Government removed the climate change levy exemption for many SMEs?

Kit Malthouse: The hon. Gentleman will have to ask my right hon. Friend the Chancellor of the Exchequer that question next time he appears. I hope that the hon. Gentleman would support me in urging those on the Treasury Bench generally to provide a level of certainty and in many ways to be slower about their decisions.

Christopher Pincher: My hon. Friend is generous in giving way. The question of certainty has been raised and eloquently explained by him. Does he agree that, when Members question certainty, they should ask themselves why they ask for referendums on whether they should be part of the United Kingdom, which surely breeds uncertainty?

Kit Malthouse: My hon. Friend has made a strong point. During the debate on the referendum concerning our possible divorce as nations, businesses piped up very loudly about what was likely to be a very uncertain horizon for them on the far side of the debate. The majority opted for the status quo, because a bird in the hand was worth God knows what in the bush.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I can tell the hon. Gentleman that it was certainly worth two Lords in the Lords.

In fact, the uncertainty has arisen as a result of our lack of independence. Scotland lost powers under the Energy Act 2013. The Government made a lot of promises on that. Now we are to lose the renewable energy obligation in Scotland because of the uncertainty caused by our losing the referendum. I wanted to put that on record, and to give the hon. Gentleman a bit of clarity.

Kit Malthouse: These things always involve a balance. A point that I have often made in another elected chamber—this is one of the things that dismay me a little—is that under the last Government we became used to having, effectively, two Budgets a year. There were two points during the year at which businesses, and indeed everyone else, had to hold their breath because there might be some change in the fiscal environment. Pleasingly, however, over the last four or five years, that change has been generally beneficial. The direction of travel of the United Kingdom has been towards a lower-tax environment for business, and we have seen the benefit of that in the jobs market and the growth of the economy over the last few years.

Mark Spencer: Does my hon. Friend agree that taking on staff constitutes a large responsibility for employers? They know that they are responsible not only for their employees' health and safety, but for their future financial security, because the employees' mortgages depend on their careers in the business. Anything that the Government can do to remove a barrier from the ability to employ someone has to be welcomed.

Kit Malthouse: That is exactly the point that I am making. Businesses are much more likely to employ people if they have some certainty about the overall cost of employment—not just wages, but on-costs such as expenses. Within that, national insurance is a very significant cost, and providing an element of certainty over the next four or five years is therefore extremely important.

Let me now return to a point that I was making earlier about signals. When I was Deputy Mayor for business and enterprise at City Hall, a position that I occupied for three and a half years, I was in charge of foreign direct investment. My job was to go around the world encouraging people to come and invest in London and the south-east. One of the things I learnt from that experience was that signals from City Hall about what we were willing to do, and how welcoming we were likely to be to particular companies, individuals or investors, was critical to whether they wanted to come. In that context, an element of certainty and predictability, not just political and legal—we are seen to have that around the world—but fiscal, was absolutely vital.

Rehman Chishti: Of course I agree with what my hon. Friend says about certainty and clarity. Does he not think that the shadow Minister's argument—that when a promise has been made, there is no need to legislate for it—is quite contradictory? The Blair Government passed more legislation than any other Government: they passed 26,849 pieces of legislation. Labour cannot have one rule in government and another in opposition. Clarity is the way forward.

Kit Malthouse: My hon. Friend is absolutely right. It must be said that the Brown years injected an enormous sense of uncertainty into business. Although, for some of that period, we were benefiting from what could be described as a global boom, businesses existed in an environment, and on a battlefield, that was for ever changing. Anything that calms down such situations, and makes decision making much more predictable, is key.

[Kit Malthouse]

That is particularly important when it comes to foreign direct investment. When businesses want to locate large manufacturing plants that are both capital and labour-intensive, employment taxation and employment law are the two biggest drivers of whether they decide to come to the UK. The Bill will make employment taxation much more predictable, and seen to be predictable, for the next five years, and not just on the say of a “here today, gone tomorrow politician”—was it John Nott who objected to being so described? The facts will be there on paper, in black and white, and the fact that they can be relied on will make a big difference to foreign direct investment decisions.

Andrew Stephenson: I applaud what my hon. Friend has said about stability and certainty in the business community, especially in relation to foreign direct investment. During Business questions this morning, I mentioned the aerospace growth partnership. The aerospace sector has longer product cycles than other sectors. It is important for us to support such sectors, and for firms investing in aerospace to have a long period of certainty. The UK’s aerospace sector is the second largest sector in the world, and we are keen to support it.

Kit Malthouse: My hon. Friend has made a powerful point. Some of the sectors that are the most critical to the UK’s future success—aerospace, technology and life science, in which I have a particular interest—are international businesses which make huge bets on countries on a regular but long-term basis. Some predictability is therefore absolutely key.

My final point is about inflation. We are living in a financial atmosphere in which inflation will be of concern over the next five to 10 years, and we need to be careful to ensure that it does not get out of hand. We have been extremely successful in doing that so far. As I have said, national insurance forms a large part of prices. The Government—any Government—must bear in mind that if taxes rise, so do prices, over time. By injecting an element of freeze into the national insurance bill, we are also doing our bit to relieve whatever inflationary pressures may be generated in the economy.

Kelvin Hopkins (Luton North) (Lab): The hon. Gentleman talks about inflation as if it were the danger, but the real danger at the moment is deflation. Japan has been struggling with deflation for a decade and more. There is a serious problem across the world caused by prices rising below the threshold deemed appropriate by central banks, especially in Britain, and in America, the threat of rising interest rates is terrifying the world that we may be plunged into another economic crisis. It is deflation that is the problem; inflation is not even on the horizon.

Kit Malthouse: The hon. Gentleman may have a point at the current time, but some of us are of an age to remember the destruction that was wreaked on the last generation by inflation. My grandparents’ pensions were destroyed by it. I hope he will forgive me for having an atavistic fear of it, a fear that it may, at any point, appear over the horizon. Anything that we can do to defray that fear, either now or in the future, will be welcome.

I support the Bill. I think that it is a good idea. I will vote for it first because of the certainty that it will bring for business, secondly because of the international signal that it will send, and thirdly because I think that anything we can do to bear down on any inflation, either now or in the future, will be extremely welcome.

2.28 pm

Stewart Hosie (Dundee East) (SNP): As the Minister said, the Bill will prevent any increase in the current rates of class 1, class 1A and class 1B national insurance contributions paid by employees and employers for the duration of the current Parliament. It will also provide that, for each year, the annual upper earnings limit cannot exceed the higher-rate threshold, which is the sum of the personal allowance and the income tax basic rate. All that is very sensible. There is nothing wrong, in principle, with any Government’s providing certainty in the tax code for the duration of their term in office. However, we clearly do not need legislation to do that.

As has already been said—so I shall say it only once—the Bill is a gimmick. It also demonstrates, in many ways, a lack of confidence. I shall say more about that shortly, but the key point is that placing such an arbitrary and unnecessary restriction on the Government’s ability to respond to unforeseen events may yet come back to haunt them.

The Bill results from the Finance Bill, which was published in July, and which provides for the tax lock on national insurance contributions, income tax and VAT. As was said earlier, it is intended to apply to a tax year that comes after the date of the Bill’s Royal Assent and before the first general election after that date. The time scope is therefore rather limited. There is also a technical issue. This is a separate Bill; the measures are not in the Finance Bill because statutory provisions for NI cannot be included in it.

However, none of this should be any surprise to us. The Conservative manifesto said that in government the Tories would not increase the rate of VAT, income tax or NICs in this Parliament. That should have been enough; the legislation is not required. In a speech ahead of the general election the Prime Minister confirmed that the tax lock also meant there would be no extension to the scope of VAT or any increase in the ceiling set for the main rate of NICs for employees.

Kelvin Hopkins: The hon. Gentleman mentioned VAT and the lock that the Government propose. Does he agree it would have been more impressive if they had had that lock before they raised VAT from 15% to 20% rather than after?

Stewart Hosie: That is the kind of thing any Opposition politician should say about any set of Tory policy decisions that ends up with the kind of outcomes the hon. Gentleman describes.

The Government also committed to legislate within 100 days of the election to rule out increases in the rates, which is what we are seeing today, but of course serious unintended consequences for spending and for other taxes may flow from this measure. Let me explain. The Government laid out in the summer Budget discretionary consolidation—that is, cuts and tax rises to you and me—amounting to £97 billion in this Parliament.

Of that, new draconian cuts to welfare amounted to a full third—£33 billion—but the entire spending plan was predicated on, among other things, NICs bringing in £115 billion this year, £126 billion next year, rising to almost £152 billion in 2021. That is a forecast rise in revenue yield from NICs of 9.6% this year to next, 4.3% the year after, 4.7% in 2017-18 to 2018-19, and a rise of over one third—£37 billion—between last year and the end of the forecast period.

One of the questions the Minister has to answer today is this: given the arbitrary freeze on NICs and some other rates, should the forecast yield be significantly less than expected, will other taxes rise and if so, which ones; and will the Chancellor take the axe to yet further spending, perhaps on pensions, or will borrowing rise and deficit reduction forecasts simply be abandoned, delivering exactly the same failure on debt and deficit we saw in the last Parliament?

Mr MacNeil: Of the options my hon. Friend has given, may I go for option three, which means the Government will borrow? As every schoolboy in Scotland who has been paying attention knows, the UK has not paid its way since 2001; it has borrowed each and every year since then. I would go for option 3 for the UK: in debt, with a black hole.

Stewart Hosie: My hon. Friend is right. Harking back to 2009 and the Fiscal Responsibility Bill, the then Chancellor made great play of legislation to bring down the debt and deficit, and what was the sanction should he fail? “We would just change the targets,” he said. I suspect the current situation is rather similar, and I may come to what the current Chancellor said about that particular legislation shortly.

Mr Stewart Jackson (Peterborough) (Con): The hon. Gentleman must be vying for the 2015 Caledonian brass neck award. On the arc of prosperity of Iceland, Ireland and Scotland, if we are talking about black holes, would he care to enlighten the House as to £8 billion black hole predicated on the dwindling price of oil, which means that if the Scottish people had made a different decision the country and the constituency he represents would be bankrupt?

Stewart Hosie: The £1.5 trillion black hole which is the UK national debt is of rather more significance than any cyclical deficit any country may have, but then I suspect the hon. Gentleman probably knew that already.

Returning to the scope of the Bill, it is important that the Minister says what will happen should the yield forecasts be less than planned. That is important for his Government, too, because their rationale, as stated in their manifesto, was focused on

“reducing wasteful spending, making savings in welfare and continuing to crack down on tax evasion and aggressive avoidance.”

That allowed them to commit to no increases in VAT, income tax or NICs. They argued:

“Tax rises on working people would harm our economy, reduce living standards and cost jobs.”

I have no problem with tackling genuinely wasteful spending, such as Trident, or clamping down on tax evasion, but it is this Government’s attack on welfare which is harming the economy, reducing standards of

living and threatening the growth needed to ensure the forecast yield from NICs is maintained in the way the Red Book forecasts suggest.

Kelvin Hopkins: I have a great deal of sympathy with what the hon. Gentleman has been saying. He mentioned the tax rises that have taken place which have brought the Government considerable increases in revenue, but does he agree that those taxes tend to be regressive and the one thing the Government are protecting is the progressive tax, which is much fairer, called income tax, which they have sought to reduce for high income earners?

Stewart Hosie: It is certainly the case that during the downturn the decision to remove the 50p rate of tax was wrong. We would certainly argue that in the current climate that 50p rate should have been maintained. In that respect at least, I agree with the hon. Gentleman.

I wish to raise at this point the Conservatives’ future plans to replace national insurance because that is pertinent to the measure under discussion. In July, the Financial Secretary commissioned the Office of Tax Simplification to review the interplay between income tax and NICs. He said:

“I would like the Office of Tax Simplification to look at what the impacts, costs and benefits of closer alignment would be and to set out what the necessary steps would be to achieve closer alignment. We believe greater integration of the two systems has the potential to remove economic distortions, reduce burdens on business, and improve fairness across individual earners.”

These are all sensible objectives, and I assume this is still a longer-term Government objective, so let me ask the Minister how this Bill assists in the delivery of that aim.

I said earlier in my contribution, and also in a debate on the financial statement in July, that the Chancellor promised a tax lock but that legislation to stop tax rises was

“just a gimmick and no one is going to buy it”—[*Official Report*, 8 July 2015; Vol. 598, c. 348.]

Indeed my hon. Friend the Member for Edinburgh East (Tommy Sheppard) made the same point:

“If these provisions are included in what”

is now this Bill today

“it will only take a clause”

in future legislation

“to overturn them. They are therefore literally not worth the paper on which they are written.”—[*Official Report*, 21 July 2015; Vol. 598, c. 1441.]

He was right, of course, and that ties in with what I said earlier about a lack of confidence.

Of the Bill that became the Labour Government’s Fiscal Responsibility Act 2010, where levels of debt and deficit were planned but there was no sanction if they were broken, the current Chancellor said that it would achieve

“a constitutional first of imposing no legal sanction on the person who is likely to break it. No other Chancellor in the long history of the office has felt the need to pass a law in order to convince people that he has the political will to implement his own Budget”—[*Official Report*, 26 November 2009; Vol. 501, c. 708.]—

until now.

Let me reprise that for this Bill. This is a constitutional second. Only one other Chancellor has felt it necessary to bring legislation before this House in order to convince people that he has the confidence to implement his own

[Stewart Hosie]

Budget. We saw Gordon Brown go from Joseph Stalin to Mr Bean; I fear the First Secretary may be reverting to a rather rusty clunking fist.

As has been said, a large number of stakeholders have contributed to this debate, and key from our point of view are the words of Howard Archer, chief European and UK economist at IHS Economics, who said that such a move would restrict the Chancellor's ability to achieve his targets:

"In particular, if the public finances fall markedly short of their targets, the chancellor would have to face making even more spending cuts and/or raising other taxes. Or just accepting the missed targets. There really still needs to be a lot more clarity on the whole Conservative fiscal policy".

That is absolutely right.

It is also worth noting the comments of Jonathan Portes from the National Institute of Economic and Social Research. He said the pledge not to increase the main taxes

"considerably reduces our flexibility if things turn out different from expected. This is why I have absolutely no doubt that Treasury and Bank of England officials were tearing their hair out at this."

What discussions, if any, have the Minister, the Chancellor or the Treasury had with the central bank about these proposals and the inherent lack of flexibility that they generate?

Let me turn now to some of my final questions. I ask Members to bear with me as I describe some of the complexity of the current NICs regime. Employees pay NICs on their earnings if they exceed the lower earnings limit, which is set at £112 a week. A zero rate of NICs is charged on earnings between the lower earnings limit and the primary threshold of £155 a week. Earnings above the primary threshold are charged NICs at a rate of 12%, subject to a cap on the upper earnings limit, which is set at £815 a week. Earnings above that are set at 2%.

Employers pay NICs on employee earnings at a rate of 13.8% on earnings above the secondary threshold, which, at £156 a week, is a difference of £1 from the primary threshold for employers. There is no ceiling on secondary class 1 NICs.

As everyone in the Chamber knows, self-employed people pay a weekly flat rate class 2 NIC. They may apply for an exemption from paying class 2 contributions if there are no profits, or if their profits are less than, or expected to be less than, £5,965 for the year. This replaced a small earnings exemption from April this year. In addition, they may be liable for separate class 4 earnings, and on it goes.

Tax simplification is a great idea, and we can see precisely why. Will the Minister explain how these proposals will make the NICs regime more straightforward? In addition to those categories, individuals may be entitled to make voluntary class 3 contributions to avoid or fill gaps in their NI record to ensure that they qualify for basic retirement pension and bereavement benefits. Does the Minister expect more or fewer people to make additional voluntary contributions as a result of the tax lock to the NICs described in the Bill, and will there be any encouragement for them to do so?

The majority of NICs receipts are paid into the national insurance fund, which is separate from all other revenue raised by taxation. The fund is used exclusively to pay for contributory benefits. If the revenue yield from national insurance does not rise in the planned heroic way that I described earlier, can we expect to see cuts directed at the contributory benefits that people have already paid for? There is often unintended consequence from any legislative change—and sometimes perfectly foreseeable behavioural change that may affect yield forecasts. That is an argument that Treasury Ministers have, from time immemorial, fallen back on when they are implementing bad decisions. What assessment have the Government undertaken to predict if any negative behavioural change is likely from these measures, particularly given the differential in rates and thresholds between employee, employer and self-employed national insurance contributions?

Finally—this is really my most important question and at the heart of our disquiet over a legislative attempt to provide certainty over this Parliament—as the majority of NICs receipts are paid into the national insurance fund and that fund is used exclusively to pay for contributory benefits, may we have a cast-iron guarantee from the Minister today that this legislation is not and will not be the start of an attack on, or an erosion of, the contributory principle that applies to national insurance contributions?

2.44 pm

Lucy Frazer (South East Cambridgeshire) (Con): The Bill is about low taxation. Low taxation is critical to encouraging our businesses and our economy to grow. Low taxation encourages entrepreneurship, and it means that work pays. The commitment not to increase national insurance contributions is a key part of the Government's triple lock to ensure that we have low taxation for our working nation. As it is paid by both employer and employee on wages, it is an important part of our jobs tax.

Many sectors rely on their people knowledge. I have many such sectors in my constituency. Only a few weeks ago, I visited Cambridge Online, which deals in computer software. Its chief executive officer said to me, "We are nothing, Lucy, other than our people."

Last week, I was at Marshall, which employs 3,000 people and is one of the biggest employers in my constituency. It spends a huge amount investing in apprenticeships and in training up the next generation who will be its workforce. Also in my constituency is the science park, which is a key place for biotech industries. Innovation and enterprise are fundamental, and individual experience and individual knowledge of people are key. Cambridge university is on our border, and the academics and their great research are fundamental to our economy. At the source of all that is people. Keeping national insurance contributions at the same level is critical to encourage employers to employ, to encourage the growth of businesses and productivity, and to ensure that businesses can recruit and expand. However, this legislation is about not just low tax, but certainty. As businesses expand, it is good for them to have foresight in respect of their expenditure, and that is what we are providing. We are providing them with certainty. As has been mentioned, that is particularly important for foreign investment. My constituency has biotech industries. We are competing

not with Birmingham or Leeds, but with silicon valley. What we need is certainty that foreign investors will invest in our community and our businesses.

It has been said that this measure is a gimmick. It is not. It may be that the Bill is not required, but that does not mean that it is not welcome. It provides the certainty that we need. This Bill is about low taxation, certainty and transparency, as it tells people what this Government are doing, and it will help with jobs, and therefore our economy, in the future.

2.47 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to take part in this debate, even though it is on a gimmick, and we are not so used to debating gimmicks in the Chamber. The Chancellor is a paradox. He constantly wants legislation that prevents him from doing things—measures in the Finance Bill to avoid taking further decisions on income tax or VAT, today's legislation on not making any changes to NICs, and legislation at some point in the future on the fiscal stance and his proposals to have a permanent budget surplus.

I am afraid that this piece of legislation is completely unnecessary. As the hon. Member for Dundee East (Stewart Hosie) said, the truth of the matter is that if there were a crisis and the Chancellor suddenly needed to raise more money, he could repeal this Bill. It does not give us the stability and certainty that the Government claim.

James Cartledge: If we reach that point and the provisions have to be repealed, that will be a public act. This is an open and transparent Government. If we make this promise and then legislate, it is extremely difficult to repeal it on the sly. The Labour Government broke promises on the sly, hoping that we would not notice. It is impossible to do that with this type of approach.

Helen Goodman: I am afraid that I do not accept that. This is purely weak willed on the part of the Chancellor. I thought that the Economic Secretary to the Treasury did not give us nearly as good a defence of the Bill as the hon. Member for North West Hampshire (Kit Malthouse). He managed to situate it within the needs of the business community and give some rationale for it. The more the Minister spoke, the clearer it became that this is indeed a gimmick. I find that odd, because I thought that the Chancellor of the Exchequer wanted to be the Chancellor of the Exchequer and to take decisions, but clearly he does not. He just wants to tie his hands behind his back at every verse end.

I think it would be a good idea to vote against the Bill, and I am slightly disappointed that we are not opposing it. [HON. MEMBERS: "Ah!"] It is not for me to say what the official Front-Bench position is, unfortunately. I want to point out to Conservative Members that we live in a world where the Chancellor has a desire to bring the deficit down very quickly. That is a difficult thing to do, as we saw when he failed comprehensively to achieve his target during the last Parliament. He is now having to go through some very choppy waters to get this done. He made a promise to introduce this legislation to fix VAT, income tax and national insurance because he thought that that would make him a low-tax

Chancellor in the eyes of the British public. The fact is, however, that since then he has increased VAT to 20%, increased vehicle excise duty and increased the insurance premium tax, as my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) pointed out. He is not a low-tax Chancellor.

Andrew Gwynne: Does my hon. Friend agree that there is another reason to believe that this is purely a gimmick from the Government? The Chancellor can give the impression that he will not increase national insurance rate ceilings, but fiscal drag could still have an impact, through the back door, on the amount of national insurance that people pay.

Helen Goodman: My hon. Friend makes an astute point. That is one of the things that is going on here.

The Chancellor is also shifting more and more from direct taxation on income to indirect taxation on spending. In doing so, he is pushing the burden of tax from those on middle incomes to those on lower incomes. They are the true target of this Government, as we shall see in the debate on tax credits later this afternoon.

The hon. and learned Member for South East Cambridgeshire (Lucy Frazer) claimed that this measure was about low tax, but I would ask her to reconsider that. For whom is it about low tax? For all the reasons given by the hon. Member for North West Hampshire, including the fact that not raising the basic rate of national insurance is a good thing to do, it is clear that this is a tax on labour. At a time when we want more people to have more good jobs, that seems rather perverse.

The most perverse thing about national insurance is the upper earnings limit, and including that in the legislation is a highly political act. We shall have a debate on tax credits in a little while. Let us look at the marginal rate that the Chancellor is giving to people, taking account of the tax and benefits system. After the Budget, the effective marginal tax rate faced by second earners in couples on very low incomes with two children will be 75%. However, for those earning more than £150,000 a year, the normal marginal tax rate of less than 50% will apply. Even when universal credit is introduced, the marginal rate for people earning around £10,000 a year will be 65%, but the withdrawal rate for people earning more than £150,000 will be 48p in the pound. That is not about low tax or certainty. It is clearly about protecting the Tory party's rich friends and rich donors.

Lucy Frazer: I heard the shadow Minister say that this was Labour party policy. What does the hon. Member for Bishop Auckland (Helen Goodman) say to that?

Helen Goodman: As I have said, I would not have made a commitment on the upper earnings limit. That is just not my view. Fortunately, in the House of Commons we are free to speak as we find things. We are having this debate and I am making my contribution. I am telling the House that that is not a terribly sensible commitment to make.

The hon. Member for North West Hampshire made some good points about the certainty that small and micro-businesses need, but I ask hon. Members to

[Helen Goodman]

consider for themselves how many small and micro-businesses are employing people on £150,000 a year. I suggest that not many are doing so. I know that Hampshire is better off than County Durham, but it is not so much better off that every farmer and small shopkeeper is paying themselves and their staff £150,000 a year.

The Financial Secretary to the Treasury (Mr David Gauke): May I seek some clarity? The hon. Lady said that she would not make a commitment on the upper earnings limit. Is she therefore suggesting that the 12% rate of national insurance contributions should also apply to higher rate income tax payers?

Helen Goodman: I am saying that it would be perfectly reasonable to consider that, rather than pre-committing in the way that the Bill is doing. That seems to be common sense.

It is surprising that the Treasury thinks that it can simply continue to switch off policy levers and that that is an intelligent way of carrying on. As my hon. Friend the Member for Worsley and Eccles South has said, commentators including the *Financial Times* and PricewaterhouseCoopers have pointed out that this measure will force the Government into a more difficult and tricky situation. The position will become more constrained, and it will be more difficult to take sensible decisions on raising money. The legislation will put more pressure on the Government to cut public spending.

Kit Malthouse: I think I am grateful to the hon. Lady for her support earlier. That was kind of her. Would she accept that one of the strengths of having these measures embedded in legislation is that if a future Chancellor were to decide that he or she wanted to raise national insurance rates, an element of delay would be injected into the proceedings by dint of the repeal process? That would give businesses some months—and possibly a year or even longer, if the House were so to decide—in which to adjust to what would otherwise have been a sudden decision.

Helen Goodman: Well, it might or it might not, depending on the circumstances.

This quest for certainty is quite reasonable in regard to small businesses—

Mr MacNeil *rose*—

Helen Goodman: I shall give way to the hon. Gentleman from the Scottish National party.

Mr MacNeil: In any debate about taxes, it is instructive to look at what the OECD tells us about global tax-to-GDP ratios, which is what I have just done. Denmark has a tax-to-GDP ratio of 47.2%. Mexico, at the other extreme, has a tax-to-GDP ratio of 19.7%. The Conservatives' mantra is "lower taxes, lower taxes, lower taxes", but that would appear to be sending us in the direction of Mexico. That is not the sort of society I want; I want a society that is high on the UN human development index such as Denmark. The figure for the UK is 33%. How far do the Government want to go? Do they want to give us a society like that of Mexico, or do they want us to be like Denmark?

Helen Goodman: The hon. Gentleman knows the way to my heart; he knows that I am half Danish and that I would much prefer the Danish model to the Mexican model.

Hon. Members have been talking about certainty, but the Bill will provide certainty only for the very well off. The Government are not worried about certainty for people on very low incomes, as we shall see in an hour's time when we discuss the cuts to tax credits.

Christopher Pincher: The hon. Lady is a doughty individualist. I recall her calling me up a few months ago, when she was seeking the chairmanship of the Public Accounts Committee—regrettably, she was unsuccessful in that enterprise—and asking me what the PAC Chair should do. One thing she said was, "We must make Parliament more accountable." Surely by passing this legislation, which would have to be repealed if the Chancellor wanted to make changes, we are making this House and the Chancellor more accountable.

Helen Goodman: That is rather a silly remark. If the Chancellor makes decisions on tax, we can question him about them. This Bill is more a non-decision about a non-tax. It does not do what the hon. Gentleman suggests. Conservative Members have reiterated some of their well-known mantras, but have added nothing of substance to the debate. There is no positive agenda in this Bill addressing the needs of the British economy. It is, I am sorry to say, a gimmick.

3 pm

Huw Merriman (Bexhill and Battle) (Con): I warmly support the provisions in the Bill to enshrine the level of contributions for national insurance. This measure, together with the commitment made earlier this year not to raise income tax, was an essential part of my party's general election manifesto, and I am pleased to see the legislative effect being enacted.

I am passionate about my Government's pledge to give people the opportunity of work. In the last term, the Government put business at the heart of their programme, creating more than 700,000 new businesses. That climate has helped to allow 2 million new jobs to be created in this country. In the term to come, the desire is to create a further 2 million jobs, to increase that success. In order for private enterprise to deliver these new jobs, it is essential to give business an environment of certainty, to allow it to plan over the next five years. That is what creates jobs.

Callum McCaig (Aberdeen South) (SNP) *rose*—

Huw Merriman: If you disagree, I will take the intervention.

Callum McCaig: I am disagreeing. Certainty is being provided in one narrow aspect of business taxation. As my party's energy spokesperson, I know that the oil and gas industry would love legislation ruling out increases in its taxation. Does ruling out an increase in one narrow aspect not increase the uncertainty in the whole range of other business taxation?

Huw Merriman: Not at all. Perhaps I can come on to deal with that by considering the macro levers the Government will have over this term, which will give a real boost to the economy, and other matters where it might be right to leave things open.

I was talking about the need to create jobs, which is what is essential here. Jobs change lives, creating hope, aspiration and well-being for all of our constituents. Any move to create more jobs should be welcomed by all parties, not just the Conservative party, and should not be branded as a “stunt” or a “gimmick”.

Kwasi Kwarteng (Spelthorne) (Con): Does my hon. Friend feel that this legislation chimes in well with what we saw from the last Government, who created about 1 million new jobs in the private sector? Does he agree that this is exactly the kind of direction the country needs to pursue?

Huw Merriman: I absolutely agree with that. I recall that five years ago there were howls of derision when the Government announced that they would seek to create one new job in the private sector for every one public sector job lost. At the end of the five-year period I believe that the actual figure was five for every one. We had great success, and it shows that we are the Government who can manage the economy and turn it around, despite what we were faced with in 2010.

The content of this Bill was at the heart of this Government's manifesto commitment. Today is all about honouring promises—it is not about gimmicks or stunts. What has this House become if, when we stand proudly and enact our manifesto in legislation, it is branded as a gimmick? What does that say about the manifestos of other parties, given that it is only four months since the previous election? I was reassured to hear from the Cabinet Office that a unit is in place to ensure that every Department is making good on this Government's manifesto pledges, as opposed to the Labour party which, as mentioned, is tearing up its pledges after only four months and a leadership change.

With the commitment not to increase national insurance, which is, after all, a tax on job creation, Conservative Members are making good on our commitment to support business and create a platform for jobs.

Rehman Chishti: Our commitment to creating more jobs and bringing more jobs to our country goes hand in hand with what we are doing on corporation tax, where we have one of the lowest rates in the western world. As a result, Deloitte is saying, “These measures will bring more businesses into this country.” This lower taxation measure is therefore in line with the other measures put forward by the Chancellor to create more jobs and opportunity by having one of the lowest levels of corporation tax in the developed world.

Huw Merriman: I fully agree with that point and I think I can link it to the one made previously by the SNP. This Government have a commitment ultimately to reduce the deficit and run a surplus by 2020, and that requires some changes and some levelling in taxes. The key thing is to look at which taxes we use: which taxes will have to increase to pay back some of the debt and which ones can be cut, because every £1 cut creates more in the private sector and more spend. Let me touch on two things. The annual investment allowance is a tax measure that was due to revert to £25,000 per annum at the end of this year, but after the July Budget it will now increase to £200,000 per annum. That is a good example of a tax change that will boost the UK

supply chain and cause private industry to purchase more plant, causing more pounds to be created as a result. Alternatively, let us consider the insurance premium tax, which will rise but which will be way below levels in the European Union, particularly in Germany. I envisage that it is unlikely to have a negative effect. This is all about this Government understanding how the economy is managed and how these macro levers can be manoeuvred to favour private investment. *[Interruption.]* There may be chuntering from Opposition Members, but our record in government over the past five years—we have created jobs and started to balance the budget—cannot be denied, despite what is said by Opposition Members.

I come back to my personal commitment in Bexhill and Battle. The number of my constituents on jobseeker's allowance stands at 613, which is a decrease on the 2010 figure of 1,400, of whom 135 are aged 18 to 24—that compares with a figure of 385 in 2010. Our focus on reducing youth unemployment makes me incredibly proud of what this Government have done. These figures show that some of the 2 million new jobs created in the UK over the past five years have been delivered in my constituency. But my local task is to attract new employers to Bexhill and Battle.

I was listening to my hon. and learned Friend the Member for South East Cambridgeshire (Lucy Frazer) talking about the science park and the developments there. I was fortunate enough to visit her constituency and Milton Keynes last weekend, when I was struck by the differences between those areas and East Sussex, which is home to my constituency and where I reside. We have a real need for regeneration and we do not have those new jobs being created. The challenge for us is incredibly difficult. We do not have the motorways, the dual carriageways or the rails—as yet; I am delighted by the commitment from the Government in this Budget to try to fix that. Our regeneration is a hard quest and moves such as those in the Bill, which provide certainty, make the job much easier. Thanks to this Government, a new link road is being built from Bexhill to Hastings, which will deliver thousands of houses, a 42-acre business park and a country park, all of which should attract thousands of high-skilled jobs and boost our economic regeneration and productivity.

Creating this infrastructure is one thing, but turning it into a jobs factory requires a persuasive case to be made to business to take risks. Being able to tell businesses that they can expand and grow without the danger of taxes rising is a key ingredient for them to take that risk involved in financing expansion.

Rehman Chishti: My hon. Friend talks about taxes rising. The Bill provides certainty, whereas rising taxes cause uncertainty. In his manifesto, the Leader of the Opposition said that he wanted to increase corporation tax from 20% to 20.5%. That would create uncertainty and hinder jobs and investment coming into this country.

Huw Merriman: I agree completely. The cut in corporation tax allowed this Government to justify the increase in the living wage, as it offsets that. Such a change would put all that at risk, although I very much hope that we will never see that day.

Barbara Keeley: Will the hon. Gentleman give way?

Huw Merriman: Perhaps I can make a little progress, but then I will of course give way.

The Government continue to reduce levels of taxation and I welcome that move. In a recent report, Bexhill and Battle constituency, which I represent, was in the top 10 constituencies for the fastest rise in wages for the past 10 years. As I am from a constituency that has lagged behind the national average for far too long, I am incredibly excited about this change in fortune.

I fully support the commitment in the Bill and hope that the benefits will be felt across the country as well as in my constituency.

3.11 pm

Kelvin Hopkins (Luton North) (Lab): I apologise, Madam Deputy Speaker, for having to leave the debate for a short while, but I managed to catch the major part of the speech by my hon. Friend the Member for Bishop Auckland (Helen Goodman). It was an excellent speech and I agree with every word of it, but I did not know that she was half Danish. I want to say something about Denmark, a very sensible country with a more appropriate taxation system than we have. As the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) said, would Members prefer to live in Denmark or Mexico? I know which I would choose; Denmark is clearly a more sensible country.

I have been to Denmark on a couple of occasions and it does two very sensible things. First, the Danes have retained their own currency, which is sensible, but they also seek to manage its value, which we do not, and that is also sensible. One result of the Danes' sensible taxation system is that they can sustain students without fees but with grants until the age of 25. A few years ago, I understand, the average class size in schools in Denmark was 15. No wonder they have advantages that we do not; they are prepared to pay for them—[*Interruption.*] I shall talk about national insurance, but I wanted to mention the sensible country of Denmark, which I so admire, before I started.

The lock on the taxation system is a gimmick, as my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) has said from the Front Bench. Surely a promise from the Chancellor of the Exchequer would be appreciated, understood and believed by the business sector. A Conservative Chancellor making a promise is enough. This Bill is like saying, "I promise not to rob the bank any more, but do put the handcuffs on me." He is clearly not a bank robber, but does he need to have those handcuffs on him just to do what he believes to be the right thing? He has given away flexibility in any case, and I certainly would not do that, because we cannot foresee what will happen.

There is a real possibility, for example, of another financial crisis coming down the road. I mentioned in my speech on the Budget forecasts that there will be another serious economic crisis in the not too distant future. Precisely when that will happen, we do not know, but we ought to retain flexibility with all the economic levers at our disposal to ensure that Britain is protected if that happens.

In the previous crisis, the British Government, led by Gordon Brown, persuaded the world to recapitalise the banks. If we had not done that, the whole financial system might have collapsed and we would have been in a much worse situation. I am not saying that I agree

with everything that my former right hon. Friend did, as I was often a critic of our policies. Nevertheless, that had to be done, even though in a sense it rewarded the gamblers who had gambled away our future and made our lives so much more difficult. Those difficulties continue today, but it was the bankers gambling on the free financial markets who caused the problem. It was nothing to do with the Labour Government, and, indeed, all sorts of economists say that Labour did the right thing when the crisis happened.

Kwasi Kwarteng: We are wandering rather further from the topic of the debate than I would like, but how would the hon. Gentleman explain the consistent deficits we ran from 2001, as the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) suggested? We were in deficit every single year for the last nine years of the Labour Government.

Kelvin Hopkins: I can only refer the hon. Gentleman to the excellent article by the economist Ben Chu, which goes into detail showing why Labour was not to blame and was not responsible. The crisis caused the deficits, but if we had not recapitalised the banks, where would we be now?

Let me go back to the instability mentioned by the hon. Member for North West Hampshire (Kit Malthouse), who is no longer in his place. He talked about businesses wanting stability. Instability arises because of the globalisation of financial markets. Before 1979, we managed financial markets with exchange controls. The breakdown of the Bretton Woods agreement is what caused the problems.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The hon. Gentleman is completely right to say that this is purely a gimmick by the Government. There is no need for a legislative vehicle to enact this policy; the announcement could be made in a Budget statement or an autumn statement, as appropriate. Does he agree that, if the Government were serious about helping working people, and people on low incomes in particular, they would increase the threshold at which national insurance contributions kick in to the level of personal allowances for income tax, rather than implementing the pure gimmick of this Bill?

Kelvin Hopkins: That would certainly be one way of dealing with it, but I think that not cutting tax credits, which are coming up for debate this afternoon, would be a much more important way of helping people on low incomes. We should certainly do that.

Graham Stuart (Beverley and Holderness) (Con): The hon. Gentleman, as ever, is gracious in giving way. He suggests that the Labour Government were not responsible. Surely, bankers are driven by the incentives in the global markets he described to make money and the job of Government is to regulate those markets so that they benefit the public and do not poison the public well. On that fundamental duty, including the dismantling of the previous Bank of England supervision regime, the Labour Government failed.

Kelvin Hopkins: I have to agree with the hon. Gentleman, but the great deregulation occurred in 1979 with the abandonment of exchange controls. During the period

of the New Labour Government, I was one of those who called constantly for reregulation rather than deregulation. I was out of step with my colleagues at the time, but I think we have now learnt a lesson and believe in more regulation. I certainly look forward to a more regulated economic world in the future, and if we have another crisis I believe that regulation will come back.

I ought to get on to the question of national insurance contributions, as those comments were by way of a preamble to my speech. The suggestion has come from the Conservative Benches that we should abandon national insurance contributions and merge them with the tax system. That has been discussed over some time and I have flirted with the idea myself, but I have come down against it. I believe that although there should be a threshold so that people on very low incomes do not pay national insurance contributions, they reinforce the sense of all of us paying into a system and having a sense of entitlement to what the system can do for us when we are in need.

Tying us all into a system on a relatively equal basis for at least part of the income revenues is important. We pay national insurance contributions and we therefore have a right to pensions, the health service and so on. There is clearly not enough and much more has to be paid out of other forms of taxation. I prefer the more progressive forms of taxation, income tax being the most important, and I regret that income tax rates at the higher end have been cut pretty savagely since 1979. I remember the 1988 Budget, when Nigel Lawson cut the top rate from 60% to 40%. I had lunch in the City shortly afterwards with a number of City people, and they were amazed by it. They had watched the Budget on television and asked, "Why has he done this? We don't need the money." That is what people in the City were saying about the cut in the top rate of tax. I have no doubt that there are some people in the world who are so greedy that they want even more money, despite having millions already, but most people think that having a high rate of tax for the very highest earners is a good and progressive thing.

Graham Stuart: The hon. Gentleman must have seen the figures. Every time the higher rate of tax was cut, the amount paid by the richest, in both absolute and relative terms, went up. The truth is that Governments receive more money when they impose fair taxation and less when they follow the policy that he is advocating.

Kelvin Hopkins: I thank the hon. Gentleman for that intervention, but the fact is that successive Governments have failed to ensure that the rich pay their taxes properly. We have a tax gap of £120 billion a year. The fact that fewer people might fiddle their finances is not an argument for reducing the top rate of tax. We ought to have a proper regime for enforcing tax payment by those who get away with it: the corporates and the billionaires who manage to avoid and evade tax on a massive scale. If we collected only a third of what is fiddled every year, we would have another £40 billion a year to spend. I think that we have failed on that because all Governments have opted for a light touch on the rich. That is the truth.

Simon Hoare: The hon. Gentleman obviously has the inside track on the voice of the City—he has referenced lunches he has had in the square mile—so could he

illuminate the House on what the City's view is on the new policies of his right hon. Friends who now occupy the Opposition Front Bench?

Kelvin Hopkins: I must say that I have not had lunch in the City recently. Indeed, my contacts with City people have not been of the highest order since 1998. I once had lunch with the Governor of the Bank of England, shortly after being elected, and very enjoyable it was too. That was when "steady Eddie" was in charge—he was a splendid Governor and I am sorry that he is no longer with us.

I believe that there are ways of ensuring that we collect the taxes that are due from the rich. Personally, I believe that I should pay more income tax, along with everyone else on my kind of salary—I earn £74,000 a year. Indeed, the majority of the population have said that they would be happy to pay a little more tax in order to help our health service, which is still seriously underfunded.

I believe that national insurance contributions set at a modest level are an important part of our tax and revenue-collecting system. It gives us all a sense of collectivity, which I think is right. We call that the contributory principle. It means that we have a sense of duty in paying taxes as well as a sense of entitlement in receiving what they pay for. I agree with my hon. Friend the Member for Bishop Auckland, who is no longer in her place, on the upper earnings limits.

VAT is a regressive tax. It was noticeable that Gordon Brown, when Prime Minister, cut VAT from 17.5% to 15%, which boosted demand at the moment that was needed and, together with a substantial depreciation of sterling, helped to keep the economy relatively stronger than some other economies. We have since survived, but I think that we are now making a mistake in allowing sterling to appreciate. It has moderated a bit in recent weeks, but it is still far too high, and manufacturing is suffering as a result.

I understand that the Opposition are going to acquiesce in what the Government are proposing today, but I agree entirely with the view put forward by my hon. Friend the Member for Bishop Auckland. I look forward to my party coming into government next time around with our new leader committed to ensuring that the rich, the corporates and those who have been getting away with it for years pay their taxes so that we can build a decent society on the revenues that they should provide.

3.24 pm

Kwasi Kwarteng (Spelthorne) (Con): I am pleased to follow the hon. Member for Luton North (Kelvin Hopkins), although I felt as though I was entering a time warp when listening to his speech; it is a long time since I have heard anyone defend exchange controls. I believe that the limit on the amount of money that someone could take out of the country was £50, and they had to declare everything else. Given the current political climate, it is very interesting to hear a Labour Member advocate such a policy.

Kelvin Hopkins *rose*—

Kwasi Kwarteng: I am happy to give way this once.

Kelvin Hopkins: It was a temporary limit imposed on holidaymakers by Harold Wilson, but most had no problem spending money abroad. What we did was ensure that the bankers and international speculators did not have free rein.

Kwasi Kwarteng: I am glad to hear that everything was all right because it was Harold Wilson who imposed the limit, which I think was £40.

Of course this is a sensible Bill. Of course it makes sense to limit national insurances contributions, because they are, after all, as has been pointed out, a tax on jobs. My hon. Friend the Member for North West Hampshire (Kit Malthouse), who is no longer in his place, made an excellent point about the things we do here being a signal to people outside, such as investors, potential entrepreneurs and people who want to set up businesses. If the Government get the Bill through, I am confident that it will send a very good signal to people who want to invest in the British economy and in our constituencies and who want to set up small businesses.

My constituency of Spelthorne is very near Heathrow airport and lies on the Thames, and it is a case in point. It is an area where small business and private enterprise is at the core of people's way of life. It is the basis on which people go to work, save and plan for their retirement. Essentially, they are people who are driven and motivated by small business. Therefore, a Bill that caps national insurance tax is an excellent development that will be warmly appreciated across my constituency.

We have heard a number of arguments this afternoon that simply do not make sense. On the one hand, we have heard from Labour Members that the Bill is a gimmick and that it is wrong. On the other hand, they have said that they will support it. Indeed, we have also heard that they were apparently the first people to come up with that gimmick. It seems very odd. I am still utterly confused about their position.

The hon. Member for Dundee East (Stewart Hosie) made a very good point, but I recall that before the general election his party was the biggest deficit denier—it was even worse than the Labour party in denying the deficit and ranting against austerity. It is a very confused picture. I would be very interested to see what the SNP will do if the House divides on the Bill.

3.27 pm

Iain Stewart (Milton Keynes South) (Con): It is a pleasure to make a short contribution on this important Bill, which I very much welcome. The Bill has been criticised as being a gimmick, and it has been suggested that it is not necessary. Let me take Opposition Members back a few years to the 2001 general election, when the victorious Labour party pledged—on pledge cards and bill boards all over the country—that there would be no increases in income tax. The country voted the Labour party in by a very large margin. Within a matter of months, however, the then Chancellor, Mr Brown, decided to increase spending on the NHS, funded by an increase in national insurance contributions. Technically he was correct—he did not put up income tax rates—but most people regard national insurance as a tax on income, so if the letter of the pledge was not broken, the spirit certainly was.

This Bill is important because, as many colleagues have said, it gives certainty to employers to plan ahead. If my hon. Friend the Member for Bexhill and Battle (Huw Merriman) wants to make a return visit to Milton Keynes, he will be very welcome to come to the job show that is taking place there this weekend; I have the great pleasure of opening it on Friday. Milton Keynes has seen an enormous increase in the number of new jobs and business start-ups in recent years, and we very much want that to continue. Giving employers this certainty on their national insurance contributions will be a key part of instilling the confidence they need to start up businesses and expand existing ones.

Another important measure in sustaining long-term jobs growth and investment is addressing the skills gap we have in this country. That requires more apprentices to be taken on by companies. We must bear in mind that this Bill is part of a package from the Chancellor, who announced an apprenticeships levy to help to fund the growth in the number of high-quality, long-term apprenticeships. That policy is in place in many countries, although it is not without controversy. Alongside that is the pledge to cut corporation tax for large and small companies and to give them benefits in not increasing their national insurance contributions. I very much support the Bill as part of this broader package, which is essential for the long-term health of job creation in this country.

3.30 pm

Michael Ellis (Northampton North) (Con): This Bill is short but very important. It is a commitment not to increase national insurance, which will be very reassuring for the people in small and medium-sized enterprises who represent the lifeblood of this economy.

Labour Members have been saying all afternoon, “Why legislate? This is nothing more than a gimmick”—indeed, “a gimmick of epic proportions”, according to the hon. Member for Worsley and Eccles South (Barbara Keeley). Yet they then go on to say that they are going to support this measure, somewhat idiosyncratically; some might use a different word. In effect, they have said that they are so confident in our Chancellor of the Exchequer that legislation is not needed—his words should be enough. That is very reassuring. It is how I and other Conservative Members feel, but it is interesting to hear Labour Members argue in that way.

Labour Members say the Bill is a gimmick, but in fact it is a manifesto commitment. This may be a concept alien to them, but we are sticking to our manifesto promises. We undertook to do this within 100 days, and we are doing it. We stick to our promises, unlike Labour. Unlike Labour, Conservatives understand the markets. We understand the need of individuals to have some certainty in their lives, especially entrepreneurs and those operating small and medium-sized businesses. Labour Members do not understand the markets or business; they find them alien concepts. That is not particularly surprising given that their shadow Chancellor wishes to overthrow the capitalist regime.

It is ironic that Labour Members refer to unnecessary legislation when under the 13 years of the Labour Government there was such legislative incontinence that dozens of Bills were passed, many of which have been completely useless and otiose; I think of criminal justice legislation, for a start. Conservative Members

welcome low taxes. The new far-left Labour leadership wants to tax people into oblivion, but we recognise that taxes should be kept as low as possible. Labour Members refuse to learn from their mistakes. They fail to recognise that in the 1970s when tax rates were extremely high—up to 80% and 90%—less money was coming into the Treasury coffers than when tax rates were at 40% under the late noble Baroness Thatcher.

With its super-high tax rates, the ultra-leftist Labour party of today does not recognise the mistakes of the former Labour party and other socialists around the world. It will not learn from its mistakes. This Conservative Government understand what it means to have a thriving economy, understand the importance of low taxes, and understand the importance of keeping to our manifesto promises. That is why this Bill is before the House today.

3.34 pm

Christopher Pincher (Tamworth) (Con): I should like briefly to add my voice in support of this welcome Bill. Having listened to the hon. Member for Worsley and Eccles South (Barbara Keeley), I am pleased that the Opposition do not propose to oppose the Bill. It appears that she has bravely come to the House to abstain in person.

The hon. Lady asked why the Bill is necessary. Were she present, she might like to reflect on this reason: the decision by the new Leader of the Opposition to appoint as his shadow Chancellor the hon. Member for Hayes and Harlington (John McDonnell), a self-confessed Marxist who wants to nationalise the banks, print money and soak almost everybody in the great cause of the proletariat. That sends shivers down the backs of many small and medium-sized enterprises in our country and of international investors. This Bill goes some way to guarding against that uncertainty.

As we have heard, businesses like certainty, even if that certainty generates bad news. It was bad news to hear from the Opposition in the last Parliament that they proposed to freeze energy prices. That increased the cost of capital for investors in our energy infrastructure and made them put off investment decisions.

This Bill, however, is good news. It gives business folk in all our constituencies the certainty that we will not increase taxes. That means that they will make investment decisions and grow their businesses. In my constituency, where unemployment has fallen faster in the past three years than anywhere else in the country, Jaguar Land Rover, BMW, Tamworth Steel Stockholders and Percy Lane Products will create new jobs and more wealth for our country. Business folk in my constituency say that this Bill is a no-brainer, which is one reason why it should commend itself to the Opposition. Let's do it.

3.36 pm

Simon Hoare (North Dorset) (Con): I am delighted to speak in support of the Bill. A number of colleagues have spoken of the need for certainty, and my hon. Friend the Member for North West Hampshire (Kit Malthouse) has spoken about the need for signals. This Bill is not a gimmick, but a very good piece of proposed legislation. It sends a very clear signal to the country, employees, employers and the investment world that such is the Government's confidence in their wider economic policies that they will not have to increase national insurance contributions or other taxes.

The Bill also sends a very clear message to both the employer and a potential employee. In rural constituencies such as mine in North Dorset, which is predominantly made up of agricultural micro and small businesses, the decision to recruit is often made on a knife edge. It is drilled down to almost the last shilling to work out whether or not it is financially viable.

The certainty provided by the Bill sends two clarion calls from this Government. The first is that the sensible employer can have the confidence to invest in their business and grow it. Secondly, it tells the new employee that returning to work or entering it for the first time pays. Those things are mother's milk to Conservative Members, but they are an utterly alien substance to the Labour party.

I felt sorry for the shadow Minister, the hon. Member for Worsley and Eccles South (Barbara Keeley). She tried to defend abstention while desperately trying to show that, when the great purge comes in some Labour reshuffle or other, she will be able to say, "I decided to oppose it and please the purists on my side."

We will get on with taking the difficult and sensible decisions of governing the country, to make sure that the economy continues to grow.

3.39 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): A brief Bill deserves a brief speech. I am pleased to see the shadow Minister back in her place. She checked her phone several times, perhaps concerned that she had been reshuffled by text message for disloyalty. I am glad that she has survived until at least 4 o'clock.

I rise to speak in favour of the entrepreneurs in my constituency. Like my hon. Friend the Member for Bexhill and Battle (Huw Merriman), I have a town that needs regeneration. I have met many of those who have taken advantage of the new enterprise allowance to set up businesses around the kitchen table. The Economic Secretary referred to that in her speech. Whether they are lady funeral directors, stained glass window repairers or supermarket ready meal manufacturers, they all want to grow their businesses from the very smallest roots. To do so, they need three things: confidence, security and certainty. The Bill will give them confidence, security and certainty. My town needs such jobs. We need the Bill. Please get on with it.

Mr Deputy Speaker (Mr Lindsay Hoyle): We now come to the Front-Benchers. With the leave of the House, I call the shadow Minister to speak again.

3.40 pm

Barbara Keeley: Thank you, Mr Deputy Speaker. I thank the House for giving me leave to speak again.

We have had a very lively debate on this somewhat peculiar measure. As I said earlier, many people will wonder why we are debating it at all—we have spent a considerable time on it—and many commentators have called it a gimmick. If the Prime Minister commits not to raise income tax, national insurance contributions or VAT in the run-up to an election, surely such a commitment should be taken at face value. The essence of this debate is that what the Prime Minister commits to should not be questioned, but taken at face value.

[Barbara Keeley]

However, other pledges made by the Prime Minister and his party have been broken. The commitment made in 2010 not to raise VAT was followed by an increase in VAT to 20% soon after the Conservatives entered government. I have found several other broken pledges that I would like to refer to Government Members. Before the 2010 general election, David Cameron—

[*Interruption.*] Sorry, the Prime Minister told Andrew Marr that he had no plans to cut front-line services. Interestingly, for a Leader of the Opposition preparing for government, he said that if

“any cabinet minister if I win the election...comes to me and says, ‘Here are my plans’ and they involve frontline reductions, they’ll be sent straight back to their department to go away and think again.”

Since then, we have seen cuts in the number of NHS nurses, hospital beds, firefighters and front-line police officers.

As I said earlier, the Prime Minister said he had absolutely no plans to raise VAT. On child benefit, he said at a Cameron Direct event:

“I would not means test it.”

The coalition Government in effect abolished the benefit for higher earners and then froze it for three years. On the NHS, he said, “No more top-down reorganisations”, which is perhaps the most infamous broken pledge. It was made both by the Prime Minister and by the person who became Heath Secretary. On education maintenance allowances, the Prime Minister said in January 2010, again at a Cameron Direct event:

“We don’t have any plans to get rid of them.”

On Sure Start, he said:

“Yes, we back Sure Start.”

Over 550 Sure Start centres have closed, while more than half those still open no longer provide on-site childcare. I could go on and on, mentioning the future jobs fund and what the Chancellor said about bankers’ bonuses and many other pledges.

As I said earlier, following our discussion on the Bill, the next item of business will be a debate on the Government’s cuts to tax credits, which will leave some 8 million families over £1,000 a year worse off, on average. Let me say again that the matter we are voting on—or not voting on, because we support it—was a Labour pledge. [*Interruption.*] Presumably Government Members do not want a vote and would prefer the Bill to be supported. I have said that we will support it, so why raise such matters? There is no question about it.

We first pledged not to increase national insurance contributions, and, as I said earlier, we will not oppose the Bill. I have not heard any Member say that they oppose it. I say to Treasury Ministers—I hope that they will take this serious point away from the debate—that breaking pledges and using gimmicks, such as the so-called tax lock, further undermines people’s already reduced belief in government and politics. As I said earlier, one of the concerns that many people have in this policy gimmick is that it will place a serious constraint on the Treasury and, indeed, on the Government’s ability to raise taxes or to maintain the flexibility needed to raise revenue in response to economic events. That is the other serious point that I was making. The Government,

as I and my hon. Friends have said, will have to resort to measures such as delaying the uprating of thresholds and removing reliefs, as they did in the last Parliament.

The suspicion remains that future Budgets will mean further increases to taxes like the insurance premium tax, which seemed to be regarded in the last Budget as an easy target. I am disappointed that Ministers declined my offer for them to use this debate to pledge that no further increases would be made to the insurance premium tax in this Parliament. The insurance premium tax, which we debated at length, will bring in £8 billion for the Government by 2021, but will hit many millions of hard-working families. It may lead, as I mentioned last week, to the negative consequence of even more uninsured drivers. The rate of uninsured drivers is already nearly 3% or 1 million vehicles on the road. We have to think about the negative consequences of the tax increases that we saw in the summer Budget.

As I have said on a number of occasions, we will not oppose the Bill. It implements our pledge and we stick by it.

3.45 pm

The Financial Secretary to the Treasury (Mr David Gauke): It is a great pleasure to respond to a lively debate. I thank all those who have contributed, not least the hon. Member for Worsley and Eccles South (Barbara Keeley), who contributed twice. She carries a heavy burden on behalf of her party and I hope that it is noted by the powers that be. I welcome the shadow Chancellor to the Chamber. No doubt he will have noticed the effort that she has put in.

I thank Government Back Benchers for their contributions. My hon. Friend the Member for North West Hampshire (Kit Malthouse) began his speech with the sensible point that, ultimately, it is not companies that pay tax. It is always families and individuals who bear the tax bill, regardless of who writes the cheque. Like a number of hon. Friends, he went on to speak about the importance of providing stability and certainty in the tax system both for individuals and for companies. The tax lock will provide much greater certainty and stability.

That point was also well made by my hon. and learned Friend the Member for South East Cambridgeshire (Lucy Frazer), who highlighted the importance of low taxes to businesses in her constituency and to employees. She made the point that a number of those businesses compete with businesses in silicon valley, and that they need the certainty that the Bill and the Government’s other policies provide.

My hon. Friend the Member for Bexhill and Battle (Huw Merriman) made a similar point about the need for economic policy to support business. It is through the success of our businesses that we will see the economy grow and tax receipts come in, which will enable us to pay for high-quality public services. We must not forget the importance of an enterprising economy. It may well be that that point becomes more important in the debate in this country over the next few years, as the consensus appears to be breaking down.

My hon. Friend the Member for Spelthorne (Kwasi Kwarteng) rightly criticised the characterisation of the Bill as a gimmick. I will turn to that in a moment, but he was right to say that this is an important measure.

My hon. Friend the Member for Milton Keynes South (Iain Stewart) highlighted the fact that in 2001, a Labour Government were elected with a promise that they would not put up income tax, but shortly afterwards they put up national insurance contributions. We must not forget that national insurance contributions are paid by people in much the same way as a tax. It should not be open to Governments to use national insurance contributions as a stealth tax. That is why, as well as introducing legislation to provide a tax lock for income tax, it is important to have legislation on national insurance contributions. Given that national insurance contributions cannot be dealt with in a Finance Bill, such a measure is contained in this Bill.

Barbara Keeley: I am astonished that the Minister can talk about things that happened in the past and not reflect on the more recent pledge made and broken by his Government not to raise VAT. How can he stand there and talk about any issue when that is the recent memory? How hard did that hit many millions of families in this country? I think he would be better leaving that topic alone.

Mr Gauke: For those of us who were debating such matters at the time, the state of the public finances, and the deterioration identified by the Office for Budget Responsibility in the summer Budget of 2010, revealed that we needed to take steps to put the public finances back on track. We took those measures, and I remind the hon. Lady that the Labour party abstained on the increase in VAT. Labour Members did not oppose it at the time, presumably because they recognised that it was necessary. That was, I suppose, a time when the Labour party was flirting with fiscal responsibility. I am sure it would never repeat that now.

Barbara Keeley: My points are about the way the public feel about broken pledges. This gimmick of a tax lock means nothing if, whatever the circumstances, the Government are prepared to change their mind on things. I read the Minister a long list of pledges that his Prime Minister and Government have broken, and every time such things happen, the public get sick of it.

Mr Gauke: We are underlining our commitment not to increase the rate of class 1 NICs by introducing this Bill. The hon. Lady asks why we are legislating rather than making a pledge. She could apply exactly the same argument to the legislative commitment to spend 0.7% of gross national income on overseas aid, yet that was actively supported by the Labour party. If she feels that this Bill is a meaningless gimmick, why does she not oppose it today?

Let me finish thanking my hon. Friends. My hon. Friend the Member for Northampton North (Michael Ellis) described this as a short but important Bill, and may I say that he delivered a short but important speech? My hon. Friend the Member for Tamworth (Christopher Pincher) highlighted the need for greater certainty in the tax system and welcomed the Bill, as did my hon. Friend the Member for North Dorset (Simon Hoare), who also highlighted the importance of stability in the tax system. My hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) supported that argument and suggested that the Bill would provide greater confidence to businesses in his constituency.

The hon. Member for Dundee East (Stewart Hosie) raised a number of questions and asked about the potential for integration between income tax and national insurance contributions, and the work being undertaken by the Office of Tax Simplification. As he said, it was announced in the summer Budget that the OTS will undertake a review of the closer alignment of income tax and national insurance. The overall aim of the project is to build on earlier work undertaken in that area, and to understand the steps needed to achieve closer alignment of the taxes, as well as the costs, benefits and impact of each step. The terms of reference were published on 21 July, and the OTS will publish a final report ahead of the 2016 Budget.

On the one hand we heard from the hon. Member for Worsley and Eccles South that this measure is a gimmick and unnecessary. On the other hand, I was also struck by the contribution from the hon. Member for Bishop Auckland (Helen Goodman), who made the argument that we—I do not know whether she was talking about the Government or the Labour party—should consider abolishing the upper earnings limit. In other words, the 12% rate of national insurance contributions should apply also to higher rate taxpayers. That policy was supported by the hon. Member for Luton North (Kelvin Hopkins).

Let us be clear about what is being proposed. It would mean an increase in the tax rate for higher rate taxpayers of 10%, from a combined rate of 42% to a combined rate of 52%. That is not the policy of the Opposition, as the hon. Member for Worsley and Eccles South made clear, but three days into the leadership of the right hon. Member for Islington North (Jeremy Corbyn) the Labour Front Bench appears to be being attacked from the left, something that I had not anticipated. I do not know whether the hon. Members for Bishop Auckland and for Luton North are making a late bid for inclusion in the shadow Cabinet, although I was surprised that neither was there in the first place. I am sure that the shadow Chancellor, who is in his place, will have listened carefully to that proposal, which would clobber a large chunk of middle earners.

The hon. Member for Worsley and Eccles South upbraided hon. Members for quoting remarks made by the right hon. Member for Islington North before he became leader of the party and said that she would not respond. That is a novel approach, although I have some sympathy with her and really cannot blame her.

Barbara Keeley: The Minister seems to forget that I read out to him a list of various pledges on policy that the Prime Minister made before he became Prime Minister. Will he now defend every one of those? Will he defend what the Prime Minister said about Sure Start, EMA and other things that have been changed or abolished? It appears that the Minister thinks it is all right for the Prime Minister to say what he said when he was Leader of the Opposition. The Minister cannot have his cake and eat it, but that is what he appears to be trying to do.

Mr Gauke: I can understand why the shadow Minister does not want to defend the position of the current leader of the Labour party, but let me make this point clear. The Prime Minister came into office in 2010 with a mission to turn around the UK economy. He succeeded and was re-elected with a majority in 2015.

[Mr Gauke]

The hon. Member for Luton North always makes entertaining and thoughtful speeches. I noted that he praised the tax system of Denmark, but I would point out that its VAT rate is 25% and it does not have any lower rates. I can assure him that we will not follow Denmark's example and put VAT up to 25%.

Kelvin Hopkins: I would be happy if the Danes lowered their VAT rate, but can the Minister tell us what Danish income tax rates are?

Mr Gauke: I do not have all the numbers in front of me, but I take it from the hon. Gentleman's remarks that he would like to put income tax rates up, not down—[*Interruption.*] Well, I know he is very close to the Labour leadership and I suspect that he may prove to be an influential figure in deciding policy.

I am delighted that we do not appear to be divided on this measure, even though we heard some doubts about it from Labour Back Benchers. I am grateful to hon. Members for their contributions. This is an important part of the Government's long-term economic plan, providing certainty and stability to the taxpayers of this country. I am pleased that we are making progress on providing that certainty and stability, as well as protecting the British people from tax increases, at least for the course of this Parliament and—we hope—future years as well.

Question put and agreed to.

Bill accordingly read a Second time.

NATIONAL INSURANCE CONTRIBUTIONS (RATE CEILINGS) BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the National Insurance Contributions (Rate Ceilings) Bill:

Committal

(1) The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 27 October 2015.

(3) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

(4) Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(6) Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

(7) Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—(*Charlie Elphicke.*)

Question agreed to.

Tax Credits

4 pm

The Exchequer Secretary to the Treasury (Damian Hinds): I beg to move,

That the draft Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015, which were laid before this House on 7 September, be approved.

I confirm, as required, that the provisions before the House today are compatible with the European convention on human rights.

The aspects of tax credits we are voting on today are amendable by statutory instruments, as laid down in primary legislation in 2002 by the then Labour Government. These and other aspects of welfare reform have of course been debated at length in the Budget debate, as well as in departmental questions and elsewhere. The underlying issues will also be debated in the Welfare Reform and Work Bill. In a response to a request from the right hon. Member for Birkenhead (Frank Field), the Government have brought the vote on the statutory instrument measures to the Floor of the House to allow all hon. Members the opportunity to vote.

Lady Hermon (North Down) (Ind): Will the Minister give way?

Damian Hinds: Allow me to make a wee bit of progress.

Reforming tax credits and other benefits forms the first of five pillars of the Government's approach to supporting working Britain. The second is the increase in the personal tax allowance; the third is the national living wage, the fourth is the major extensions to child care provision; and fifth is the overall sound economic management that is delivering growth in the number and quality of jobs, earnings and living standards.

Stephen Timms (East Ham) (Lab): A couple with two children, in which one works as a senior schools admission official earning £26,000 a year, will be more than £2,500 worse off next year because of the measure the Minister is proposing. Does he recognise that it will wreck the solvency of that working family? What does he think they should do?

Damian Hinds: It is important we see these changes in the overall context. I outlined some of the additional elements that are relevant. I certainly accept that they do not all come into play at exactly the same time, but in the course of time they do and by 2017-18 eight out of 10 households will be better off.

Lady Hermon: I am most grateful to the Minister for allowing me to intervene at this early stage. A number of my constituents in Northern Ireland feel extremely aggrieved about the change to the income thresholds for eligibility for tax credits. Before I could support the measure, I have to urge the Minister to give some guarantees on how the Government plan to mitigate its worst effects for families throughout the United Kingdom—not just in Northern Ireland.

Damian Hinds: I have been talking about some of the other elements, but these are matters on which the hon. Lady has a long track record of campaigning. Northern

Ireland has a particular situation with regard to welfare reform and I hope all parties will come together to get through that. Discretionary payments are designed for housing issues in particular and were increased substantially in the summer Budget. It is possible that local authorities can use some of those funds to help out people who find themselves in particular difficulty, but I am of course very happy to meet her to go through this in more detail.

Mark Spencer (Sherwood) (Con): How would families in my constituency be affected by a Government who went back to borrow and spend, who wrecked the economy, who allowed unemployment to rise again? How would that affect the welfare of families working in Sherwood?

Damian Hinds: My hon. Friend is correct that everyone benefits from the economic security that comes from the country living within its means.

Several hon. Members *rose*—

Damian Hinds: If Opposition Members will allow, I will take some time to set out the regulations.

The regulations make three changes to the tax credit system. First, they reduce the working tax credit threshold from £6,420 to £3,850 and the child tax credit threshold from £16,105 to £12,125. Secondly, they increase the taper rate from 41% to 48%, meaning that when a claimant's earnings reach the new tax credit income threshold, their award will be gradually removed by 48p in the pound, rather than the current 41p, ensuring that state taxpayer help is focused on those who need it most. For recipients of housing benefit, the interaction between the two systems of support means the overall change in the withdrawal rate will be 2p, not 7p.

Thirdly, the regulations reduce the income rise disregard from £5,000 to £2,500, taking it back to its level between 2003 and 2006 and matching the rate of the income fall disregard. Following the introduction of real-time information, Her Majesty's Revenue and Customs has much more up-to-date information on claimants' earnings, so there is no good reason to have such a high disregard figure. These three changes form part of a wider set of welfare reforms, most of which are currently under consideration in the Welfare Reform and Work Bill.

Helen Goodman (Bishop Auckland) (Lab): The Institute for Fiscal Studies, following a request from the Treasury Select Committee, sent us a new analysis showing that lone parents earning less than £20,000 will have marginal deduction rates of either over 90%, if they are on the old legacy system, or 75%, if they are on universal credit. How does the Minister square that with his claims at the Dispatch Box?

Damian Hinds: I am afraid that high marginal deduction rates have long been a feature of the social security and welfare system. As many Opposition Members know, universal credit will change that by making a substantive change in the withdrawal rates.

Chris Leslie (Nottingham East) (Lab/Co-op): The Minister knows that this is a serious matter, and Members on both sides are concerned about the work incentives

and making sure we do not unfairly penalise people who want to get back into work. My hon. Friend the Member for Bishop Auckland (Helen Goodman) was right about the rapid increase in the marginal deduction rate to 93% from next April. He needs to address that specific point. How is it not a penalty to work?

Damian Hinds: For people in receipt of housing benefit, the change in the marginal withdrawal rate will be 2p in the pound. The changes do not reduce the incentive to work, and, as the hon. Gentleman knows, equally important are the incentive, ability and support to work more hours once in work and the fact that there are now more jobs offering more hours. Our reforms to child care are another key part of our support for people who want to increase their hours.

The context to these changes is that, despite making great progress towards balancing the budget, we still ran a deficit of 4.9% last year and are expected to have the second-highest deficit in the G7 in 2015. We need to eliminate the deficit and start cutting the national debt in order to build up our resilience to global economic shocks.

Mr Alan Mak (Havant) (Con): Will the Minister confirm that when tax credits were introduced, they cost the Government £1.1 billion a year and this year will cost £30 billion, which is unsustainable, and that these reforms are necessary to balance the country's books?

Damian Hinds: My hon. Friend is right about the rapid escalation in the cost of tax credits—it trebled in real terms up to 2010—and that we are in the business of getting the country back into balance, because when we lose control of the economy, the people who lose out the most are those on the lowest incomes and in the toughest circumstances.

The burden of eliminating the deficit has meant a bigger tax contribution from those on higher incomes and now calls for further reductions in departmental spending while protecting our national health service. A further £5 billion comes from addressing tax imbalances and £12 billion from the welfare budget. That is the mandate on which we were elected. With near record employment, rising wages and stronger business confidence, now is the time to put the welfare system on a more sustainable, long-term footing, moving our country to a higher wage, lower tax, less welfare-reliant economy.

Several hon. Members *rose*—

Damian Hinds: What a choice!

Alex Cunningham (Stockton North) (Lab): I am grateful to the Minister. He talks about an environment in which wages are rising. Wages are rising in some areas, but public sector workers have seen a tremendous reduction in their income capacity, and many of them will be affected massively by what the Government want to do. The Government need to think more about public sector workers, whose wages are not going up.

Damian Hinds: The hon. Gentleman is absolutely right to note the hard work done by public sector employees. There are pay restraints going on in the

[*Damian Hinds*]

public sector—I do not deny that for a moment—but wages are growing at 2.8% in real terms this year, which is pretty broadly based across the country, while output per head is growing more in the north than the south.

Several hon. Members *rose*—

Damian Hinds: Time is short, so I am going to make some more progress.

For too long in this country—[*Interruption.*]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Mr David Anderson (Blaydon) (Lab): On a point of order, Mr Deputy Speaker. For clarification, will the Minister please explain that the wages of public sector workers are going up not by 2.8% this year, but by only 1%?

Mr Deputy Speaker: That is not a point of order.

Damian Hinds: For too long, low pay has been addressed in this country not by genuine reform and driving productivity, but by subsidising it through the tax credit system. In the decade to 2010, tax credit expenditure more than trebled in real terms. The changes introduced in this order will build on the last Parliament's reforms and return real-terms tax credit spending to its 2007-08 levels—a decade into the Labour party's tenure in government. It is not a stand-alone measure, but part of what my right hon. Friend the Chancellor called a “new contract” with working Britain. It says to businesses, “You will have to pay higher wages, but you will get lower business taxes and a stable economy”; it says to people, “You can get higher pay and lower tax, but with less benefit top-up”; and it says to the country, “We are going to spend less and live within our means”. These regulations are an important part of that, and I commend them to the House.

4.13 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): What we have just heard is a Government in denial about the impact these changes will have on what my right hon. Friend the Member for East Ham (Stephen Timms) has described as “wrecking family finances”. We are here today only because of the efforts of the Chairman of the Select Committee on Work and Pensions and of my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), who wrote to the Prime Minister in July to insist on a full debate on these cuts to tax credits, which were not included in the Tory manifesto. The original intention had been to implement these changes with the scantiest possible parliamentary scrutiny—through a statutory instrument not debated by the whole House, but considered by a short Committee session of no more than 15 MPs and without scrutiny in the House of Lords.

James Cleverly (Braintree) (Con): I am obliged to the hon. Lady for giving way so early in her speech. Does she not recognise that rebalancing the financial relationship between the state, employers and employees was in the Conservative party manifesto, which was voted on and led to the return of a Conservative Government?

Seema Malhotra: The hon. Gentleman does not make it any better for his Front-Bench team, as what we have seen is a rise in child poverty. We absolutely agree that we need to find ways to encourage families to come off tax credits, but it should be done by a rise in income and through growth in the economy.

Lyn Brown (West Ham) (Lab): During the election campaign, the Prime Minister told the country that the value of tax credits would not fall. Does my hon. Friend agree that the Government's behaviour is putting democracy in peril?

Seema Malhotra: My hon. Friend is absolutely right, and it is shocking that a Government who profess to care about democracy should be so afraid of scrutiny.

Today's changes are substantial and highly controversial, and we oppose them.

Mr Jacob Rees-Mogg (North East Somerset) (Con): Will the hon. Lady give way?

Seema Malhotra: I will in a moment.

These cuts in tax credits will hit working families in every constituency, and they were to be sneaked in through the back door. Indeed, when asked directly during the election campaign whether the Government would cut child tax credit, the Prime Minister said:

“No, I don't want to do that.”

His statement was repeated on “Question Time” on 1 May. Today's debate is about a political decision made by the Chancellor which is set to see more than 3 million families lose an average of £1,000 a year.

James Cartlidge (South Suffolk) (Con): Will the hon. Lady give way?

Seema Malhotra: I will in a minute.

This measure is ideologically driven, it is cynical, and it will directly increase levels of poverty in Britain.

Mr Rees-Mogg: Will the hon. Lady give way?

James Cartlidge: If the measure is passed, will it be Labour's policy to reverse it?

Seema Malhotra: I am unclear—[*Laughter.*] I am unclear about why the hon. Gentleman wishes to make this an issue about the Labour party, and not an issue about why his Government have presented the House with a measure that will have a negative impact on his constituents as well. He will have to account to his constituents for the decision that he chooses to make today when they come to his surgery, knowing that—[*Interruption.*]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I certainly want to hear the shadow Minister, and I would expect Conservative Members to want to hear her as well. If they do not, I am sure that the Tea Room awaits them.

Seema Malhotra: Thank you, Mr Deputy Speaker.

As I was saying, this measure is ideologically driven, it is cynical, and it will directly increase levels of poverty in Britain.

Several hon. Members *rose*—

Seema Malhotra: I will give way in a minute.

The measure is part of an ongoing attack on the incomes of some of the most hard-working families in our constituencies, the very strivers whom the Chancellor purported to support.

Clive Efford (Eltham) (Lab): The Chancellor said that Britain deserved a pay increase and Britain was going to get a pay increase. The Tories over there cheered him to the rafters when he increased the national minimum wage, but we now know from a document produced by the House of Commons Library—I have a copy here—that the changes in tax credits will more than wipe out the increase in the national minimum wage. At the same time, the Tories are cutting taxes for millionaires. It is an absolute disgrace.

Seema Malhotra: My hon. Friend is absolutely right. It is indeed shameful that we are seeing a cut in the incomes of the poorest people in our constituencies.

Andrew Gwynne (Denton and Reddish) (Lab): Will my hon. Friend give way?

Seema Malhotra: I will in a moment.

This measure will attack families in which people are working hard to do the right thing and to achieve what we all want to see: a higher-wage economy in which people are less reliant on tax credits to make ends meet. What is before us today must be called out for what it is. According to the Office for Budget Responsibility, it amounts to what will be a cut of more than £3.4 billion annually by 2020—a cut that the Government have sought to slip through without even having the courage to carry out an impact assessment.

Andrew Gwynne: I welcome my hon. Friend to her new position. I am very pleased that we are taking such a strong stance on tax credits. After the Prime Minister said that he would not cut tax credits, we are seeing the most pernicious and unfair cut imposed on some of the poorest people in society. Is that not why it is right for us to stand up for them today?

Seema Malhotra: My hon. Friend is entirely right. We are standing up for families who are doing the right thing: going out, working hard and trying to support themselves and their children.

Jack Dromey (Birmingham, Erdington) (Lab): As a founder member of the drive, initially in London, for the real living wage, may I ask whether my hon. Friend agrees that the phoney living wage of the Chancellor of the Exchequer will not begin to compensate for the tax credit cuts, which will hit those in work particularly hard and will therefore punish the very strivers about whom the Chancellor is always lecturing us?

Seema Malhotra: I thank my hon. Friend for that intervention and for highlighting that the living wage will be lower than in any year since 2011. That is another example of this Government's lack of transparency.

This move today amounts to a huge cut in the income levels of hard-working families.

Mr Rees-Mogg: Will the hon. Lady give way?

Seema Malhotra: I will give way in a moment.

Effectively, these regulations, which come into force in April next year, will lower the level at which working tax credit starts to be withdrawn from £6,420 to £3,850, and increase the taper rate at which tax credits are withdrawn from 41% to 48%, meaning that for every £1 earned over the threshold there will be a 48p reduction in the level of tax credit entitlement. As a consequence of these changes to working tax credit, the level at which child tax credit begins to be taken away is lowered from £16,105 to £12,125. This change was not announced in the summer Budget, but is a consequence of steepening the taper for working tax credit.

Mr Jim Cunningham (Coventry South) (Lab): Does my hon. Friend agree that the Government have created a new phenomenon regarding zero-hour contracts? Women cannot get tax credits because of those contracts, as they have no continuity of employment, which affects families in many different ways.

Seema Malhotra: I thank my hon. Friend for that intervention. He highlights the collective impact of the decisions this Government are making on the income levels of many of the poorest families in our constituencies.

Several hon. Members *rose*—

Seema Malhotra: I will make a little progress, and then I will give way.

Far from increasing work incentives, these measures will reduce them. Reducing the work allowances or thresholds and increasing the taper rates mean families will have their incomes reduced earlier and more quickly than would otherwise have been the case.

Mr Kenneth Clarke (Rushcliffe) (Con): Does the hon. Lady accept that the vast majority of Members in this Chamber probably agree that we would like to see Britain move away from being a low pay, low productivity economy to a more advanced, higher productivity, better paid one? Can she explain how she thinks we can possibly move in that direction, even now the economy is recovering, if we do not tackle the absurd level of taxpayer subsidy to low pay from the tax credit system?

Seema Malhotra: I—[*Interruption.*]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I want to hear the hon. Lady's reply.

Seema Malhotra: I thank the right hon. and learned Gentleman for his intervention. He may first want to explain why he voted against the national minimum wage when it was put to this House. We agree about people needing to come off tax credits, but we would do that through an increase in wages and in productivity.

The Government have sought to argue that working people will be compensated for the cuts by the increases in the minimum or living wage. That is contested by the Institute for Fiscal Studies, which says that it is "arithmetically impossible". Although we welcome the increase to the personal allowance and the introduction of the so-called national living wage, as the Low Incomes

[Seema Malhotra]

Tax Reform Group has stated, any gains from those measures will not negate the impact of these tax credit cuts from April 2016. The IFS recently concluded that families will lose over £1,000 a year on average from cuts to tax credits, while they will gain between £100 and £200 a year at most from the proposed national living wage, and even that is seen as optimistic.

The IFS analysis has also shown that those on the lowest incomes are hit hardest by the Government's tax and benefits changes. The reduction in annual income over the next five years is most marked for the poorest four income decile groups, highlighting the regressive nature of this Government's fiscal choices.

Chris Philp (Croydon South) (Con): I am grateful to the hon. Lady for giving way when there is such stiff competition. Does she agree with Alistair Darling that tax credits are a subsidy to unscrupulous employers who underpay their staff, and that by rebalancing our economy away from tax credits and towards higher pay, everyone will be better off?

Seema Malhotra: The hon. Gentleman continues to miss the point. We cannot remove tax credits in that way without ensuring first that there is an increase in wages for families so that they can support themselves and not see an increase in household debt.

Bill Esterson (Sefton Central) (Lab): On that point, the Institute for Fiscal Studies figures that were given to the Treasury Committee show that the average gain is only £200 for the 8.4 million working age households who are estimated to lose £750 through this measure. Does that not show that the Conservatives' claim of being the party of working people is a complete fraud?

Seema Malhotra: My hon. Friend has made his point incredibly well. I now wish to make some progress.

The IFS has also shown that those on the lowest incomes are being hit the hardest by the Government's tax and benefits changes. It is also of great concern that many tax credit claimants will not be aware of the cuts and will suffer additional hardship from April without any time to adjust their budgets. Cuts in families' income will have wider economic impacts. For example, the changes will hit local businesses, and less will be spent in our local shops.

It is staggering that the Budget document did not include a distributional analysis of the impact of the Chancellor's spending decisions. It is no wonder that people believe that that was deliberate and part of the intent to hide the impact of these changes. That pattern has continued today.

Alison McGovern (Wirral South) (Lab): Was my hon. Friend as astounded as I was to hear the Minister say that these changes protect those with the least and are being paid for by those with the most? Not only have the London School of Economics and the IFS demonstrated that the Government have hit those in the lower half of the income distribution, but I have evidence of a real family in Merseyside who will be £32 a week worse off. Does that not prove that what the Government are saying is a falsehood?

Seema Malhotra: My hon. Friend is absolutely right, and I can guarantee that all Members in this House will see more people with exactly the same problems in their advice surgeries.

The pattern has continued with no Government impact assessment for the statutory instrument that we are debating today. The Low Incomes Tax Reform Group has emphasised that fact along with the Social Security Advisory Committee, which complained in a letter last week about the lack of information that it was given on these regulations and the impact of the changes. It also said that more information should be made available to Parliament to allow for proper scrutiny. It said:

"In the case of the Tax Credits (Income Thresholds and Determination of rates) (Amendment) Regulations, which are affirmative, we would expect Parliament to want more detailed information that clearly explains the changes and potential impacts to ensure that they can be subject to effective scrutiny. We would encourage you to take those steps to make that material available for that purpose."

The Members who are here today have no official information from the Government about the impact of the changes on which they are voting. I am talking about the impact that those changes are likely to have on their constituents. Instead, we have to use the IFS figures, which are the most authoritative figures available.

Suella Fernandes (Fareham) (Con) *rose*—

Seema Malhotra: I will not give way.

These measures will hit families with children the hardest and impact on child poverty at a time when the Government are also abandoning their commitment to eradicate child poverty by 2020, and effectively abolishing the child poverty watchdog. The Social Mobility and Child Poverty Commission's remit will now just be social mobility. Tax credits have played an enormous role in tackling child poverty. I hope that Government Members will think twice before they go through the Lobby tonight.

Mr Rees-Mogg: Will the hon. Lady give way?

Seema Malhotra: I will give way to the hon. Gentleman.

Hon. Members: Hurrah!

Mr Rees-Mogg: I am very grateful to the hon. Lady for giving way and I congratulate her on her promotion and her new appointment. She is now more than quarter of an hour into her speech, but we still do not know where the £3.4 billion would be saved from, if not from this measure? The Opposition cannot be credible if they are still going to go for further deficit spending.

Seema Malhotra: The hon. Gentleman's constituents will certainly be pleased to hear him raising their concerns about the likely impact of these changes on their incomes. I hope that he will engage—[HON. MEMBERS: "Answer!"] He has heard the answer before from the Labour party. We certainly would not give tax cuts to the very wealthy in this country, which his party has a good record of doing over the past five years.

Around 10 million people—a sixth of the population—will be affected by these changes. Every Member in the House represents some of those who will be hit—around

half the working families in our constituencies. However, it is heartening to read in media reports today that at least five Members on the Government Back Benches are planning to vote against the changes. We have also heard reports, cited by the Chair of the Work and Pensions Committee, that the Chancellor spent yesterday talking to anxious Tory MPs and urging them not to defeat him in the vote today, after they took him at his word when he said that the Government represented low-paid workers. I am sorry that Conservative Back Benchers feel let down by their Chancellor, but it is not too late for the Government to change their mind.

It is disappointing that the Government have failed to tackle the real drivers of welfare spending—notably, low pay and the high cost of rent. That failure caused the Department for Work and Pensions to overspend by £25 billion over the last Parliament. The Chancellor has slashed entitlement to housing benefit, including through the bedroom tax and the benefit cap, yet the number of working people being paid housing benefit has still risen by 400,000 since 2010 because working people are not bringing home enough money to pay the rent. The number of people paid less than a living wage has risen by 45% since 2009, with 4.9 million workers today being paid less than the living wage.

This week the Government also launched the most sustained attack on rights at work in 30 years. The Trade Union Bill amounts to a suppression of the democratic rights of ordinary people, and the Government's cuts to tax credits are a disgraceful attack on the incomes of families up and down the country. Labour would bring down welfare spending not by punishing the most vulnerable but through supporting a higher wage economy, introducing a real £10-an-hour living wage, tackling high rents by addressing the housing crisis, and supporting trade unions to ensure fair pay.

The proposed changes arguably represent the largest single cut to family incomes ever implemented by a Government. I hope that Conservative Members will search their consciences on this issue and vote with their hearts and their heads by joining us in the No Lobby today.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. A lot of Members want to get in, so let us crack on with a four-minute limit on Back-Bench speeches.

4.33 pm

Mark Garnier (Wyre Forest) (Con): I am not going to pretend that it is easy to stand up and speak in favour of something that is, as the hon. Member for Feltham and Heston (Seema Malhotra) has said, going to be tough on families, but this is none the less the right thing to do. We have heard a great many estimates of how families are going to be affected, with a variety being produced by the Institute for Fiscal Studies. The one that I have seen gives a figure of £750.

This measure will affect families, but it is worth bearing in mind the fact that there are mitigating factors that will make a difference for those families. We have heard about the tax threshold increases, and it is also worth bearing it in mind that many of those families are also small and micro-business owners who have benefited from reliefs on business taxes and small business rate relief. The economy is also a lot better, with very low inflation rates at the moment.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Would the hon. Gentleman like to reflect on the fact that someone working full time and earning £17,000 a year will lose close to £2,000 as a result of these measures? Why do the Government want to punish hard-working families in this way, at the same time as they are increasing the inheritance tax threshold? This is vindictive and nasty.

Mark Garnier: I am not sure I recognise the figure of £2,000 on a £17,000 income, and I do not accept that this Government are punishing hard-working people. I see a Government who are doing an enormous amount by reducing the threshold tax rates and by helping small businesses. We have seen more people come into work than there have ever been before. This Government have had a huge number of successes, so I do not recognise what the hon. Gentleman is describing.

There are two particular reasons why I support this measure, the first of which was highlighted by my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), the former Chancellor, and my hon. Friend the Member for Croydon South (Chris Philp) in talking about the effect that tax credits have on employers. We do not know exactly the extent to which this has been the case, but without a shadow of a doubt some employers will have been not paying the right salary or pay, given that the Government are subsidising not necessarily those people on low incomes but the employers employing people on low incomes. We also know that if that did happen early on, it is much more difficult to unravel it now, which is why it is very important that we have the new national minimum living wage. It is there to ensure that wages do start going up, although I concede that this does not necessarily cover it all.

Helen Goodman: How can employers take account of the tax credits, given that the tax credits are paid according to family circumstance and the wage is not?

Mark Garnier: Because employees will work for a wage that they can afford to work at, and if the Government are subsidising those household incomes the employers can take advantage of that. It is difficult—I completely concede that—but it is difficult to unravel this.

Richard Graham (Gloucester) (Con): Conservative Members are clear that the macro picture is absolutely right and we have to reduce the welfare bill. Does my hon. Friend agree that the Government could do one specific thing that would help enormously? The BBC has withdrawn its online calculator for people who want to know how much they will be affected by this, and online forums suggest that different calculations are produced by different newspapers. Could the Government produce their own calculator so that our constituents can find out—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Mr Graham, you know you are pushing your luck. The hon. Gentleman has already given way twice and you are taking up your colleague's time.

Mark Garnier: A very wise idea.

The second reason I am very supportive of these changes goes back to the old argument about reducing the deficit. Conservatives made it perfectly clear at the

[Mark Garnier]

last election that we would seek to find £12 billion through benefit changes, and that was a manifesto pledge. We were elected with an increase in our number of Members of Parliament and a rise in the sitting MPs' majorities. We have been asked by the country to deliver on our manifesto pledges, and this is part of that delivery.

We still have a budget deficit, and the tax credits system costs the taxpayer about £30 billion a year. The IFS this morning said that it expects these changes potentially to deliver £6 billion in savings. It is worth remembering that, as has been said, tax credits cost just £1.1 billion when they were first introduced, but that has now ballooned to the current level and that is simply not acceptable. It is also worth remembering that they ballooned in a period of so-called "high economic growth". The then Chancellor, famous for many things but in particular for claiming to have ended boom and bust, was running a bizarre programme of increasing benefits at the same time as telling us that the economy was fine and growing steadily. Perhaps he knew something that he was not telling us, increasing benefits in anticipation of the collapse caused by the crisis—perhaps he knew it was coming. By 2010, 90% of families with children were receiving tax benefits. Do 90% of families actually need these tax credits, even after all those years of the Labour Government, when we would have thought that the families would be doing better? Apparently, they are not. These tax changes take us back to the real levels in 2007 and 2008.

I wish to finish by discussing one point. I was very struck, as were many Members, by the election whose result we saw on Saturday. I was particularly struck by the number of young people who were voting in that leadership election. They were voting in the name of voting against austerity. They were objecting to what they see as cuts being delivered to them today. In 20 or 30 years' time, they will have to take responsibility for the mess that they find—we have to do something now. If we hand over the shop to them as we found it five years ago, austerity would not mean some managed cuts; it would mean devastating cuts that would be unbelievably painful. We have to take responsibility for the way things are now. I am not in the business of mortgaging the next generation's future. I want to take responsibility for the problems we have today and not kick the can down the road. This is not austerity-heavy; it is common sense.

4.39 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Let there be no mistake: this statutory instrument will mean drastic cuts in the incomes of families with parents in low-paid work. Across the UK, about 7.5 million children live in about 4 million families that are in receipt of tax credits, and the vast majority of those families are in work. The key impact of the measure will be to reduce the incomes of more than 3 million working families by an average of more than £1,000 a year. We have a very short time today to debate a statutory instrument that will, at a stroke, make dramatic cuts to the incomes and life chances of millions of our citizens, and it deserves a lot more scrutiny than we are giving it today.

The Government have tried to argue this afternoon that their changes to benefits and tax credits are part of a plan to encourage people into work, but this measure

overwhelmingly affects people who are already in work. Far from providing incentives for parents to enter the workforce, it actively reduces work incentives and makes it harder than ever for parents in low-paid work to support their families.

This is a hugely regressive measure. Our poorest working families are set to lose a dramatic proportion of their income. If we pass the regulations today, tax credits will start to be withdrawn from any family earning more than £3,850 a year rather than from those earning more than £6,420 a year, as is currently the case. More than half a million families earning less than £6,420 a year will lose out disproportionately because of these cuts to work allowances. That is a massive reduction in the amount that families can earn before tax credits start to be withdrawn. Combined with the lower level at which universal credit will be withdrawn it means that, for example, a single parent earning £6,410 a year—roughly 20 hours' work a week on the minimum wage—will lose 48p in tax credits for every pound they earn above the new threshold, which will leave them about £1,200 worse off a year.

One hundred pounds a month probably does not sound like a lot to Conservative Members—[*Interruption.*] It might not be a lot to them, but for those on low incomes a drop in income of that magnitude will almost certainly mean very difficult choices about very basic things, such as the quality and quantity of the food they eat and how to heat their home. Many poorer families already struggle with heating costs in winter, especially in my part of the world, but it is not only people's health that is affected by living in cold and damp conditions. This is also about whether children have an adequately heated place to study and do their homework and the long-term consequences if they do not.

I recognise that disadvantage takes many forms, and we have heard a lot of rhetoric lately about social mobility, but the harsh fact is that income poverty is the single biggest driver of long-term disparities in children's outcomes. Children who grow up in income-poor households are likely to have poorer health throughout their lives. They attain fewer qualifications at school, end up in lower-paid jobs and die younger than their peer group.

Maria Caulfield (Lewes) (Con): The hon. Lady says that income-poor families have much poorer physical and mental health as well as educational attainment, but is that the case? The fact is that someone on benefits or welfare has poorer outcomes, so the route out is by gaining work and earning a decent wage.

Dr Whiteford: The hon. Lady is making a ridiculous argument and once again trying to pretend that there are people on welfare and people in work whereas in reality—as illustrated by the tax credit system—many thousands and millions of working people are dependent on benefits because of low pay. That is the key issue in this debate. The Government are attacking low-paid workers, just as they have over the last Parliament, while giving tax breaks to the wealthiest people in our society. The deep cuts to the incomes of the poorest families that the Government are trying to enact today will only exacerbate the inequalities we already have in our society and push opportunities even further out of the reach of those who already lag behind.

The most bizarre claim that has been made for the Government's austerity measures is that they will encourage people to work harder. I think that we should reject the rather insidious implication that people in low-paid jobs somehow do not work as hard as people in better paid jobs, because that is simply not the case. We must remember that those low-paid jobs are often far more physically demanding, and many people who are set to see their incomes cut under this measure are already working very long hours in exhausting and often pretty unrewarding roles.

Hywel Williams (Arfon) (PC): Does the hon. Lady also reject the glib answer from those on the Government Benches that low-paid workers can somehow just take more hours, because clearly those hours are not available?

Dr Whiteford: In various parts of the country unemployment is still unacceptably high. Whether someone can easily pick up extra hours depends on which part of the country they live in, which sector of the economy they work in and what caring commitments they might have, whether for children or other family members. It is not so straightforward when lots of parents are chasing part-time work between the hours of 9 am and 2.30 pm, when their children are at school. A lot of part-time work needs to be done outwith those hours, when parents have real difficulties accessing childcare.

The charity Gingerbread has today pointed out that some lone parents working full time on the minimum wage with one child will, by 2020, be no better off than non-working lone parents were in 2010. By 2020 many parents working full time will have fallen even further below the minimum income standard than they are at present, but essentially they will be no better off working full time than they would have been had they been out of work five years ago. Where is the work incentive in that? If we really want to incentivise work, we should be increasing work allowances, as my party proposed in the run-up to the general election, not cutting them. That would incentivise work and cut child poverty.

Once again, we have been told today that increases in the minimum wage will compensate for those losses, but the numbers simply do not stack up. Even if the Government proposed raising the minimum wage to the level of the current living wage, which is already £7.85 an hour—well above the Government's proposed ceiling—the calculation of the living wage is based on not only the cost of living but the assumption that low-paid families are already receiving their full entitlement to tax credits at the current rate.

The Institute for Fiscal Studies, the Resolution Foundation, trade unions and others have all pointed out that the proposed increases in the minimum wage, and indeed the increases in the personal tax allowance, will not make up for the loss of tax credits. The crucial point is that if we cut tax credits in the way the Government are proposing today, the minimum wage would have to rise substantially further, to around £11 an hour, just to keep incomes standing still in real terms.

Catherine West (Hornsey and Wood Green) (Lab): Has the hon. Lady considered the impact of the proposed changes on the housing benefit bill, particularly in the private rented sector?

Dr Whiteford: The hon. Lady makes a good point, because the cumulative impact of a range of benefit measures is hitting the same people again and again. She makes a valid point, and one that I hope to come to in just a moment.

The bottom line is set out clearly in the OBR's estimates, which indicate that the higher minimum wage is likely to increase earnings by around £4 billion in total by 2020, compared with social security cuts of £12 billion in the same period, a large portion of which will come out of tax credits. The figures just do not add up. No matter how they repackage their minimum wage and tax changes, the Government are giving a little with one hand but taking a whole lot more with the other.

At the same time as the Government are slashing the incomes of the lowest paid families, the wealthiest families are set to benefit from huge inheritance tax breaks on properties worth over £1 million. For me, that exposes their perverse priorities on families. It is not so much robbing Peter to pay Paul as robbing Peter to pay Rupert and Sebastian.

My colleagues and I were elected on a commitment to fight the austerity agenda being recklessly pursued by this Tory Government. Almost half of all families in Scotland will lose out as a result of these measures, pushing into reverse much of the progress we have made in recent years to reduce child poverty. Around 346,000 children in Scotland will be impacted by these cuts, and the Child Poverty Action Group estimates that 100,000 more children in Scotland will be living in poverty by 2020 as a direct result of the UK Government's changes to tax and benefits.

The Scottish Government are attempting to mitigate the worst excesses of austerity, providing over £300 million between last year and next, but we need to remember that the people affected by cuts to tax credits are in many cases the same people already disproportionately affected by the freeze in child benefit, the freeze in housing benefit, as the hon. Member for Hornsey and Wood Green (Catherine West) noted, pay freezes and other austerity measures. Once again, other public services and the voluntary sector will be picking up the pieces from the collateral damage of the UK Government's ideological crusade.

Finally, I want to address the removal of child tax credits for a third or subsequent child. This is just a further blow to poor families already struggling. This measure, along with the introduction of the two-child policy in the Welfare Reform and Work Bill, will push more families with children into poverty, pushing them further behind in health and education, potentially for the rest of their lives. Only about one in six of the families receiving tax credits in Scotland has more than two children. Larger families are a rarity nowadays. By contrast, the majority—more than half the poorest families in Scotland—have only one child. In Scotland, it is in the more affluent areas that people tend to have more children, but across every income group our birth rate is unsustainably low. We need to be supporting family life and encouraging people to have more children if we are to dodge the demographic problems coming up on the inside lane. We should not be putting barriers in the way of those prepared to contribute to our society by doing the essential job of raising the next generation.

This Government have got it very badly wrong. Cutting the incomes of working families will only make it harder to tackle the embedded inequalities that already

[*Dr Eilidh Whiteford*]

blight the life chances of too many children. Work should be a route out of poverty for families, but here in the UK it really is not. This statutory instrument pushes that aspiration even further out of reach. That is why my colleagues and I will oppose it and continue to press for the power to make these decisions in Scotland, for Scotland, in the interests of our people and in line with our commitment to building a fairer society.

4.51 pm

Peter Aldous (Waveney) (Con): In laying this instrument before the House, the Government are pursuing the right strategic course of supporting working families through the tax system and encouraging earnings growth rather than doing that through the benefits system. For that reason, I shall support it, although I have serious concerns about the impact on working families in the short term over the next two to three years. I urge the Government to address these issues in the coming months before the measures come into effect next April.

The Government are right to be going in this direction. The current system is extremely expensive, and if nothing is done the cost will escalate to unsustainable levels. For me, it is wrong to be promoting what is, in effect, state dependency. It is also wrong that the Government are subsidising employers so that they pay low wages.

Clive Lewis (Norwich South) (Lab): The hon. Gentleman talks about high productivity and high wages, and Labour Members would agree with him on that, but yesterday we watched him file through the Lobby and vote against trade unions. They are one of the key ways that we can raise people's wages, and he is undercutting them. How does he explain that?

Peter Aldous: I thank the hon. Gentleman for making that point, but I am constrained specifically to the issues we are debating.

It is wrong that the Government are subsidising employers in this way. Moreover, the current system of tapering income thresholds and interconnectivity with other benefits is ridiculously complicated and opaque.

I welcome the Government's proposals to increase the personal allowance and to introduce the national living wage. It is right that working taxpayers, especially those on low pay, should keep more of the money that they earn as an incentive to work. My concern is that in the short term, over the course of the next two to three years, those who will be hit hardest by these measures are working families, often with children, on low wages. These are the hard-working families—the people doing the right thing—that all political parties say they support and must support.

In my constituency, where the median wage is just under £24,000, many people will be seriously affected by these changes. As of May this year, 4,200 families were receiving working tax credits.

Andrew Percy (Brigg and Goole) (Con): Representing a constituency where the median salary is even lower, at £17,500, I entirely concur with my hon. Friend's concerns about this measure, and that is why I will not support it. Does he agree, though, that if it goes through, there is

time between now and next year to make changes, be they to national insurance, emergency tax codes, or whatever, to mitigate the impact on the poorest?

Peter Aldous: I agree with my hon. Friend. I will come to that when I conclude.

Yes, the rise in the tax threshold and the introduction of a national living wage will help, but, as shown in research by the House of Commons Library, they will not on their own make up for what will be significant reductions in income.

Neil Parish (Tiverton and Honiton) (Con): My hon. Friend is making a powerful point. I also represent a constituency where wages are quite low. The Government must recognise that the living wage must be brought up so that people are not worse off as a result of the cut in tax credits. We have to drive up the living wage so that we do not take too much money away from them.

Peter Aldous: I thank my hon. Friend for that notable intervention.

In my Waverley constituency, the demise of traditional industries, high levels of unemployment, low wages, lack of skills and poor infrastructure have been brakes on growth and job creation for 40 years. Both the previous Government and this Government have taken decisive action to address those problems, to halt and reverse the seemingly never-ending downward spiral of decline: unemployment has fallen significantly since 2010; there has been notable investment in apprenticeships; an enterprise zone has been set up; assisted area status has been granted; and funds have been committed to upgrading the roads and railways. That support and investment is to be both applauded and welcomed, and it will bring new, well-paid jobs to the area. However, it will not do so overnight. In the meantime, a particularly vulnerable group of society will be left very much exposed.

As I said at the beginning of my speech, the Government are pursuing the right course, albeit through choppy waters, and for that reason I shall be supporting the proposals. However, there are real concerns that must be addressed, and I urge Ministers to ensure before next April—possibly in the autumn statement or the next Budget—that those on low incomes are not hit unfairly and disproportionately by the proposals and that they do not have the unintended consequence of undermining the incentive to work.

4.56 pm

Frank Field (Birkenhead) (Lab): I wrote to the Prime Minister to ask for this debate on the Floor of the House for a number of reasons. First, this is the most important aspect of the first Conservative Budget for many years; I have forgotten how many. Yet, by the nature of how the authorities decide how we give or withhold authority, we were not able to vote on the biggest change proposed in that Budget. I therefore think it is important that we have the opportunity to debate it, and I am grateful to the Prime Minister for giving the whole House the chance to debate the “crown jewel” of the first Conservative Budget.

The second reason has already begun to erupt on the Conservative Benches. Not only is this the most significant fiscal change a Conservative Government have made,

but it affects disproportionately the poor. Many Members will want to put on the record their disquiet with the Government—not just Labour Members, as one would expect, but Conservative Members, too.

The figures speak for themselves. We are talking about people at the bottom of the income pile. Just one headline figure tells us that well over 3 million of the lowest paid workers in this country will lose in the region of £1,300 a year. That might affect the standard of living of MPs; it will certainly affect the standard of living of many of our constituents and the choices that they will be able to make, whether they are represented by Opposition or Government Members.

Andy McDonald (Middlesbrough) (Lab): Will my right hon. Friend give way?

Frank Field: I will not, partly because I am anxious that other Members have the opportunity to contribute.

I am surprised that the Chancellor is not present—this was my main reason for calling for this debate—because he was clearly the architect of the Budget. He is the most political Chancellor I have known in my whole period in the House of Commons. In the lead-up to the last election, and during it and since, he managed to push Labour into a very unpleasant corner where we were the welfare party and the Conservatives were the party of the strivers. In one single move, he has destroyed his 2020 election strategy. We heard the Chancellor's very powerful speeches saying that the Conservative party was in favour of individuals who, when they got up in the morning to do grotty jobs for very low pay, passed the windows with the curtains still drawn of their neighbours on benefits. Individuals in this country who still get up with the work motive, which is so important for both economic and human advance, will know as they pass the windows with the curtains drawn that they do so with, on average, £1,300 a year less in their pocket.

It is an advantage to debate this proposed change in the House. The Government may not be harmed that much in the vote, but this issue will rumble and then catch fire in Members' constituencies when the cuts come through. If Mrs Thatcher would bend under pressure from her Back Benchers when they did not like what they were hearing in their constituencies, I would be very surprised if our most political Chancellor did not bend like her.

5.1 pm

Luke Hall (Thornbury and Yate) (Con): Thank you, Mr Speaker, for giving me the opportunity to speak in this debate. I will keep my remarks short, because several other colleagues wish to speak.

This Government were elected just over 4 months ago with a clear mandate to get our country's books in order, balance our finances and run a surplus. Our manifesto included the commitment to make £30 billion of savings, including £12 billion in welfare. Although the deficit was halved in the last Parliament, Britain is still borrowing too much money, with a budget deficit of 5%. The sheer scale of tax credits is

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

Those are the words of the former Chancellor Alistair Darling.

Under Labour, spending on tax credits more than trebled in its 10 years in office. In fact, as my hon. Friend the Member for Havant (Mr Mak) pointed out, the original tax credit system cost just £1.1 billion in its first year, but will reach a cost of almost £30 billion this year. Reductions in spending are therefore vital to ensure that we are not burdening our children, grandchildren and great-grandchildren with more debt than they can ever hope to repay.

In 2010, 90% of families were eligible for tax credits, which was a disproportionate amount. After these Budget changes, that will be reduced to five in 10, which is a much more sustainable number. Ultimately, the changes will return tax credit spending to pre-crisis levels—to the level that it was under Labour Governments in 2007-08—and deliver £4.4 billion of savings in 2016-17.

The Chancellor's Budget delivered the promised increase in the personal tax allowance, which will rise to £11,000 next April and to £12,500 by 2020. The living wage will be £7.20 an hour, and employers are already pushing wages up to match that figure. That is equivalent to annual gross earnings of £13,100 for someone aged 25 or over working 35 hours a week. The projected increase to £9.35 an hour will increase the figure to £17,100 for someone aged 25 or over working 35 hours a week, which is a huge increase in a basic salary. In general, the losses from the combined effect of the threshold reduction and the taper increase will be greater for tax credit claimants with relatively high incomes, which is vital to ensure that our welfare system is kept affordable and provides support for those most in need.

In summary, the Government have a clear mandate to control our spending, to reform welfare and to balance our country's finances. The proposed tax changes, combined with the increased personal allowance and the introduction of the first national living wage in the first Conservative Budget for 18 years, demonstrate that this Conservative Government are committed to creating a higher wage and lower tax economy. I believe that these changes will put our welfare system on a long-term sustainable footing, and I will support them today.

5.4 pm

Ms Karen Buck (Westminster North) (Lab): Before the election, the Prime Minister promised to maintain the value of tax credits. He has broken that promise. He also said on 22 April that the Government were “using all the tools at our disposal”,

including the “tax and benefit system”, to “make work pay”. Today, we are debating the betrayal of that pre-election commitment.

As we have heard, 3 million working households will lose up to £1,000 each and a single-parent earner on £19,000—a modest income—will lose £2,000. Many extrapolations that are set out in the House of Commons briefing paper and elsewhere show the scale of the losses.

Today, we have heard from Government Members the argument that tax credits are a subsidy for bad employers. In some instances, that is true, but there is scant evidence for the assertion across the board. What is absolutely clear is that the tax credit system is an incentive, particularly for lone parents, to go into the workplace and stay in work. The positive employment incentive of the tax credit system has been almost entirely ignored by the Conservative party.

[Ms Karen Buck]

That masks a success story over the past 10 to 15 years, which has seen a dramatic increase in the number of parents, particularly lone parents, going into the workplace. We should celebrate that fact and support those working parents who have gone into work. A recent piece of research by the New Policy Institute, "Trends in parental employment in London", demonstrates that success story in employment. Associated with that, there has been a

"large shift away from out of work claims towards in-work claims".

A rise in the national minimum wage is welcome—indeed, employers should share with the state the responsibility for ensuring that working people enjoy a decent basic income—but it will not offset the huge hit on tax credits. As the analysis by the Institute for Fiscal Studies has shown, the new national living wage offers

"little compensation because the boost to gross wages is smaller than the announced fiscal tightening and almost one-third of the increase in gross wages goes to the Treasury in higher tax receipts and lower benefits and tax-credit entitlements."

The IFS calculates that across the entire population that receives in-work benefits and tax credits, just 20% of the losses that will accrue from the benefit cuts will be returned to those people through the rise in the minimum wage.

Mike Wood (Dudley South) (Con): Will the hon. Lady give way?

Ms Buck: I will not give way because many people want to speak.

My particular concern is that London has the highest level of child poverty of any region in the country and, with 356,000 families receiving tax credits, almost 750,000 children will be losers as a result of this policy. A study by the Trust for London on the higher costs that are faced by working people and parents in London, which has just come out, shows that even before the tax credit cuts, such families are £54 a week worse off than equivalent families outside London. These cuts will hit the working poor right across the country, but they will hit them harder in London than anywhere else.

As we look towards the election that we will fight next May, I absolutely guarantee that my colleagues will draw attention to those losses for families, and those families will not forgive this Government for betraying their commitment to protect the working poor.

5.8 pm

James Cartlidge (South Suffolk) (Con): There is no doubt that this measure is controversial and that it will hurt our constituents. It is a tough measure, but I nevertheless support it strongly because of the wider picture. This country must take the journey from being an economy of high welfare spending, high welfare dependency and high borrowing to being a more competitive country with higher productivity and, most importantly, higher real wages at every level of the economy. That, in turn, will put us on the path to more sustainable prosperity and sound public finances.

I have spoken on tax credits before in the House. I said on Second Reading of the Welfare Reform and Work Bill that they were one of the greatest mistakes in the history of the welfare state. When the Beveridge

report made its recommendations, which led to the welfare state, the third key principle was that state benefits

"should not stifle incentive, opportunity, responsibility".

My biggest problem with tax credits is that it is overwhelmingly clear that they stifle incentive and opportunity.

Suella Fernandes: I agree with my hon. Friend. Tax credits have distorted the principle of welfare, which was to help the most vulnerable in our society who are unable to work. We now have a distorted system of in-work welfare where the state is subsidising wages. It is unsustainable.

James Cartlidge: I strongly agree with my hon. Friend. My point about work incentives is based on my experience as a small business owner. I found the situation with tax credits extraordinary. I had members of staff who declined pay rises because they would lose so much from their tax credits, and most common of all were part-time staff who would not go full time because the tax credits were so generous.

Owen Thompson (Midlothian) (SNP): Will the hon. Gentleman give way?

James Cartlidge: I will not give way at this moment. People were receiving the equivalent of full-time pay on part-time hours, and in that situation can we blame someone for not wanting to take on more hours? It is a real problem, and many other employers have made the same point to me. The problem is widespread.

Steve Double (St Austell and Newquay) (Con): My hon. Friend might be interested to hear that as a small business owner, I share his experience. I have offered pay rises and additional hours to members of my staff, and they have turned them down because of the tax credits that they would lose as a result.

James Cartlidge: I thank my hon. Friend and emphasise that this is not a fantasy. This is not a think tank or a theory; this is the real world that we have experienced. With tax credits it is difficult to incentivise staff in their interest to make the most of their talent. I genuinely believe that every person was born with incredible skills and talents. We should seek to help people make the most of those talents, but tax credits provide a perverse disincentive to do so and place a ceiling on wages and ambition.

Antoinette Sandbach (Eddisbury) (Con): Does my hon. Friend recognise that the points raised by my hon. Friend the Member for Waveney (Peter Aldous) have real resonance, in particular for single parents? The welcome childcare changes will not be implemented for some time, and that will lead to a transitional period during which people will be hard hit by these changes.

James Cartlidge: I do not disagree. As I said, we are having to make a choice about whether the pain that this measure undoubtedly involves—we must be honest and open about that—is a price we have to pay if we are to make the whole country more prosperous on a sustainable basis for the future.

My hon. Friend the Member for Wyre Forest (Mark Garnier) made an excellent fundamental point about tax credits. At a time of general prosperity, I do not think that the state should be embarking on a widespread expansion of the benefit system and the dependency culture. In 1945 when we set up the welfare state, this country was on its knees and people needed the welfare state.

Several hon. Members *rose*—

James Cartlidge: I am sorry but I will not give way again. People needed that system to support those who were in desperate circumstances. In May 1997 when the Labour party came to power, we had a strong growing economy and were to have strong global trade for many years after that. We enjoyed low inflation because of the growth of China, and we had a wonderful period of economic growth with low inflation. It was an amazing opportunity for the Government to build for the long term, but in those prosperous times what did they do? They built a £30 billion extension to the welfare system, with nine out of 10 families with children able to qualify for those benefits. That is not a safety net, it is a massive extension of the dependency culture and a total nationalisation of family and household income. That is what we are voting on today.

There is a price to pay, but we are voting on a fundamental principle in this statutory instrument: should this country move forward to an economy based on stronger wages and where people become more reliant on wages to support themselves rather than on benefits and the state? I am proud to go through the Yes Lobby today. I think this is an important measure and a key step towards a competitive, dynamic country that has sustainable prosperity for all.

5.14 pm

Clive Efford (Eltham) (Lab): What a mean confidence trick the Chancellor carried out in the Budget. Some 3,600 households in my constituency will be affected, including 6,600 children. The Chancellor said:

“Britain deserves a pay rise and Britain is getting a pay rise.”—[*Official Report*, 8 July 2015; Vol. 598, c. 337.]

He also said that those on the national minimum wage can expect a cash increase and full-time workers can expect their incomes to go up by £5,000 a year. But we now know that the whole package is far from compensated for by the increase in the national minimum wage. People on the national minimum wage will not just be worse off next year, but the year after that, the year after that and the year after that—every year until 2021. The Library’s document tells us that on average they will worse off by £8,945 over the next five years.

Conservative Members cheered the Chancellor to the rafters. Did they understand that the overall package would result in the poorest workers among us having their incomes cut? The Secretary of State for Work and Pensions punched the air. Did he not understand that the overall package would result in a cut in the incomes of people on the national minimum wage? Was he being mean or is he just too stupid to be doing his job?

The Chancellor said in his 2010 Budget:

“I am not going to hide hard choices from the British people or bury them in the small print of the Budget documents. The British public are going to hear them straight from me”.—[*Official Report*, 22 June 2010; Vol. 512, c. 167.]

What happened in the latest Budget then? The Conservatives say that theirs is the party of working people. Here are some working people: a cleaner with one child will be £31.72 a week worse off. An assistant cook will be £32.49 a week worse off, a teaching assistant £32.49 and a health care assistant £35.36—

Chris Philp: Will the hon. Gentleman give way?

Clive Efford: No, I have heard the hon. Gentleman so many times. He has to stop reading out the Whips’ handouts: it does not add to the debate.

A nurse with three children will be worse off by £35.91—from the party that claims to be the party of the workers. I have a whole list of worker after worker, all of them worse off as a result of the changes to tax credits.

Conservative Members may have been convinced by the Chancellor that he will make some changes. We have heard them argue that this change is necessary and that we have to make it. Perhaps they think that they have been given a promise that something will be done and some changes made for the people on this list, but I am sick and tired of hearing Tories tell us that we have to make changes. The changes will not hit them: they will hit the poorest income earners in their constituencies. Let the Tories vote for this change tonight. People will not forget that. We will remember that the Tories voted to reduce incomes for families with children. They trooped through the Lobby, claiming to be the party of the workers but voting to reduce their incomes. People will not forget that.

5.18 pm

Maria Caulfield (Lewes) (Con): I am grateful for the opportunity to speak in this debate. I support the proposed changes to tax credits, but I acknowledge that it is a difficult and sensitive issue. I wish to make a few points to explain my reasons for supporting the measure.

While I acknowledge that tax credits were introduced to support low wage workers, it cannot be right in this day and age that people who work long hours, often doing difficult work, are reliant on benefits to supplement their wages because they do not earn enough to live on. The perpetuation of the tax credit system of topping up wages lets employers off the hook when it comes to paying a decent wage. As we have heard, even Alistair Darling, the former Chancellor, has said that tax credits are

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

The proposed changes to tax credits deal not only with the economic issues of reducing public spending, but aim to address the inequalities faced by those who find themselves on welfare despite being in work. Life on benefits can have a huge negative impact on life outcomes, even affecting length of life. Living on welfare can have negative outcomes on physical health, on mental health and on educational attainment, to say nothing of the dignity of living on benefits.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Will the hon. Lady give way?

Maria Caulfield: I will not, I am afraid.

[*Maria Caulfield*]

It is very important that we make work pay. I have met many constituents who are on tax credits because they are paid so poorly. We are subsidising employers unwilling to pay a decent wage, but relying on the taxpayer to subsidise low wages. Currently, taxpayers, many of whom are earning just above the tax credit limit, are subsidising employers to pay low wages. This must end.

Change to the tax credit system is more than an economic argument to reduce public spending, but reduce it we must. I have heard nothing from Opposition Members on how they would do that if there are no changes to the tax credit system. To facilitate the changes to tax credits, the Government have not just introduced the national living wage but are providing free childcare for 30 hours a week, freezing fuel duty, freezing VAT, national insurance and income tax for five years, and increasing the tax threshold to £11,000 as a step towards raising it to £12,500, thereby keeping more money that people earn in their own pockets.

Changes to tax credits are needed to reduce public spending, as we are accountable to the British taxpayer who is currently subsidising low pay. What message is that to low-paid workers? If people get up early, go out to work, work long hours and come home late, they deserve a decent wage, not a life on benefits. We should, in this place, be pushing the agenda for better wages, instead of accepting that a life on benefits is inevitable. I will be going through the Aye Lobby tonight.

5.22 pm

Mr Alistair Carmichael (Orkney and Shetland) (LD): It is unfortunate that we have only 90 minutes to debate the regulations, but it is absolutely right that we should debate them on the Floor of the House. The right hon. Member for Birkenhead (Frank Field) has done us a great service in bringing this matter to the Floor of the House. It is worth reflecting, however, that the reason why there is not more public outrage about the proposed changes is a reflection of the sheer complexity of our tax and benefit system. That will have to be addressed—not in this way—in the medium to long term.

There was a lot in the Minister's speech with which I could agree quite easily. When he spoke about the importance of raising the personal tax allowance, the very welcome increases to the minimum wage and the importance of providing better childcare provision, those are all things with which I could have no difficulty. The difficulty I have with the regulations is that at a stroke they negate the benefits the Minister outlined. It ought surely to be a matter of common consensus in all parts of the House that the best route out of poverty is through work, but what the Government are doing today is giving with one hand and taking away with the other.

Jim Shannon (Strangford) (DUP): Will the right hon. Gentleman give way?

Mr Carmichael: I am sorry, but I am short of time.

The average household in social housing could lose up to £1,700 a year under the changes. That means for every extra £1 earned, they will lose up to 93p in benefits. That is why the Government are not true to their stated intent to encourage people off welfare and into work by bringing forward changes of this sort.

To understand why today's statutory instrument is the wrong measure at the wrong time, it is worth reflecting on what happened to people's employment circumstances after the 2008 crash. We expected steep rises in unemployment, and sure enough it went up, but not to the extent we expected, because employers kept people in work. However, their wages were frozen or reduced and those in part-time employment saw their hours cut. We can now see the light at the end of the tunnel—at last, we are seeing some wage inflation—but surely at this moment the Government should be encouraging people to take more hours, not removing the incentives to do so.

The hon. Member for Waveney (Peter Aldous) made a characteristically thoughtful contribution, and one of the most significant. He said the Government's proposals were strategically correct. He might well be right about that, but what he said thereafter in the rest of his contribution indicated they were tactically inept. I address myself to him and other Government Members who share his concerns, because they are part of the most powerful group in the House: Government Back Benchers. The Government have a majority of 12, so it needs only six of them to vote with us to take this down and make them think again. I say to him, because I know he is a genuine man, that if he has not had his assurances and compensations before the vote, he will not get them after it.

5.26 pm

Mr Alan Mak (Havant) (Con): The tax credit reforms before the House must be viewed in the wider context of the measures in the summer Budget and other Budgets to help working people: the £9 living wage, giving 2.5 million people a direct pay rise; the income tax, national insurance and VAT freeze for the next five years; the rise in the personal allowance; the doubling of the amount of free childcare; the council tax freeze; and the cut in fuel duty.

The hard truth is that our tax credit system is unaffordable, unsustainable and requires reform to help those working people who pay for it. The statutory instrument, which I am pleased to support, will do that. The system cost £1.1 billion in its first year. This year, it will cost taxpayers £30 billion. We spend more on family benefits than France, Germany and Sweden. Even the right hon. Member for Birkenhead (Frank Field) said it was unsustainable. The statutory instrument focuses tax credits on the lowest income groups to help them in their lives.

The only welfare system that is sustainable and credible is a welfare system that is affordable. We can support those most in need only if we protect the system by reforming the system, rather than allowing it to implode under its own weight. Britain is home to 1% of the world's population and generates 4% of the world's income, yet it pays out 7% of the world's welfare. This is a drag on our competitiveness in the world and our economy at home. I support the statutory instrument and urge other Members to do the same.

5.28 pm

Damian Hinds: With the leave of the House, I will respond briefly to some of the points made, particularly by the right hon. Member for Birkenhead (Frank Field). The Government do not recognise the £1,350 figure

quoted, because it does not take account of the gains to households from the national living wage; the increased personal allowance; the fact that households in receipt of housing benefit will see some offsetting increase to their entitlement; or the improvements in childcare provision.

The hon. Member for Feltham and Heston (Seema Malhotra), whom I welcome to her place, said the Government had not published a distributional analysis, but we have, and it is available online. It shows that the distribution of public spending across the income quintiles was unchanged between 2010-11 and now and that those at the top of the income distribution are paying more. I urge hon. Members to evaluate these changes in their wider context and our record in government: helping businesses create 2 million extra jobs; lowering income tax for 29 million people; ruling out increases to income tax, VAT and national insurance contributions; extending free and subsidised childcare—we are soon to do much more; and of course ensuring that Britain gets a pay rise with a national living wage.

We must get Britain's finances on a solid, sustainable footing, because the surest way to make working people worse off, as we sadly saw in the past, is to lose control of the public finances. Welfare spending needs to be reformed—for the benefit of those who pay for it, as well as those who use it. We are doing this as part of a package to move to a less welfare-reliant, lower-tax and higher-wage economy. I commend the regulations to the House.

One and a half hours having elapsed since the commencement of proceedings on the motion, the Speaker put the Question (Standing Order No. 16(1)).

The House divided: Ayes 325, Noes 290.

Division No. 71]

[5.30 pm

AYES

Adams, Nigel	Bradley, Karen
Afriyie, Adam	Brady, Mr Graham
Aldous, Peter	Brazier, Mr Julian
Allan, Lucy	Bridgen, Andrew
Allen, Heidi	Brine, Steve
Amess, Sir David	Brokenshire, rh James
Andrew, Stuart	Bruce, Fiona
Ansell, Caroline	Buckland, Robert
Argar, Edward	Burns, Conor
Atkins, Victoria	Burns, rh Sir Simon
Bacon, Mr Richard	Burrowes, Mr David
Baker, Mr Steve	Burt, rh Alistair
Baldwin, Harriett	Cairns, Alun
Barclay, Stephen	Cameron, rh Mr David
Baron, Mr John	Carmichael, Neil
Barwell, Gavin	Carswell, Mr Douglas
Bebb, Guto	Cartledge, James
Bellingham, Mr Henry	Cash, Sir William
Benyon, Richard	Caulfield, Maria
Beresford, Sir Paul	Chalk, Alex
Berry, Jake	Chishti, Rehman
Berry, James	Chope, Mr Christopher
Bingham, Andrew	Churchill, Jo
Blackman, Bob	Clark, rh Greg
Blackwood, Nicola	Clarke, rh Mr Kenneth
Blunt, Crispin	Cleverly, James
Boles, Nick	Clifton-Brown, Geoffrey
Bone, Mr Peter	Coffey, Dr Thérèse
Borwick, Victoria	Collins, Damian
Bottomley, Sir Peter	Colville, Oliver

Costa, Alberto	Harper, rh Mr Mark
Cox, Mr Geoffrey	Harrington, Richard
Crabb, rh Stephen	Harris, Rebecca
Crouch, Tracey	Hart, Simon
Davies, Byron	Haselhurst, rh Sir Alan
Davies, Chris	Hayes, rh Mr John
Davies, David T. C.	Heald, Sir Oliver
Davies, Glyn	Heapey, James
Davies, Dr James	Heaton-Harris, Chris
Davies, Mims	Heaton-Jones, Peter
Davies, Philip	Henderson, Gordon
Dinenage, Caroline	Herbert, rh Nick
Djanogly, Mr Jonathan	Hermon, Lady
Donelan, Michelle	Hinds, Damian
Dorries, Nadine	Hoare, Simon
Double, Steve	Hollingbery, George
Dowden, Oliver	Hollinrake, Kevin
Doyle-Price, Jackie	Hollobone, Mr Philip
Drax, Richard	Holloway, Mr Adam
Drummond, Mrs Flick	Hopkins, Kris
Duddridge, James	Howarth, Sir Gerald
Duncan, rh Sir Alan	Howell, John
Duncan Smith, rh Mr Iain	Howlett, Ben
Dunne, Mr Philip	Huddleston, Nigel
Ellis, Michael	Hunt, rh Mr Jeremy
Ellison, Jane	Hurd, Mr Nick
Ellwood, Mr Tobias	Jackson, Mr Stewart
Elphicke, Charlie	James, Margot
Eustice, George	Javid, rh Sajid
Evans, Graham	Jayawardena, Mr Ranil
Evans, Mr Nigel	Jenkin, Mr Bernard
Evennett, rh Mr David	Jenkyns, Andrea
Fabricant, Michael	Jenrick, Robert
Fallon, rh Michael	Johnson, Boris
Fernandes, Suella	Johnson, Gareth
Field, rh Mark	Johnson, Joseph
Foster, Kevin	Jones, Andrew
Fox, rh Dr Liam	Jones, rh Mr David
Francois, rh Mr Mark	Jones, Mr Marcus
Frazer, Lucy	Kawczynski, Daniel
Freeman, George	Kennedy, Seema
Freer, Mike	Knight, rh Sir Greg
Fuller, Richard	Knight, Julian
Fysh, Marcus	Kwarteng, Kwasi
Gale, Sir Roger	Lancaster, Mark
Garnier, rh Sir Edward	Latham, Pauline
Garnier, Mark	Leadsom, Andrea
Gauke, Mr David	Lee, Dr Phillip
Ghani, Nusrat	Lefroy, Jeremy
Gibb, Mr Nick	Leigh, Sir Edward
Gillan, rh Mrs Cheryl	Leslie, Charlotte
Glenn, John	Letwin, rh Mr Oliver
Goldsmith, Zac	Lewis, Brandon
Goodwill, Mr Robert	Lewis, rh Dr Julian
Gove, rh Michael	Liddell-Grainger, Mr Ian
Graham, Richard	Lidington, rh Mr David
Grant, Mrs Helen	Lilley, rh Mr Peter
Gray, Mr James	Lopresti, Jack
Grayling, rh Chris	Lord, Jonathan
Green, Chris	Loughton, Tim
Green, rh Damian	Lumley, Karen
Greening, rh Justine	Mackinlay, Craig
Grieve, rh Mr Dominic	Mackintosh, David
Griffiths, Andrew	Main, Mrs Anne
Gummer, Ben	Mak, Mr Alan
Gyimah, Mr Sam	Malthouse, Kit
Halfon, rh Robert	Mann, Scott
Hall, Luke	Mathias, Dr Tania
Hammond, rh Mr Philip	May, rh Mrs Theresa
Hammond, Stephen	Maynard, Paul
Hancock, rh Matthew	McCartney, Jason
Hands, rh Greg	McCartney, Karl

McLoughlin, rh Mr Patrick
 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
 Murrison, Dr Andrew
 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
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 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
 Rosindell, Andrew
 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
 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
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Rudd, rh Amber
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Simon Kirby and
 Sarah Newton

NOES

Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David

Arkless, Richard
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin

Beckett, rh Margaret
 Benn, rh Hilary
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Gregory
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Cox, Jo
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 David, Wayne
 Davies, Geraint
 Davis, rh Mr David
 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
 Dugher, Michael
 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
 Field, rh Frank
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glendon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Gwynne, Andrew
 Haigh, Louise
 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
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David

Lavery, Ian
 Law, Chris
 Leslie, Chris
 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
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McPartland, Stephen
 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.
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Newlands, Gavin
 Nicolson, John
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paisley, Ian
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan

Salmond, rh Alex
 Saville Roberts, Liz
 Shannon, Jim
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 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
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick

Thompson, Owen
 Thomson, Michelle
 Thornberry, Emily
 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
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
Phil Wilson and
Nic Dakin

Question accordingly agreed to.

Resolved,

That the draft Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015, which were laid before this House on 7 September, be approved.

High Speed Rail (London - West Midlands) Bill

5.45 pm

The Parliamentary Under-Secretary of State for Transport (Mr Robert Goodwill): I beg to move,

That it be a further Instruction to the Select Committee to which the High Speed Rail (London - West Midlands) Bill is committed—

(1) that the Select Committee have power to consider—

(a) amendments to accommodate changes to the design of Euston Station in the London Borough of Camden;

(b) amendments to accommodate the requirements of landowners and occupiers and changes to the design of the works authorised by the Bill in the London Borough of Camden;

(c) amendments, to accommodate the requirements of landowners and occupiers, relating to:

i. the London Boroughs of Brent, Ealing, Hammersmith and Fulham and Hillingdon and the Royal Borough of Kensington and Chelsea;

ii. the District of Three Rivers in the County of Hertfordshire;

iii. the parishes of Ellesborough, Great Missenden, Stone with Bishopstone and Hartwell and Wendover in the County of Buckinghamshire;

iv. the parishes of Aston Le Walls, Boddington and Chipping Warden and Edgcote, Greatworth and Marston St Lawrence in the County of Northamptonshire;

v. the parishes of Coleshill, Cubbington, Kenilworth, Long Itchington, Offchurch, Stoneleigh, Ufton, Water Orton, Weston under Wetherley and Wormleighton in the County of Warwickshire;

vi. the parishes of Balsall, Berkswell, Dickens Heath and Hampton-in-Arden in the Metropolitan Borough of Solihull;

vii. the City of Birmingham;

(d) amendments, to accommodate changes to the design of the works authorised by the Bill, relating to:

i. the London Boroughs of Ealing, Hammersmith and Fulham and Hillingdon;

ii. the District of Three Rivers in the County of Hertfordshire;

iii. the parishes of Amersham, Calvert Green, Denham, Preston Bissett, Quainton, Steeple Claydon and Wexham in the County of Buckinghamshire;

iv. the parishes of Boddington and Culworth in the County of Northamptonshire;

v. the parishes of Burton Green, Coleshill, Cubbington, Curdworth, Ladbroke, Lea Marston, Middleton, Offchurch, Shustoke, Southam, Stoneleigh, Water Orton, Weston under Wetherley and Wormleighton in the County of Warwickshire;

vi. the parishes of Hints with Canwell, Curborough and Elmhurst, Drayton Bassett, Fradley and Streethay, King's Bromley and Lichfield in the County of Staffordshire;

vii. the City of Birmingham.

(e) amendments relating to the extension of the Chiltern tunnel in the parishes of Amersham, Little Missenden and Great Missenden in the County of Buckinghamshire;

(f) amendments for purposes connected with any of the matters mentioned in subparagraphs (a) to (e);

(2) that any petition against amendments to the Bill which the Select Committee is

empowered to make shall be referred to the Select Committee if—

(a) the petition is presented by being deposited in the Private Bill Office not later than the end of the period of four weeks beginning with the day on which the first newspaper notice of the amendments was published, and

(b) the petition is one in which the petitioners pray to be heard by themselves or through counsel or agents.

That these Orders be Standing Orders of the House.

Before I start, may I welcome the hon. Member for Nottingham South (Lilian Greenwood) to her post as the shadow Secretary of State in the new Politburo—sorry, shadow Cabinet? She is already on record as continuing to support HS2, which will be music to the ears of her Labour colleagues who run our great cities in the west midlands and the north. I look forward to working with her. Indeed, many of the momentous decisions facing us will have implications for our infrastructure for many years to come.

The motion instructs the Select Committee on the High Speed Rail (London - West Midlands) Bill to consider two sets of amendments: the first set relates to changes at Euston and elsewhere in the London borough of Camden, and the second set to changes along the rest of the route. These are the third and fourth such additional provisions that have come before us, and I am sure that many in the House will now be familiar with the hybrid Bill process. However, for the benefit of new Members, I hope that the House will indulge if I give a brief explanation.

The purpose of this motion is to bring within the scope of the Select Committee any petitions from those who may be affected by the proposed changes.

Mr Jim Cunningham (Coventry South) (Lab): May I ask the hon. Gentleman what the requirements are of the landowners and occupiers? Is this related to compensation, as many people in my constituency have been badly hurt by the lack of compensation?

Mr Goodwill: This is not specifically related to the compensation issue. This is about the minor changes and some other more substantial changes that we are making. This is about the principle of the hybrid Bill Committee being allowed to consider these changes and about people being given the opportunity to look at the environmental statement, and also to petition the Committee if they are affected. Indeed, the purpose of this motion is to bring within the scope of the Select Committee any petitions from those who may be affected by the proposed changes.

Tulip Siddiq (Hampstead and Kilburn) (Lab): I agree that constituents should be allowed to petition, but there is a fee for petitioning. Will the Minister consider getting rid of that fee to allow easy access for those who might not be financially able to petition?

Mr Goodwill: The £20 fee is a matter for the House. I can reassure colleagues that anyone who has already petitioned will not be asked to pay a second fee. I do not believe that a £20 fee is prohibitive in this particular case.

An explanatory note of the changes was made available to the House last week. Although it is not the purpose of this debate to discuss the changes in detail, it is clearly important that Members understand the principle of them. If the motion is passed, those who are directly and specially—to use the legal term—affected by these changes will be able to petition the Select Committee, which is chaired by my hon. Friend the Member for Poole (Mr Syms). The Select Committee will then consider their case for changing the scheme.

First, let me turn to the proposals in relation to Euston. In April 2014, the House gave a Second Reading to the High Speed Rail Bill. At the time, the Secretary

of State, having considered Sir David Higgins's recommendations, said that we would seek to develop more comprehensive proposals for the redevelopment of the station to maximise the economic potential and regenerate a site that has been neglected. Since then, HS2 Ltd has worked with Network Rail and Transport for London, as well as engaging with the local community to develop such a proposal. Indeed, I have visited the area myself with Frank Dobson, who used to represent the area around Euston. I am pleased to see his replacement, the hon. and learned Member for Holborn and St Pancras (Keir Starmer), in his place on the Labour Benches today.

The proposal announced today will substantially reduce the disruption to the travelling public, provide an enhanced underground service and do much more to support the wider regeneration of the local area. It is also fully compatible with the redevelopment of the remaining conventional station, which is for Network Rail to bring forward in due course.

Mr John Spellar (Warley) (Lab): Will the Minister take this opportunity to comment on the stories in the weekend press that there would be a substantial increase in the cost as a result of these changes, as well as a reduction in the number of platforms for the inter-city services?

Mr Goodwill: I can certainly put the right hon. Gentleman right on that point. Eleven new platforms will be built for HS2 at the station, and 11 will remain in the current station to serve the existing network. Five approach tracks will remain, and there will be four for a period of approximately three years during construction. Works on the existing tracks and platforms will enable existing services to be accommodated. Those works will be undertaken prior to the start of the construction of the main HS2 works.

High Speed 2 will provide a step change in capacity on the west coast main line by enabling long-distance passengers to make their journeys much faster on the new line. This will free up space on the existing network for faster, more frequent trains. Indeed, it will also free up space on those platforms. I want to make it clear that for the existing west coast main line, the number of platforms will be reduced from 18 to 11, while the number for HS2 will increase from zero to 11. This means that there will be 22 platforms in total, which is four more than at present. The HS2 trains will also be longer, and the way in which they load their passengers will make it easier for people to get on them. That is because there will be a system similar to the one used by Eurostar, in which passengers come down escalators on to the platforms. This will avoid the situation of everyone trying to rush down to one part of the platform as the train starts to load.

Philip Davies (Shipley) (Con): The people on the Committee are clearly good people and they are doing a very good job. It is all very well giving them the power to consider more options, but will the Minister give us an idea of how many of the recommendations he intends to accept?

Mr Goodwill: We have already accepted a number of the recommendations. Indeed, some of the additional provisions are the result of our accepting recommendations

in situations where there was a need to take over additional land. I will give the House a couple of examples where we have listened to the Committee and accommodated its suggestions, which have now become part of the additional provisions.

I shall return to the points I was making about Euston. Delivering the additional benefits will mean that construction will need to be in two stages, so while construction disruption will be more localised, it will last for seven years longer overall. The peculiarities of the hybrid Bill process mean that an additional provision is required only when additional powers or land are required. The vast majority of our revised Euston proposal can be delivered using the powers and land that are already within the hybrid Bill. The information in the explanatory note therefore sets out only those small new areas of land and additional works that are required to give effect to our new vision for Euston.

However, the supplementary environmental statement that will accompany the additional provision, if this motion is passed, describes the environmental effects of the revised plans for Euston, to ensure that those affected are fully aware of the details of our proposals. In addition to the Euston station-related changes, the additional provision includes other minor changes in Camden, such as additional parking for London Zoo, the provision of space to allow lorries to turn and the inclusion of some listed buildings within the relevant schedule to the Bill.

I turn now to the second set of additional provisions, known as AP4, which contains changes proposed outside Camden. These additional provisions include almost 70 mostly minor amendments—including eight in your own constituency, Mr Speaker—to powers relating to changes up and down the line of route outside Camden. These changes have come about following a combination of negotiations with petitioners and the recommendations of the Select Committee, as well as the continuing development of the design of the railway. Right hon. and hon. Members in the relevant constituencies were written to in July with an outline of these changes. As with the Camden changes, an explanatory note was sent to Members last week.

The most notable changes are: first, in response to the Select Committee's recommendation, an extension of the northern end of the Chilterns tunnel past South Heath—I pay tribute to my right hon. Friend the Member for Chesham and Amersham (Mrs Gillan) as this is a result she can bank and it is a tribute to her campaign and that of her constituents for this extension; secondly, the relocation of a recycling facility known as a "bottom ash plant", from a site in Castle Bromwich to a site off the route in Tyseley in the west Midlands, delivering on an agreement with Birmingham City Council to avoid any interruption in service; thirdly, the relocation of a school in Water Orton in Warwickshire, as agreed with North Warwickshire Borough Council; fourthly, the relocation of vent shaft works from Salusbury Road to Canterbury Works, both in the London Borough of Brent; and finally, the provision of extra track at Greenford railway station in west London to support the transportation of excavated material from the scheme by rail—something we wish to see wherever possible.

Dr Rupa Huq (Ealing Central and Acton) (Lab): AP3 and AP4 affect my constituency much less than AP2, but given that the Minister described how he made a

[Dr Rupa Huq]

site visit to the constituency of my hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer), will he make a visit to the affected roads in my constituency, which are largely in the NW10 area? No visit has been made since the one by the Select Committee in March, and since then all these additional provisions have come forward and the composition of the Committee has changed. Will he come to witness the disruption, disturbance, noise and nuisance that residents in these roads feel they will suffer as a result of living in a building site for the next 10 years? That is how they see it.

Mr Goodwill: I would be delighted to come to have a look at the problem. I believe the hon. Lady's constituency has the ventilation shafts which will be the problem and that there is a local laundry facility available for many people who do not have washing machines, so it is important that we look at how they can still have that facility. [Interruption.] That is the constituency of the hon. Member for Hampstead and Kilburn (Tulip Siddiq). Sorry, I got confused. As we have new Members representing that area, I would be delighted to visit once again to hear about that issue. If any additional problems are caused by these additional provisions, I would be happy to look at them and meet local people. If the leader of the local council would also like to attend, I would be delighted to see her, too.

Mr Spellar: I thank the Minister for the comprehensive explanation he has given of the changes and the two tranches. Will he also tell us what the Department's outline estimate is of the additional costs of these changes?

Mr Goodwill: Some of these will be less expensive—indeed, that is one of the purposes of some of the changes we have suggested—and other changes will be within the budget that we have outlined, so there will be no need to have an overall increase in the budget. HS2 Ltd did, however, make provision, when planning for this project, for some changes that it expected the Select Committee may propose. I might expand on that a little later in my comments.

It should also be recognised that the changes set out in the additional provision are only a fraction of those that we have made to the scheme to address petitioner concerns. Many changes can be made within the existing Bill powers and so do not require an additional provision. Those include changes such as improved noise mitigation at Wendover and mitigations of the impacts on Bechstein's bats—a species of vesper bats—in Sheephouse Wood in Buckinghamshire. The Bechstein bat is a particularly at-risk species and it is important that we protect the woodland habitat it uses.

The overall phase 1 budget is not expected to increase as a result of those changes, including the Euston proposals. Many of the changes come at no additional cost, some actually produce small savings and others are absorbed by the contingency set aside at the outset specifically for the purpose of addressing petitioner issues. If this motion is successfully passed, both these additional provisions will go through the same process, although the timings will be different for each. The relevant additional provision, an environmental statement

describing the likely significant environmental effects of these changes and a supplementary environmental statement describing any new or different significant environmental effects of other proposed changes that do not require a change to Bill powers will be deposited in Parliament, council offices and libraries in affected areas. For the additional provision affecting Camden, these documents start to be deposited tomorrow. For the additional provision affecting other areas of the route, these documents will be deposited from 12 October.

A public consultation on the environmental statement will be held. The responses to the consultation will be analysed by Parliament's independent assessor and the assessor's report will be tabled in the House ahead of Third Reading. For the additional provision affecting Camden, the consultation will run from tomorrow until 6 November, and for the other additional provision, the consultation will run from mid-October.

There will also be a petitioning period for those directly and specially—to use that term again—affected by the changes in this additional provision to submit petitions against them. The petitioning period will run as usual for four weeks. For the additional provision affecting Camden, it will begin on Friday 25 September and end on Friday 23 October for all petitioners. For the other additional provision, the petitioning period will begin in mid-October for all petitioners. Newspaper notices will be published in national and local newspapers over two consecutive weeks following the deposit of each additional provision alerting the public to the changes and to the opportunity to feed into the process by petitioning or responding to the consultation as appropriate.

Mrs Anne Main (St Albans) (Con): To ensure that enough people are aware of the additional petitioning process, will my hon. Friend explain how people who are visually impaired or who might not have access to the local and national newspapers will get the information about these new changes?

Mr Goodwill: I will look into what we can do to ensure that people who are visually impaired can access the information. For the vast majority of people affected by the changes, they will be no surprise. In many cases, we have made them in negotiation with the landowner or other interested parties, including local authorities. Indeed, some of them respond to petitions so there will be delight that the changes have been proposed, although other people who might be affected might well want to petition about them.

Taken as a whole, these two additional provisions mark a major step towards completion of the hybrid Bill's progress through the Select Committee. They demonstrate the Government's willingness to seize the opportunity that a redeveloped Euston station offers not only to the local area but to the nation as a whole. They also demonstrate our willingness to respond to the concerns of petitioners and the Select Committee to make beneficial changes to the project, and I therefore commend them to the House.

6.1 pm

Lilian Greenwood (Nottingham South) (Lab): I thank the Minister for his kind words and for providing advance sight of his statement. It is a true honour to take up the

post of shadow Secretary of State and I pay tribute to my predecessor, my hon. Friend the Member for Barnsley East (Michael Dugher). He did an excellent job on behalf of passengers and road users and was never afraid to stand up for their best interests. I am sure that he will perform admirably in his new role shadowing the Department for Culture, Media and Sport at a critical time for that brief.

As a supporter of HS2, I am glad to have the opportunity to speak for the first time in my new role in this debate. I extend the gratitude of my party, and I am sure of the whole House, to my hon. Friends the Members for Bolton North East (Mr Crausby) and for Preston (Mr Hendrick) and the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) for stepping up and joining the Committee. It has now heard several hundred petitions and there is general agreement that it is making both swift and fair progress. It is performing a vital role, improving and refining the project, and its work would not be possible without the professionalism of the Clerks and the contributions of petitioners, including Members of this House. They all deserve our thanks.

I know that a number of Members' constituencies are affected by the proposals contained in these changes and it is important that they have time to address the Minister, so I shall keep my remarks brief.

We do not seek to obstruct the passage of these provisions, because some of the changes will reduce planning blight for petitioners and provide some measure of certainty for those who live along the route. They also provide an important mechanism for implementing the instructions of the Committee and the outcome of negotiations with petitioners, such as the longer Chilterns tunnel.

I know that a number of hon. Members have concerns, and I shall make way for them shortly, but before I do so I want to put some questions to the Minister about the revised proposals for Euston station. They can only be described as a partial proposal for redevelopment. It is clear that the Government and Network Rail have yet to develop an integrated plan for Euston which is, as I am sure Members on both sides the debate will agree, restricted by its inadequate design and compares poorly with the neighbouring terminal stations of King's Cross and St Pancras. Yet last year the Chancellor said:

"I'm thinking that maybe we should go for a really big redevelopment of Euston. There is a really big opportunity for jobs and for housing in the area."

Does the Minister believe that these proposals live up to those aspirations, or is this another case of the Chancellor's rhetoric on rail being rather better than the reality?

The Minister said that it is for Network Rail to bring forward proposals on the development of the remaining station, yet Network Rail's capacity to plan and deliver major upgrade projects is under exceptional scrutiny, not least in connection with the eagerly awaited Shaw, Bowe and Hendy reviews. What assurance can he offer the House that Network Rail is in a position to fulfil the function that he has set out today, and that it will not be blown off course in the coming months as a result of Government or regulatory action?

It is difficult to see how a high-speed extension to Euston can be planned in a manner that provides the maximum assurance for taxpayers' money if there is no corresponding plan for the existing station. Surely we need

an integrated solution for Euston. I would be grateful for an assurance from the Minister that the plans debated today will in no way inhibit the later replacement of the 1960s station.

Andrew Bridgen (North West Leicestershire) (Con): The hon. Lady started by saying that she supports HS2, but can she confirm, for the House's information, whether the new leader of her party is, because he has voted against it in the past?

Lilian Greenwood: My right hon. Friend the Member for Islington North (Jeremy Corbyn) has said that he supports investment in high-speed rail, and so do I. I am sure that Members on both sides of the debate would agree that the specific proposals can be improved further. Indeed, that is the subject of today's debate.

Residents of Camden face years of disruption as a consequence of the proposals outlined today. The disruption might now be less intense than originally proposed, but the construction period will be prolonged. What consideration has been given to the feasibility of conveying construction materials by rail, as has happened during the Crossrail development, rather than by road, in order to reduce the impact on residents?

Furthermore, and incredibly, this is the fourth proposal for Unison—[*Interruption.*] The fourth proposals for Euston, I mean. [*Interruption.*] It was a Freudian slip. That is along with all the uncertainty that this situation has caused for local residents. The situation is clearly inadequate. It is vital that the Department, Network Rail and HS2 Ltd work as closely as possible with Camden Borough Council and campaigners to find a solution that works both for the railway and for local residents. Speaking as an observer of previous discussions over the past three years, I am not convinced that every effort has been made to date.

My right hon. Friend the Member for Warley (Mr Spellar), who is no longer in his place, noted that it was suggested in the press at the weekend that the overall number of platforms at Euston might be reduced. Careful planning to manage the disruption to existing services is essential, and contingency measures such as diverting commuter services into Crossrail should be considered. But I note that the lack of capacity on the west coast main line is also a constant and enduring source of delays and cancellations. Has there been a fundamental change in the Government's policy, or will there still be a net gain in the number of platforms at Euston?

A number of compensation schemes have been established for people who live along the planned route, some of which have been withdrawn, and awareness of others appears to be low. The HS2 residents commissioner has said:

"It is vital that those who are eligible for the Government's property compensation and assistance schemes get clear information and know what they are entitled to."

Will the Minister set out for the House what support is available to residents, including those who live outside the rural support zone? When the House debated the second set of additional provisions in June, I cited the Committee's pre-election report, which stated:

"The incoming Administration should make an early decision on whether to proceed with Phase Two and, if it decides to proceed, quickly finalise the Phase Two route."

[*Lilian Greenwood*]

The precedents set by the Government and the Committee for phase 1 are of direct relevance to phase 2, particularly on compensation.

Some three months on, the Government's position is no clearer. We have been told that they will set out the way forward on phase 2 later this year, but of course that is not the same thing as confirmation of the route. I urge the Minister in the strongest possible terms to return to this House, I hope before the end of the year, to provide some clarity on phase 2 and the introduction of the relevant legislation.

I noted that the Minister said that these changes would result in some small cost variances. I would be grateful if he could tell the House what is the net cost impact of the changes proposed in the motion.

We remain supportive of the additional provision process, and indeed of this important project. I assure the House that the Opposition will subject the Bill to line-by-line scrutiny when it enters that Committee stage.

6.10 pm

Mrs Cheryl Gillan (Chesham and Amersham) (Con): I, too, welcome the hon. Member for Nottingham South (*Lilian Greenwood*) to the Opposition Front Bench. She is very familiar with HS2 from her previous work, and I am sure she will properly discharge her duties, despite disagreeing entirely with me on the merits of the project. I thank my hon. Friend the Minister for his kind remarks, and welcome the Secretary of State to his place on the Front Bench. It is good to see that this project is still engaging the Department fully.

The parliamentary process for High Speed 2 is both lengthy and confusing. The petitioning and consultation processes are time-consuming and very arduous for my constituents and others who give evidence to the Committee, who have busy and demanding lives, and have not chosen to be affected by this project.

The additional provision process is another example of how opaque our procedures are here. There is a lack of information on additional provisions 3 and 4. While that is not entirely helpful to colleagues, it is certainly confusing to constituents, who want it explained to them why a motion like this can come before the House and be voteable on, yet the inherent details that will come with the major announcements from the Department are not available. I understand the intricacies of the House, but it is hard to explain them to constituents.

Mr Goodwill: I am sure that interested constituents watching the proceedings of the House will be aware that this is just opening the door to the opportunity to engage and petition. We are kicking the ball into play, and it is up to those who wish to petition and engage in the process to play the match.

Mrs Gillan: I am grateful for that. Anything that we can do to clarify the position for our constituents is much appreciated.

Notwithstanding the complexities of legislating for a major infrastructure project, I am very grateful for the HS2 Committee's recommendation of the proposal for extended tunnelling through the Chilterns area of

outstanding natural beauty, now known as C6, and the Government's decision to adopt it. The extension of the tunnel from the originally proposed Mantle's Wood portal to the South Heath green tunnel north portal will provide vital extra protection to our ancient woodlands and communities. It recognises the enormous efforts that my constituents, many national organisations, local organisations and I have made to try to save our area from real environmental damage.

While of course I am pleased that the Committee has proposed this additional mitigation, we must not forget that a large swathe of the area of outstanding natural beauty remains exposed to the railway itself. Unfortunately, the recommendation of C6 still falls short of what is required to protect the area fully from the severe impacts of this project. A long, continuous, fully bored tunnel throughout the entire AONB is really the only way adequately to protect our natural countryside and communities. I urge the Committee, and the Minister and his officials, to continue to look at the long tunnelling proposals. Indeed, I was hoping that I could encourage the Minister and his officials to think of this less as a railway in my constituency and more of a tube line, and continue the tunnelling to the end of the AONB.

Additional provision 4 contains two further amendments affecting Chesham and Amersham that I am keen to see implemented and consulted on carefully. Shardeloes park in Amersham will, I hope, benefit from an improved design for the protection of its walled kitchen garden and grade II listed building. However, I remain concerned about the effects of construction on other historic buildings in the area, particularly in the nearby village of Little Missenden. In addition, there will be a realigned footpath south-west of Potter Row in South Heath, and I look forward to receiving more specific details of that amendment and that relating to Shardeloes gardens.

Many of my constituents will be affected by the proposals in AP4, particularly the changes that will provide for extra tunnelling. I encourage the Government to make sure that the dates for the release of the supplementary environmental statement, as well as those for petitioning and the deadlines for consultation responses, are published as widely as possible. As the Select Committee is hearing from petitioners in the Chilterns, it is crucial for my constituents to be able to plan their evidence accordingly and be as fully prepared as possible. In particular, the prompt release by HS2 Ltd of all the relevant noise data for the South Heath area would be appreciated, as people will be "directly and specially affected"—to use the legal terms—by the extra tunnelling. They may also, as I know the Minister acknowledges, wish to return and petition on the additional changes.

The constituency of the right hon. Member for Buckingham (*John Bercow*) is also affected by the provisions. Some landowners in the constituency have been affected by multiple additional provisions in the past. With each AP in which more land is taken, the impact on the landowner's business increases. As such, would not it be right and proper, once all the additional provisions have been published and the true aggregate impact is known, for those affected landowners to be afforded an opportunity to present to the Select Committee again, in order to summarise the overall impact? The right hon. Gentleman also feels that there is a limited explanation as to why additional land is required. One affected landowner who has seen the additional provision

knows he is going to lose more land, but claims he has had no explanation as to why. I hope my hon. Friend the Minister will take that into consideration.

Once again, my constituents in Chesham and Amersham will have a very small window between their petition date and the release of AP4 in mid-October. I ask the Committee in particular to be mindful that many petitioners will not necessarily have the time or resources to study AP4 prior to their first petition appearance, and that points may need to be picked up in further detail if a petitioner decides to submit another petition on AP4. I hope that any final decision on a long tunnel in the Chilterns will not take place until after AP4 has been consulted on and all Chilterns petitions heard, so that the Committee will then be in possession of all the arguments for and against the recommendation as it stands.

I ask the Minister whether it would be possible for me to meet HS2 Ltd officials soon after the release of AP4, in order to understand more closely the specific details and aid my constituents in any way I can. Perhaps my colleagues in Buckinghamshire could be similarly briefed.

The deadline for submissions in response to the AP2 supplementary environmental statement ends this Friday, 18 September. I plan to submit a response myself, but, along with several of my constituents who have contacted me, I have found it very difficult to distinguish which aspects of AP2 will be made redundant or affected by AP4. I ask the Minister to be aware that that has been a significant issue during the AP2 consultation period, which gives a further reason for the details on AP4 to be released as quickly as possible. I also continue to have concerns about compliance with the public participation requirements of the Aarhus convention, and situations such as the confusion surrounding AP2 and AP4 do little to assuage them.

I am also concerned that constituents who were affected by the original, pre-AP4 plans and who have conducted their business or made plans accordingly now find themselves in a better position following the adoption of AP4. I would like reassurances from Ministers that the Department will look carefully and favourably on those cases, because it is invidious to have told someone that they are going to lose their business and for them to go on to make arrangements as a result, only to then find that their business premises have in fact been saved by AP4.

I thank my constituents for all their work thus far. I also thank the Select Committee for its work. It is fair to mention the Clerk, Neil Caulfield, who has given exemplary assistance to my office and my constituents.

I hope that the Select Committee will continue to listen to the arguments made by petitioners from Chesham and Amersham and, if the project goes ahead, ensure that it is executed in what I consider the right way. It should ensure that our manifesto promises on the environment are adhered to, not sacrificed on the altar of this project. That still causes a great deal of concern not just among my constituents and other people, but to the Government's assessment institution, the Major Projects Authority, which continues to afford it an amber/red classification.

Finally, I want to say that I have worked hard with many people and organisations over many years, and inch by inch, we are getting more tunnels in the Chilterns.

My appeal to the Minister is: just tunnel to the end of the area of outstanding natural beauty and protect it. At least, we would then have the satisfaction of knowing that it was a job well done.

6.20 pm

Keir Starmer (Holborn and St Pancras) (Lab): I obviously support the motion because it is important for my constituents to have the chance to petition the Select Committee. That does not, however, mean that I support the proposals or HS2. I oppose HS2 on cost and on merit: it will not achieve its stated objectives.

The impact of HS2 on my constituency—on residents, businesses and the environment—will be devastating. It is a major cause of concern to very many of my constituents. Such is the concern throughout the constituency that it is raised with me daily. The plans for changes at Euston station have a long and sorry history. Standing back, we can see that not the least reason for that is that it does not make sense to bring a 21st-century, high-speed railway into a densely populated part of north London simply because that is where the conventional station is.

Mr Goodwill: There was a lot of disruption for the constituents of the hon. and learned Member—or for the people who are now his constituents—when the work was done at King's Cross station. Do they consider that the work was worth while, now that the station has been finished?

Keir Starmer: That is a false comparison, as I am sure the Minister knows. The situation in and around King's Cross cannot be compared with the densely populated area around Euston. We only need to look at a map, as I am sure the Minister knows, to see that the situations are not comparable. In fairness and in respect to my constituents, it is not right to make such a point when, anxious about their situation, they are coming to me daily. When I address them at meetings, I can see the anxiety on their faces. Please let us address the motion with respect to them, not make false comparisons. The Minister knows that the two situations are simply not comparable.

We have had plans, amended plans and further amended plans for Euston, but the only sensible plan is to abandon the project altogether. Far from being an improvement on the other plans, this plan is the worst of the lot. It leaves my constituents with all the pain and none of the gain. I want to focus particularly on the phased approach.

The plan offers and sets up decades of blight with no assurance about when the project as a whole will be finished. I will spell that out, because this is what it means for my constituents. Phase 1 will take up to 2026 and phase 2 will then go up to 2033, while the development of the eastern side of the station has no start or finish date. That amounts to 16 to 20-plus years of works and blight, so we can see why my constituents are coming to me daily and why they are so concerned.

Under the proposal, we will have half a station, but it will take twice the time. I will have children born in my constituency who will grow up and probably leave school knowing nothing other than construction works at what is likely to be the biggest construction in Europe. I have people at the other end of the scale who will retire in the next few years and probably spend their entire retirement

[Keir Starmer]

with the construction works going on. That is what this plan means for many thousands of people in the Euston area.

The Secretary of State described the plans in one document as

“essential for the local community”.

That beggars belief and is testimony to the failure of HS2 and others to listen to what the local community is saying.

I pose the following questions for the Minister. First, the hybrid Bill was premised on a new station being delivered at Euston by 2026. What is now proposed is half a station by 2033. How did HS2 Ltd get its planning so hopelessly wrong that we are in that situation? Secondly, why is HS2 Ltd no longer able to build a new station at Euston by 2026? Is it the cost, the impact on existing users or some other reason?

Thirdly, and I would like some detail on this, what is the current budget for the new station at Euston? How do the current costs compare with the estimated costs in March 2010, when the route for phase 1 was announced, and November 2013, when the hybrid Bill was deposited in Parliament?

Fourthly, the extended construction completion time of 2033 and beyond will blight the lives of up to 17,000 people in my constituency who live within 300 metres of the construction work. What is the proposal to compensate them for that?

Fifthly, appendix A to the explanatory note before the House states that

“The development principles in the EAP include promoting ‘comprehensive, commercial-led, mixed-use development above and around the new and existing stations’.”

That is at odds with the No. 1 objective in the Euston area plan:

“Prioritising local people’s needs: To ensure that new development meets local needs by ensuring homes, jobs, businesses, schools, community facilities and open space lost or affected by HS2, should it go ahead, are reprovided in the Euston area.”

I ask for an assurance from the Minister and, if appropriate, the Secretary of State that they recommit to that No. 1 objective in respect of local needs. Sixthly, by what date will the Government commit to re-provide new social housing, open spaces and community facilities on the land acquired for the new station?

My constituents are entitled to answers to those questions. The plan for Euston is a mess and there is a lack of information in the provisions. HS2, Network Rail and Transport for London need to step up and listen to local residents and businesses, who speak with a clear voice in opposition to these plans.

6.27 pm

Iain Stewart (Milton Keynes South) (Con): I am grateful, Madam Deputy Speaker, for this opportunity to make a short contribution.

I support the motion and, in particular, the AP3 proposals. Before I turn to those, I thank the Minister and the officials of HS2 Ltd and Network Rail who put on a helpful briefing for Members last week. That was particularly useful in helping us to visualise the proposed changes at Euston station.

I am a long-standing supporter of HS2, not least because of the benefits that will be delivered to my constituents in Milton Keynes by the freeing up of capacity on the west coast main line for additional commuter, regional and inter-city services. Notwithstanding that support, I and many of my constituents have been concerned about the impact on the commuter services into and out of Euston during the construction phase. I have been reassured by the presentation last week and the motion before us today that, during the construction phase, the current timetable will be maintained with minimal disruption. There will be some disruption at weekends and at other times, as is inevitable with large-scale infrastructure projects. I am grateful for that reassurance.

An earlier additional provision that we considered opened up the prospect that the west coast main line could be connected to Crossrail services and some commuter services could be diverted directly on to Crossrail. I simply ask for that option to be kept on the table should any further restrictions at Euston be required.

An article in *The Sunday Telegraph* at the weekend seemed to indicate that there would be a permanent reduction in capacity for the classic services at Euston when HS2 is complete, but all my information suggests that the reverse is true. In addition to the additional capacity on HS2, if my figures are correct, there will be a doubling of commuter seats into and out of Euston at peak hours once HS2 is complete. I would be grateful if the Minister would confirm that.

Mr Goodwill: I can confirm that. The revised plans include so-called path X, which is an underpass that allows much more flexibility in the way Euston can be used. When phase 1 of HS2 is open, we estimate that about 30% of passengers will alight at Old Oak Common and get on to Crossrail, or perhaps go to Heathrow on Crossrail 2, and that will take the pressure off Euston station for the remainder of the construction period.

Iain Stewart: I am grateful for that reassurance. One feature of the revised plans for Euston that I was pleased to see is the flexibility of its design. If in future Crossrail 2 is developed to go through Euston, the station has been designed in a way that could easily incorporate that.

I make one personal plea to the Minister. It may not be entirely within his gift, but perhaps he could use his good offices to encourage people at Network Rail or elsewhere—in the design there is room for this—to put back the old Euston arch, which was shamefully destroyed, or at least taken away, when Euston was redeveloped in the 1960s. That was a grave mistake. As well as building a brand new railway line for the future, hopefully we can make reference to our architectural history and put back the Euston arch somewhere.

6.32 pm

Andy Slaughter (Hammersmith) (Lab): I am glad that we have clarified the purpose of this debate. When we debated AP2, some of us believed that we were to consider the detail of the proposals, but no detail was available. I understand from the Minister’s letter of 8 September that this is simply a permissive motion to allow debate in the Bill Committee, and that there will be an opportunity to challenge matters there.

We were promised an environmental statement to deal with matters of detail, but I am afraid that the statement on AP2 did not exactly do that. It was written in a peculiarly liturgical style that was highly repetitious and confusing, and did not clarify matters. It took several meetings and correspondence with HS2—HS2 now responds promptly and with courtesy, although it did not used to—before such clarification was possible. Where significant proposals affect the route, I ask that the technical details be expressed as clearly as possible so that we and our constituents can understand them.

I will not pass judgment on the Euston scheme or vote against the motion, but I will raise some notes of caution. This is not the first significant change to the proposals for Euston, but it is a significant change. When I put it to HS2 that seven extra years will be required to complete the scheme, it said that a long time had been allowed for the rebuilding of Reading station, but that was completed 18 months early. All that says to me is that these time frames are notional, and for the building and rebuilding of the station we are looking to 2033—a very long time.

My hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer) asked why this change is happening. It is happening because it is potentially better, or less disruptive, for existing users of Euston station. However, it will undoubtedly be worse for my hon. Friend's constituents and others who have to navigate their way around the Euston area.

Who is in charge of these projects and who will ensure that they function properly? Euston and Old Oak, which is in my constituency, are by far the two biggest projects within this huge project. Euston will have 22 platforms, 11 of them new, and Old Oak will have at least 14 new platforms, including Crossrail and the Great Western main line, not to mention overground and underground services. These are massive and complex schemes that will take place in very built-up areas. We should all pay tribute to the right hon. Member for Chesham and Amersham (Mrs Gillan) for fighting her corner and to other Members with rural seats, but the compensation on offer and the regard that is had to urban areas is clearly less than is the case elsewhere. That is as true of my constituency as it is of Camden, but there are differences. Fewer residents will be affected, I am pleased to say, around Old Oak than around Euston, but—as my hon. Friend the Member for Ealing Central and Acton (Dr Huq) has said—if they will be affected, they will be mightily affected and for many years.

I suspect, however, that the Euston scheme will receive more scrutiny because it is a landmark site in the centre of London. In Old Oak, we are in danger of getting second best, such as a sort of industrial warehouse environment rather than something more prestigious—although having seen the design for the entrance to Euston, I have to say that it looks like the entrance to Le Grand Macabre: I am not sure that the designers have got it quite right yet.

I urge the Government to turn their mind to the operational and logistical configuration at Euston and Old Oak. The rumour is that the two will be joined together and the mayoral development corporation will be extended to include Euston. That is not a sensible idea. I did not think that the mayoral development corporation was a sensible idea for Old Oak, which involves three boroughs—albeit three boroughs that are

co-operating very closely. I doubt that the London Borough of Camden will wish to have all its planning and regeneration powers seized by the Mayor, whoever that is, although I am sure that it will want to co-operate—as we do—with the GLA. The Old Oak and Park Royal Development Corporation is now a statutory body with statutory powers that was set up by this House, whereas Euston has an area planning board, which is not a statutory body and effectively relies on the good will of the co-operating parties.

At least three issues need to be addressed. The first is the competing interests of the locality and the national interest in an important national scheme—which I support. The second is ensuring that the planning and regeneration powers—and the conflicts of interest in bodies that have both at their disposition—are dealt with transparently and accountably. The third is the competent management of the scheme. I agree with what the leader of Camden Council said about insufficient integration between what Network Rail is doing with the existing station and what HS2 intends to do. Exactly the same could be said about the integration of Crossrail and HS2 at Old Oak. We have to get this right in the economic interests of regenerating the area, in the national interests of ensuring that the country can be proud of these projects, and in the interests of local people living in the area. That is simply not happening at the moment.

I shall finish with an anecdote about my meeting yesterday with my clinical commissioning group. Hon. Members may wonder what that has to do with this issue, but it was part of my continuing campaign to persuade the CCG not to close down large parts of the acute hospital services in west London. I pointed to Old Oak and said, “Well, here are 24,000 new homes and there are 50,000 being built locally. How are you going to deal with that with much less provision?” “Oh don't worry,” they said, “we have been assured”—I am sure the same is exactly true for Euston as well—“that these will just be occupied by young professional people of working age and they won't really need health services in the way that other people do.” I wish somebody had told me that. Who is taking these decisions? Who, in smoke-filled rooms—probably not smoke-filled rooms in the health service these days—is making decisions about major infrastructure projects, looking decades or more ahead, without democratic input, without the input of local residents and businesses, and without the proper scrutiny of us in this House and of local authorities?

6.40 pm

Tulip Siddiq (Hampstead and Kilburn) (Lab): Like my hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer), I agree with the right to give residents the opportunity to come and petition if they feel that High Speed 2 is not affecting their areas in the way it should. I should make it clear that my overall stance is to oppose HS2. I have been campaigning against it for six years. I was a councillor for the Regent's Park ward, where more than 300 council homes will be devastated and demolished. I sat through many a HS2 meeting in which HS2 Ltd was severely incompetent as regards taking forward the wishes of the community and listening properly to the grievances outlined. I hope HS2 Ltd will engage more with residents, both in Camden and in Hampstead and Kilburn.

[*Tulip Siddiq*]

I turn to the additional provisions that affect Hampstead and Kilburn—both Camden and Brent are in my constituency. The three items I will highlight are affected by the issues at hand today. The first is the acquisition of additional land at Alexandra Place. Alexandra Place is already to be the location of a vent shaft. The amendment will allow vehicles to turn at Dinerman Court. Some 84 existing landowners are already inconvenienced, but another 46 new landowners will now be impacted by the changes. What protection will the landowners have and have they been taken into consideration?

The second item I am worried about is the disruption of a grade II listed building on the Alexandra Road Estate. The situation changes with the amendment at hand today. It does not alter the builders' plans and no new people will be affected—just to be clear—but it constitutes an admission that the listed buildings legislation can be contravened and that they will now have the right to exercise their powers to override it, as enshrined in the High Speed Rail (London - West Midlands) Bill. That is potentially an important admission and opens the way for questions about how the listed building will be protected while building works are taking place. I would be grateful for any reassurance the Minister can give me about the listed building.

The Minister is well aware of the loss of the launderette. Indeed, he mentioned it earlier. The residents live in apartments that do not have washing machines. This issue has been raised in my surgeries and in the public meetings I have attended. I would be grateful for any reassurance I could pass on to residents that the launderette will exist, along with the shops on that road. They are a lifeline for a lot of people who live in the area, many of whom are disabled and cannot venture any further on to Finchley Road.

Finally, this is the part I am most concerned about: the proposed moving of a vent shaft to Canterbury Road. This is in one of the most deprived areas in my constituency. It is being regenerated and the residents have been living in the middle of a building site for nearly 10 years, and now a vent shaft is being proposed right in front of the school. My worry is that a proper feasibility study has not been done to assess the impact on the students travelling in and out of the school, and on students inside the school.

I reiterate that south Kilburn is the most deprived area of Hampstead and Kilburn. People in the area, such as Pete Firmin, Liz, Ladi and Councillor Rita Connelly, are campaigning to ensure the removal of the vent shaft. I ask the Minister to reconsider whether the vent shaft should go in this area, where it would affect children, being on the school route, and new landowners. I invite him to visit the location to assess for himself whether it is appropriate to locate it there, putting residents through even more building work and inconvenience for the next 10 years.

6.45 pm

Mr Goodwill: With the leave of the House, I will make a few remarks in response to the debate.

The fundamental point of the debate is to allow petitions to be submitted to the hybrid Bill Committee, so, while many of the points are perfectly reasonable ones to make, they should be directed to the Committee for it

to consider and then, if necessary, make recommendations on. That said, the hon. Member for Nottingham South (Lilian Greenwood) made some points I need to address, particularly about how Euston station can be developed. We are all in awe of the development of King's Cross and St Pancras stations and the regeneration of the surrounding area. People used to go to King's Cross for all the wrong reasons; now they go for the right reasons. It is a great place to be.

We need such regeneration around Euston, although I recognise the points about there not being quite so much spare land around there. It is important that we work with Network Rail and Transport for London to co-ordinate the approach. Our Euston proposal is fully compatible with the redevelopment of the remaining Network Rail station and has been developed with Network Rail and TFL. The improvements to the underground station at Euston will be transformational. When the new Victoria development opens, we will get a taste of how a new state-of-the-art underground station can help commuters and particularly of how the tidal flows of people need not in conflict in the way they often are in other areas. On project delivery, Sir Peter Hendy and his team are looking at how Network Rail can work more effectively.

The hon. Lady mentioned excavated material being removed by rail. Extended construction at Euston station will allow more excavated material to be removed by rail, as there is capacity to do so. We will work to maximise what can be taken out by rail. The fewer trucks the better for noise and congestion and for the safety of pedestrians and cyclists. I am a London cyclist myself. We know that, sadly, heavy construction vehicles are often involved in accidents. Despite the prowess and training of drivers and the modification of vehicles, accidents still occasionally happen. I can also confirm that there are no changes to the compensation schemes. The scheme in urban areas, compared to country areas, recognises the character of those areas and the effect that construction and development can have, particularly on property prices and people.

The hon. Lady asked about the net cost of the changes. I can confirm that the net cost is zero. The overall cost of phase 1 remains £21.4 billion at second quarter 2011 prices. Any changes that add costs simply draw down the contingency not set aside for that purpose. We always knew we would need to draw down the contingency—for example, to meet the cost of the Chiltern tunnel extension, the cost of which was more than £40 million, at second quarter 2011 prices, excluding the contingency. I hope I have reassured the House that the project is deliverable within budget.

The hon. Lady also asked whether we would return to the House to provide clarity on phase 2 and legislative plans. I can confirm that the Government will outline the way forward for phase 2 before the end of the year, including confirmation of the plans for legislation.

Lilian Greenwood: The Minister says that the Government will announce the way forward. Is that the same as confirming the line of route?

Mr Goodwill: On phase 1, the line of route is certainly becoming much closer to being confirmed, but on phase 2 there is obviously a lot more work to be done with local authorities and leaders of the great cities of the north,

as we call them, to ensure that we get that right. Some criticism has been voiced today that we keep coming back with new change proposals, but it is important that we react to the points that people make, as the Committee reacts to petitions, for example. We have reacted to ensure that we can deliver a state-of-the-art station at Euston and minimise the impact on local people during the construction phase.

My right hon. Friend the Member for Chesham and Amersham (Mrs Gillan) mentioned the supplementary environmental statement. Let me repeat that for Camden it will be available from tomorrow for consultation until 6 November, while the consultation period on the AP4 area will commence in mid-October—I cannot give an exact date—and will run for six weeks.

The hon. and learned Member for Holborn and St Pancras (Keir Starmer) talked about the phased approach and how that would certainly mean disruption for a longer period, but we need to consider disruption not only to the residents affected by vehicles, noise, dust and so forth, but to the commuters who use the station. Delivering the project in the way we have outlined today will mean having more capacity through that station. I am pleased to reassure Members that some of the coverage at the weekend about reductions in platform space is not correct. There will be an opportunity to make sure that we keep the passengers going through.

As I mentioned in an intervention, Old Oak Common will become one of this country's most important stations—it will be as well known as King's Cross, Victoria and Waterloo. Indeed, at least 30% of the passengers will alight there to get on to Crossrail and then to a number of locations around London. As for other areas where it might be quicker to go through Euston when the line is complete, passengers will be able to use Old Oak Common as a connection. To come to Westminster, for example, it will take only three minutes longer via Old Oak Common than it would be via Euston. Many people may get used to Crossrail and like to use the new facilities.

The hon. and learned Member for Holborn and St Pancras, and indeed the hon. Member for Hampstead and Kilburn (Tulip Siddiq), mentioned the provision of social housing. It is important, particularly in the more deprived areas of our capital, to have good social housing provision. We have already committed to replacing lost social housing at Euston. We have purchased the Netley development and we are funding the construction of more social housing in the area—all with the aim of ensuring that social tenants are required to move only once.

The hon. and learned Member for Holborn and St Pancras also asked why the whole station would not be ready by 2026. If we look at the project—phase 1 to Birmingham and phase 2, the Y section—we find that capacity will not be needed until later for additional trains coming from Leeds and Manchester, and many other trains will start their journey further north in Scotland.

I think I have covered a number of the points raised. The ability to divert into Crossrail will be maintained, as my hon. Friend the Member for Milton Keynes South (Iain Stewart) made clear. As for the environmental statement, there will be an ability to prioritise local needs. The hybrid Bill does not take powers for over-site development, which will all be subject to the normal local planning process, so it will need to conform to the

local planning strategy. I am sure that there will be tremendous opportunities at Euston for other development in the area, which will capitalise on the new station.

Finally, I come to the Euston arch. I can tell Members that the Secretary of State is very keen to see the resurrection of the Euston arch. We think we know where the bits are. The Euston Arch Trust aims to re-form the arch, and it is for that trust to bring it forward through a local planning application. We have a location for the new Euston Square gardens for the arch to come forward. Personally, I wonder whether a holograph might be even better, but I can certainly confirm that the Secretary of State is very keen to see the arch resurrected.

Mrs Gillan: I thank my hon. Friend for letting me intervene before he finishes. Towards the end of my speech, I raised the position of constituents who were affected by HS2 before the announcement of AP4, which has now been reversed by the Chiltern tunnel extension. Will HS2 Ltd and the Government stand by their proposals to the landowners who were previously affected, or will their position change?

Mr Goodwill: Petitioners will be able to petition if they have locus standi, which is the legal term. We will look at the petitions as they are presented to check whether that is the case, but if people are affected by these changes, they will be able to petition. If, for example, there is no fundamental change in their circumstances on the part of the route to which the tunnel will not extend, they will not be able to present an identical petition for the identical reason that they did so on the previous occasion. It is important for the effective operation of the Committee that we do not open up more petitions that do not relate to the specific changes in AP3 and AP4.

Mrs Gillan: Will my hon. Friend clarify one more point?

Mr Goodwill: Just once more.

Mrs Gillan: I am thinking of circumstances in which a constituent has effectively lost their business because it was disrupted by the HS2 works, and has made alternative arrangements, with great difficulty and at a financial cost. Now that AP4 has introduced extended tunnelling, they would have been in a much better position, because their business could have been saved. Will the door still be open for them to negotiate with the Department for the compensation that would have been due to them had AP4 not come into existence?

Mr Goodwill: I think I understand the point that my right hon. Friend is making. Because we have improved the scheme from an environmental point of view, it will not have the impact that was envisaged on that particular business. I should be happy to receive representations from my right hon. Friend explaining the exact position, and we will look at them in the context of the compensation packages that we have announced.

I commend the instruction to the House, and hope that it will receive the support that it deserves.

Question put and agreed to.

Ordered,

That it be a further Instruction to the Select Committee to which the High Speed Rail (London - West Midlands) Bill is committed—

(1) that the Select Committee have power to consider—

(a) amendments to accommodate changes to the design of Euston Station in the London Borough of Camden;

(b) amendments to accommodate the requirements of landowners and occupiers and changes to the design of the works authorised by the Bill in the London Borough of Camden;

(c) amendments, to accommodate the requirements of landowners and occupiers, relating to:

i. the London Boroughs of Brent, Ealing, Hammersmith and Fulham and Hillingdon and the Royal Borough of Kensington and Chelsea;

ii. the District of Three Rivers in the County of Hertfordshire;

iii. the parishes of Ellesborough, Great Missenden, Stone with Bishopstone and Hartwell and Wendover in the County of Buckinghamshire;

iv. the parishes of Aston Le Walls, Boddington and Chipping Warden and Edgcote, Greatworth and Marston St Lawrence in the County of Northamptonshire;

v. the parishes of Coleshill, Cubbington, Kenilworth, Long Itchington, Offchurch, Stoneleigh, Ufton, Water Orton, Weston under Wetherley and Wormleighton in the County of Warwickshire;

vi. the parishes of Balsall, Berkswell, Dickens Heath and Hampton-in-Arden in the Metropolitan Borough of Solihull;

vii. the City of Birmingham;

(d) amendments, to accommodate changes to the design of the works authorised by the Bill, relating to:

i. the London Boroughs of Ealing, Hammersmith and Fulham and Hillingdon;

ii. the District of Three Rivers in the County of Hertfordshire;

iii. the parishes of Amersham, Calvert Green, Denham, Preston Bissett, Quainton, Steeple Claydon and Wexham in the County of Buckinghamshire;

iv. the parishes of Boddington and Culworth in the County of Northamptonshire;

v. the parishes of Burton Green, Coleshill, Cubbington, Curdworth, Ladbroke, Lea Marston, Middleton, Offchurch, Shustoke, Southam, Stoneleigh, Water Orton, Weston under Wetherley and Wormleighton in the County of Warwickshire;

vi. the parishes of Hints with Canwell, Curborough and Elmhurst, Drayton Bassett, Fradley and Streethay, King's Bromley and Lichfield in the County of Staffordshire;

vii. the City of Birmingham.

(e) amendments relating to the extension of the Chiltern tunnel in the parishes of Amersham, Little Missenden and Great Missenden in the County of Buckinghamshire;

(f) amendments for purposes connected with any of the matters mentioned in subparagraphs (a) to (e);

(2) that any petition against amendments to the Bill which the Select Committee is

empowered to make shall be referred to the Select Committee if—

(a) the petition is presented by being deposited in the Private Bill Office not later than the end of the period of four weeks beginning with the day on which the first newspaper notice of the amendments was published, and

(b) the petition is one in which the petitioners pray to be heard by themselves or through counsel or agents.

That these Orders be Standing Orders of the House.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Mrs Eleanor Laing): With the leave of the House, we shall take motions 6 to 10 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ENERGY

That the draft Smoke and Carbon Monoxide Alarm (England) Regulations 2015, which were laid before this House on 16 March, in the last Session of Parliament, be approved.

CONSTITUTIONAL LAW

That the draft Scotland Act 1998 (Modification of Schedules 4 and 5) Order 2015, which was laid before this House on 29 June, be approved.

DANGEROUS DRUGS

That the Misuse of Drugs Act 1971 (Temporary Class Drug) (No. 2) Order 2015 (S.I., 2015, No. 1396), dated 17 June 2015, a copy of which was laid before this House on 25 June, be approved.

DEFENCE

That the draft Armed Forces Act (Continuation) Order 2015, which was laid before this House on 7 July, be approved.

INTERNATIONAL DEVELOPMENT

That the draft African Development Bank (Further Payments to Capital Stock) Order 2015, which was laid before this House on 14 July, be approved.—(*Stephen Barclay.*)

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

EU GENERAL BUDGETS FOR 2015 AND 2016

That this House takes note of the European Union Documents No. 9404/15, Draft Decision on mobilisation of the EU Solidarity Fund to provide for payment of advances in the 2016 Budget; No. SEC(15) 240, Statement of Estimates of the Commission for 2016 (Preparation of the 2016 Budget): Political Presentation; No. SEC(15) 240 Statement of Estimates of the Commission for 2016 (Preparation of the 2016 Budget): Financial programming 2017–2020 (Provisional figures); No. 9403/15, Draft Decision on the mobilisation of the Flexibility Instrument for the provisional measures in the area of international protection for the benefit of Italy and Greece; No. 10343/1/15, Letter of amendment No 1 to the draft general budget 2016: Financing of the EFSI Guarantee Fund; No. COM(15)351, Draft Amending Budget No. 6 to the General Budget 2015; supports the Government's efforts to limit the size of the EU Budget, including use of the EU Solidarity Fund and Flexibility Instrument, in order to get the best deal for UK taxpayers at a time of tight constraints on domestic public spending; welcomes the fact that the 2016 Draft Budget respects the Multi-Annual Financial Framework agreement secured by the Prime Minister in 2013, which delivers an unprecedented real-terms reduction compared with the 2007–2013 period while protecting the UK rebate; notes that the 2016 Draft Budget achieves an increased payments and commitments margin compared to 2015 and that the Amending Letter No. 1 updates the 2016 Draft Budget to reflect strong political agreement on the Regulation on the European Fund for Strategic Investments which the UK supported as a mechanism to boost jobs and growth in the UK and Europe; and further notes that the Draft Amending Budget 6 concerns a routine adjustment of revenue calculations and welcomes that it provides for the payment of the rebate on the 2014 EU budget surcharge that was secured last autumn.—(*Stephen Barclay.*)

Question agreed to.

Adult Stem Cells and Life Sciences

Motion made, and Question proposed, That this House do now adjourn.—(Stephen Barclay.)

6.58 pm

Mr David Burrowes (Enfield, Southgate) (Con): It is a pleasure to be here, and I welcome the opportunity to speak about this subject. I am pleased that the Under-Secretary of State for Life Sciences is present, because his passion and commitment to issues such as regenerative medicine and life sciences are very real, and go beyond his job.

A decade ago I had no real knowledge of the life-saving treatment that is available through stem cell transplantation, but after being involved in the scrutiny of the Human Fertilisation and Embryology Act, which received Royal Assent on 13 November 2008, I was convinced that, with increased investment in research, the life sciences industry could continue to improve outcomes and save many lives.

The then Government sought to enable the United Kingdom to lead stem cell research and treatment, but their attention was not on adult stem cells. Adult stem cell transplantation already saves the lives of many who are affected by blood cancers and haematological disorders, but it has the potential to do much more, and that is the point of this debate.

Let me put the issue in context. More than 10 years ago, an editorial in *Nature Biotechnology* admitted:

“forward steps continue to be made in the field of adult stem cell therapy. One estimate is that there are currently over 80 therapies and around 300 clinical trials underway using such cells”.

The latest data from the Commons Library does not go much further than that. Will the Minister tell the House how many therapies and clinical trials are currently under way using adult stem cell transplantation and therapy? I think the answer is that we are not much further on.

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Stephen Barclay.)

Mr Burrowes: A fine example of a forward step is the progress made by Professor Geoffrey Raisman, director of the spinal repair unit at University College London institute of neurology, whose work could ultimately lead to the repair of spinal cord injuries in humans.

Nick Thomas-Symonds (Torfaen) (Lab): Does the hon. Gentleman agree that the collecting of data at transplantation centres is very important and so is the sharing of it if we are to make progress? There should be greater emphasis on that, and it should be properly resourced.

Mr Burrowes: Absolutely, and I will come on to that. The quality of the data that can be shared is important, and the key ask of the Government is to support the call for a national stem cell transplantation network, which will help in that.

However, Professor Raisman's pioneering work remains underfunded. He hit the headlines in 2014 when Polish surgeons, in collaboration with scientists in London,

enabled Darek Fidyka, a man paralysed from the chest down in a knife attack, to walk again using a frame. Professor Raisman said that the achievement was

“more impressive than man walking on the moon.”

Sir Richard Sykes, chair of the UK Stem Cell Foundation, said:

“To fully develop future treatments that benefit the 3 million paralysed globally will need continued investment for wide scale clinical trials.”

We are trying to get to precisely that clinical basis.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on securing this debate on what is an important subject. Given that a third of adults and a fifth of children who receive a stem cell transplant do not survive the first year, does he agree that we need better post-care provision, perhaps by establishing a national care pathway for patients for at least five years after transplant?

Mr Burrowes: I do, and I want to look at the long-term outcomes.

My co-chair on the all-party group on stem cell transplantation, the hon. Member for Alyn and Deeside (Mark Tami), is present, and our group has been looking at some of the outcomes of research. Last year we joined together with the all-party group on medical research and heard from a number of experts, not least Dr Rob Buckle, director of the UK Regenerative Medicine Platform. He said that the major challenge which remains is translating the basic science into the clinic. He said that we are still at least 10 to 15 years off routine clinical use of stem cells.

Mark Tami (Alyn and Deeside) (Lab): The hon. Gentleman has touched on some of the late effects of transplantation, and the fact that we are getting patients with late effects proves that people are living longer, but we need to put more money into research and into looking at these problems, to ensure that patients live as normal a life as possible.

Mr Burrowes: The hon. Gentleman and I have for a number of years been party to reports recommending to Government that we need to invest in research to provide better long-term outcomes in transplantation and future therapeutic treatments.

One key area is Alzheimer's, and some of us may have received a briefing from the Alzheimer's Society. We know from our constituencies the huge impact of Alzheimer's. There are 850,000 people living with dementia in the UK today, and this is forecast to rise to over 1 million by 2025 and to exceed 2 million by 2050. A technique was developed in 2012 to turn adult cells into nerve cells, which again highlights the curative potential of stem cell transplantation. That can be particularly helpful in understanding and testing potential treatments for Alzheimer's.

The Minister will know that the estimated cost of Alzheimer's is a staggering £4.3 billion, which is approximately 3.4% of total NHS spending in the UK in 2013. Observing the initial stages of Alzheimer's in nerve cells can give scientists clues to help them identify genetic risk factors. It can also be used to test potential treatments to see whether the damage from Alzheimer's can be stopped. We are a long way from that, but it is an

[Mr Burrowes]

illustration of how important it is for us to carry out further research into adult stem cell transplantation. Indeed, it is vital; it makes economic sense and will save lives.

I wish to focus on my involvement with the all-party group on stem cell transplantation and to highlight the potential of cord blood donations to transform our ability to meet the needs of every patient who requires a stem cell transplant, including black, Asian and minority ethnic patients, who have suffered from such poor transplantation outcomes. It is a scandal that, in 2010, just 40% of BAME patients were able to find a well-matched stem cell donor. That figure has increased now to 60%, which is really welcome, and the Government can take plaudits for that. The £4 million that was pledged in 2013 and the total investment of more than £12 million since 2011, along with all the investment from the charitable sector, have made a difference, but we still face a situation in which four in 10 people from the black, Asian and minority ethnic community are unlikely to find a match, which is not good enough. We must do more, and I urge the Minister to support continued and sustained investment as we approach the next spending review.

We need to focus on the outcomes. Of the 6,200 patients who will receive a stem cell donation between now and 2020, one in three will not survive their first year after transplant. Of those who do survive their first year, many will suffer a number of post-transplant complications, including relapse, infection and graft versus host disease.

Since 1993, the collection of stem cells from cord blood and bone marrow has increased at impressive rates, meeting the needs of many patients in the UK. Over the past three years, we have seen progress in a number of areas. Cord banking rates have tripled, a quarter of all cord transplants in the UK are now sourced domestically, and the cost of transplants to the NHS has decreased dramatically. But the urgent need for improvements in long-term outcomes remains. In order to make the necessary progress, the UK needs to ensure that the early-stage advancements are sustainable by investing in long-term research, which is the focus of this debate, identifying improvements to treatments and developing potentially new life-saving therapies. So what needs to be done?

Fiona Bruce (Congleton) (Con): I thank my hon. Friend for securing this debate. He referred to the fact that the potential for about 80 treatments has been discovered through adult stem cell research. Does he agree that it would have been preferable to have put all the resources that have gone into embryonic stem cell research, which has produced negligible results, into the work on adult stem cells?

Mr Burrowes: My hon. Friend will know that I was very much making that case in 2008 in the debates that we had on the Human Fertilisation and Embryology Bill. Strong lobbying went on in relation to therapeutic treatments. I remember being in Central Lobby when many charities said that we had to pass that measure to provide immediate treatments. I do not want to get too involved in that debate today, beyond saying that adult stem cell transplantation is saving lives now, and has potential for the future. We need to have a really good

mutual circle of which everyone can be part. Such a circle must lend itself to looking at the big ask of the Government today, which is a national stem cell transplantation trials network to ensure that we save more and more lives. We also need to look at future therapies as well.

I urge the Minister, as he steps up to the Dispatch Box, to show his support for a national stem cell transplantation trials network. This will not only provide a turbo boost for improving patient outcomes and make the UK a world leader in stem cell transplantation, but also support the economy by growing the life sciences industry, and I know how seriously the Minister takes that.

The UK Stem Cell Strategic Forum, which was established at the request of the Minister of State for public health in 2010, stressed the need for further research into stem cell transplantation in 2014, and that included the recommendation that the network be established. Furthermore, the all-party group on stem cell transplantation has called for a clinical trials network a number of times over the past few years. Last year, the all-party group heard from experts in the field who pointed out some of the barriers to research into stem cell transplantation in the UK. They identified inadequate research infrastructure and inefficient data collection. Currently, the small number of patient cohorts and the complex regulatory environment—I ask the Minister to look at that aspect as well—mean that fewer than 5% of stem cell transplant patients are recruited into prospective clinical trials of any kind. Also, data collection at transplant centres is inefficient due to inadequate staff training. The poor quality of the data means that they are unsuitable for research purposes, which significantly undermines the potential to achieving good outcomes in transplantations.

The infrastructure is ready to provide support for a national network, which would allow for the rapid recruitment of participants, standardise procedure and provide a central data hub to manage and evaluate research and share information which could be used to improve patient outcomes.

Mary Glendon (North Tyneside) (Lab): Excellent UK charities such as the Anthony Nolan trust have been the first in the world to invest in third-generation sequencing. Does the hon. Gentleman agree that the Government should give support to that groundbreaking technology?

Mr Burrowes: Absolutely. I pay tribute to the Anthony Nolan trust, which has been supportive of the all-party group for many years. It has worked hand in hand with the Government on providing more collections, and its registry is world renowned for providing support and saving lives. The trust is making the call, as we are doing here, that we could do much more with high-quality research to support better long-term outcomes for patients.

I would like to highlight the success of the trials acceleration programme, which was established by someone the Minister knows well, Professor Craddock at the University of Birmingham. He is also connected with the Anthony Nolan trust. The early phase trials involve an initiative to speed up the pace of new clinical trials using a hub and spoke model to ensure that trials are conducted efficiently. The hub co-ordinates trial centres at hospitals around the UK and deals with bureaucracy

and regulatory issues. The trials acceleration programme has successfully overcome the main barriers to research—namely, inadequate research infrastructure and inefficient data collection. I suggest to the Minister that this programme should be replicated in the form of a national stem cell transplantation trials network.

Jim Shannon: I understand that one in eight people in the UK fail to find a matching donor. That number increases dramatically, however, for people in black, Asian and minority ethnic groups. Does the hon. Gentleman agree that we should prioritise support for further research into stem cell transplantation and the factors that affect transplant survival rates?

Mr Burrowes: I agree with the hon. Gentleman on many of these issues. Progress has been made on collection rates, particularly among the black, Asian and minority ethnic communities, but we need to find better ways to do this. As I said, one in four people are unable to find a match. My hon. Friend the Member for Salisbury (John Glen) is himself a donor, and he can speak for himself on this. I know that others present in the Chamber have family members whose lives have been saved by people donating. I want to send out a message from the debate tonight for people to donate and to be part of the registry, so that they can help to save lives.

Mark Tami: This is not just about finding a match. We also have to think about the quality of the match. Everyone would like to see a 10 out of 10 success rate, but as a result of technological advances, lesser matches can now be used to help to save lives, even though they are not ideal.

Mr Burrowes: Absolutely; I welcome that point. We are not talking simply about increasing capacity all over the place. We must remain focused, particularly on the black, Asian and minority ethnic communities, to give them greater opportunities. We must also focus on quality and on the long-term outcomes. When a match is found, we must ensure that the transplantation happens and that there are no barriers to a good long-term outcome. We need further research if we are going to achieve that.

Professor Craddock has estimated that the network will need £3.4 million of funding over four years. It is not going to be cheap, but there is a great return in terms of lives saved and good health outcomes. The lack of investment in this industry is a reflection on some of the uncertainty about the way in which we should go forward, but Professor Craddock's approach is a trailblazing way forward.

The call to the Minister is to follow what is said in our report "Cord blood transplantation: meeting the unmet demand". We made a specific recommendation to the Government to establish a national stem cell transplantation trials network to facilitate and promote high-quality research into cord blood as a curative therapy for patients with blood cancer and blood disorders. He will know that that is very much in line with the Government's current strategy to develop the life sciences industry in the UK, as stated in the 2012 life sciences update. It says:

"We recognise the importance of empowering patients to participate in clinical research, and have set up the Clinical Trials Gateway, with associated mobile applications".

We have yet to receive the Government's formal agreement to support the all-party group's recommendation, and I look forward to the Minister saying today that he agrees with it. I hope that he joins with the broad support from across the transplant community of well-organised stakeholders in the field who are looking to the Government to provide that lead, support and engagement, to make the UK a world leader in transplantation, research and life sciences—and that will need resources. I also ask that he meets the Anthony Nolan trust and other stakeholders to discuss this issue of research and long-term health outcomes, and the recommendation of the all-party group. We would be happy to welcome him to discuss all those things at our next all-party group meeting.

7.16 pm

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): I congratulate my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) on securing this Adjournment debate on this crucial topic. I also thank Members from across the House—the hon. Members for Torfaen (Nick Thomas-Symonds), for Strangford (Jim Shannon) and for Alyn and Deeside (Mark Tami), my hon. Friend the Member for Congleton (Fiona Bruce) and the hon. Member for North Tyneside (Mary Glendon)—for staying late to raise and support this important issue. Let me take the opportunity to pay tribute to the Anthony Nolan trust, and to the work of the many volunteers who support its work around the country and the partnership it has established with the NHS and with the National Institute for Health Research. I have been invited by them twice to visit the facilities and I am very keen to do that. I want to put on the record that the only reason those two visits had to be rearranged was the intrusion of the general election, and I look forward to visiting as soon as I can.

As my hon. Friend the Member for Enfield, Southgate has made clear, stem cell transplantation is a life-saving treatment that plays a key role in the treatment of leukaemia and some other diseases. Almost 4,000 patients a year receive this type of treatment. Many patients are fortunate to have a closely related family member who can donate stem cells, but the treatment of more than 1,000 patients depends on stem cells from a suitable unrelated donor. The Department of Health has invested significantly in this area and since 2011 will have provided a total of £19 million in funding to establish and staff a series of donor centres around the country. Earlier in the year, I was delighted to announce the latest £3 million funding, and just this week we have seen the formal opening of the £3 million blood and transplant research unit down in Bristol, where red blood cells are being manufactured from stem cells. It is based in Filton and is the world's largest blood bank. It is one of four new NIHR-funded blood and transplant units—part of the £15 million programme the NIHR is putting in place. The latest analysis by the UK stem cell strategy oversight committee is that this funding has directly led to approximately 130 additional patients each receiving a transplant.

That great achievement relies on not only the dedicated clinical teams working in hospitals across the UK, but the effective partnership between NHS Blood and Transplant and the charity Anthony Nolan. I want to take this opportunity to pay tribute to Professor Charlie

[George Freeman]

Craddock and the work that he and all those involved in the trials acceleration programme are doing. They are, in many ways, trailblazers for the wider programme of accelerated access that I am leading through the accelerated access review. The Institute of Translational Medicine in Birmingham is breaking new ground on how we can take science into NHS practice.

The Government have also directly funded the creation of a unified registry—the Anthony Nolan and NHS stem cell registry—that ties together the different databases across the UK, making searching for a suitable donor quicker and easier. The number of registered donors continues to grow, and I am delighted that last year the registry passed the 1 million mark.

As hon. Members have highlighted, this is not just about the quantity; it is also about the quality. In response to the recommendations from the oversight committee, the funding from the Department of Health has specifically been used to create a panel of young male donors, who are much more likely to be able to donate. That panel now exceeds 70,000 and continues to grow. The data clearly show that that has been an effective strategy and that those young men are several times more likely to be asked to donate than others on the registry.

Finding a suitable donor is not the same for all patients. There is a global shortage of donors for patients from minority groups and those with diverse origins. To address that, the Government supported the targeted recruitment of donors from the black, Asian and minority ethnic community, which has now increased the chance of a patient finding a suitable well-matched donor from only 40% in 2010 to 60% today. It should be noted that our work with minority communities is supported by a number of partners in the charitable sector, such as the African Caribbean Leukaemia Trust, and more widely the Department continues to work with NBT—*the National BAME Transplant Alliance*—which co-ordinates the work of those organisations on all forms of donation, including bone marrow.

It is an unfortunate fact that for many patients, finding a suitably matched donor will remain very difficult if not impossible, and in those situations umbilical cord blood might offer an alternative source of stem cells. Cells isolated from the umbilical cord are much more tolerant of slight mismatches and can be just as clinically effective as adult bone marrow and, unsurprisingly, BAME patients are almost six times more likely than Caucasian patients to receive stem cells from the umbilical cord. That is why funding from the Department has supported the targeted collection of high-quality cord blood samples. Both NHS Blood and Transplant and Anthony Nolan run dedicated units to collect cord blood and they have a specific target of collecting 40% of samples from BAME parents. The NHS cord blood bank now has more than 12,000 high-quality samples and, as a consequence, many more patients are now receiving cord blood samples obtained in the UK, making transplantation quicker and easier.

We continue to explore how transplantation can be improved, including clinical outcomes. I am aware that the NIHR Office for Clinical Research Infrastructure, NOCRI, has been in discussion with the University Hospitals Birmingham NHS Foundation Trust and other stakeholders to explore how it might be possible further

to build on the NIHR national clinical research networks. The NIHR welcomes applications on any aspect of research related to stem cell transplantation and those applications are subject in the normal way to peer review and judged on the basis of scientific quality and the importance of the subject to patients and the healthcare service. The collection of clinical outcome data, which has been mentioned by a number of colleagues, remains an important issue within stem cell transplantation, which is why some of this year's stem cell improvement funding of £3 million has been earmarked specifically to support data collection. That is an issue that the hon. Member for Torfaen has highlighted.

Such initiatives complement at every level the broader work we are doing to support the new life science landscape in which genomics and informatics drive better targeted treatments. When we are thinking of the future of stem cell transplantation in the UK, it is important to see it as part of a much wider strategy for the development of regenerative medicine. When we identified regenerative medicine as one of the eight great technologies in 2012 in the Department for Business, Innovation and Skills, it was largely on the basis of its theoretical potential to develop into a significant sector, but in the past few years we have seen an explosion of activity in this field, justifying that investment. Much of the work is, of course, for small and medium-sized enterprises.

We have not only established through the work of Innovate UK the Cell Therapy Catapult but have provided £55 million of funding to build the cell therapy manufacturing centre in Stevenage. That centre will enable UK and global companies that are looking to scale up to phase 3 manufacturing, solving a key barrier identified in the translation of research into commercially viable products. When that facility opens in 2017, it alone will support the creation of up to 150 new jobs on the Stevenage campus.

The creation of such centres of excellence attracts further inward investment and current estimates are that the sector will grow within the next 10 years to be worth £1.2 billion here in the UK. The Government have worked to co-ordinate funding across the regenerative medicine sector through initiatives such as the UK regenerative medicine platform, driven by Innovate UK. The unique role played by NHSBT is notable in this respect. It already has experience in cell processing, storage and delivery of living cell-based therapies from its work with blood supply and it will have a key role in the development of the logistics systems to respond to the specific requirements for regenerative medicine. In the coming years, the number of cell therapies and their clinical impact will expand far beyond their current use in transplantation, but will none the less rely on this key foundation. NHSBT is more than just a specialist logistics organisation; it has the ambition and potential to play an important role in the development and adoption of a wide range of novel therapies. It has already set in place a number of regenerative medicine projects, working in partnership with universities and the commercial sector.

Preparing the NHS for the novel regenerative therapies was a key aim of the regenerative medicine expert group, and am I pleased to say that the excellent report published in March this year contained a number of clear recommendations. To ensure that those recommendations

are acted upon, I have asked the chief executive officers of the key delivery organisations to take them forward. I look forward to receiving their update in due course.

My hon. Friend asked whether I would be prepared to meet the all-party group on stem cell transplantation. I would be delighted to meet the group. In fact, I want to take this opportunity to announce that, in order to facilitate the process of submitting applications to the National Institute for Health Research, I am in the process of organising an NIHR parliamentary moment—I hope that it will become a parliamentary day—at which that great institution, which spends £1 billion a year on front-line clinical research at the heart of the NHS, can come to Parliament and set out for colleagues across the House the different programmes that we are running in the different disease areas and how applications can be made. I hope that the all-party group, along with the Anthony Nolan trust and clinicians such as Charlie Craddock, will play a role in making applications to the NIHR.

I echo my hon. Friend's call for donor volunteers to come forward. I congratulate those, such as my hon. Friend the Member for Salisbury (John Glen), who have already led the way by donating. The truth is that progress in biomedical science, cell therapy, genomics, informatics and the development of autologous stem cells—stem cells that do not require donation—is moving at an incredible pace. I recently visited the Berlin Institute for stem cell therapy, and the extraordinary advances across Europe are bringing within our range a whole new world of regenerative medicines based on autologous, manufactured stem cells that do not require donation. There is a whole new class of therapeutics, with the T cell and the immunotherapy drugs, which we hope will mean that in due course we can treat some of these cancers without that therapy being necessary. For now, however, it is our line of last resort, so it is crucial that we support that work and encourage and support donors to come forward.

Mr Burrowes: I welcome the Minister's call for donors. I want to return to the point about trying to get the life sciences industry more involved. The Minister mentioned

that it was largely SME-based. Although there has been public sector and charity involvement in the early stage of development, industry investment has been moderate. What does he put that down to, and how can we try to encourage the bigger life sciences industry to get involved?

George Freeman: My hon. Friend makes a good point. As in some other sectors, such as malaria, where the commercial models are not as well developed or as clear, there is a role for the Government, which is why we have set up the strategy and the partnerships. By de-risking and supporting the deep science in the early stages and bringing forward these partnerships of support, we hope to make it a sector in which more and more companies are beginning to see a return, and then they will start to invest their own money. All the indications are that that is beginning to happen here in the UK.

Mary Glendon: Will the Minister therefore ensure that the Government will continue to support the science budget in the years ahead?

George Freeman: Much as I would like to, I cannot take on the role of my right hon. Friend the Chancellor and announce the results of the autumn statement. I hope that the hon. Lady will see that our commitment to and support for the sector is clear. I am confident that we will see a continuation of that support for science in the autumn statement. We all know that funding is tight. The key is to demonstrate clinical impact and partnerships of support with companies.

I think that this is a great success story. I pay tribute once again to the Anthony Nolan trust, whose partnership with the NHS is genuinely changing outcomes for patients.

Question put and agreed to.

7.29 pm

House adjourned.

Westminster Hall

Tuesday 15 September 2015

[SIR EDWARD LEIGH *in the Chair*]

London Black Cabs

9.30 am

Zac Goldsmith (Richmond Park) (Con): I beg to move,

That this House has considered the future of black cabs in London.

It is a pleasure to serve under your chairmanship, Sir Edward. We have an hour and a half for the debate and I know that a number of people want to speak, so I will keep my remarks quite short and to the point.

Black cabs are an iconic part of London and are famous around the world. The first horse-drawn hackney coaches appeared in London during the reign of Queen Elizabeth I, and the first taxi rank was installed in the Strand just over 400 years ago. The famous knowledge was started in 1884. Today there are 25,000 black cabs in London. They remain a vital part of the capital's transport system and play a key role in keeping London moving.

For me, black cabs are one of the things that make London stand out. Their value is not necessarily quantifiable but is huge and real, all the same. I am reassured, for example, by the fact that taxi drivers have had rigorous background checks. I like the fact that they know every nook and cranny of our capital. For many people visiting our country, our unique taxis are the first thing they see and their drivers are the first people they meet and talk to. I would think nothing, personally, of depositing any one of my children in a black cab at any time, as I would know absolutely that they would be safe. It is hard to put a number on all that, but it is worth something.

The tragedy is that black cabs' days could soon be numbered. If trends continue, I do not think that there is any doubt that they will be extinct in a matter of years. I will briefly explain why. Transport for London's rules enforce a two-tier system for taxis in London. London's black cabs can ply for hire and wait at ranks. Their fares are set by TfL, as are their stringent service standards. The reason they are licensed to pick up anyone from the street is that TfL has confidence that the drivers and vehicles are safe and the price is fair. Private hire vehicles, on the other hand, have to be pre-booked, so cannot legally ply for hire. Their fares are not set by TfL and their drivers do not pass the knowledge or do advanced driver courses. PHVs have less regulation because customers book them in advance and so know what deal they are getting and what service they can expect.

That system largely worked fine until recently, but the emergence of Uber has turned it on its head. The speed of the Uber app means that its cars are effectively hailed by users, and no one can reasonably argue that they do not also ply for hire, picking up people straight from the street. The one key advantage enjoyed by black cabs has simply evaporated.

I have been told recently by people who think of themselves as free marketeers that we should not intervene—we should let progress have its way and let the market decide. But that is not an honest position to take, for the simple reason that the black cab trade in London is not a free market and never has been. Costs are piled on to the black cab by regulation. They are the most regulated taxis in the world by far. Black cab drivers' fares are set for them by TfL and they are told which vehicles they are allowed to drive. Their vehicles must have a turning circle of 8.535 metres, a partition separating passenger from driver, an overall length of no more than 5 metres, a flat door in the passenger compartment with a minimum height limit and an approved taxi meter, and must be able to accommodate a person in a wheelchair.

Mark Field (Cities of London and Westminster) (Con): Although I have a lot of sympathy with what my hon. Friend is saying, equally, we do have technological change, and Uber is part of that. Given that Uber is now in this highly regulated black cab market, is there not a perfectly good Conservative argument that suggests that the amount of regulations for our black cabs should be reduced to make them more competitive?

Zac Goldsmith: I agree with my right hon. Friend up to a point; I will come to that shortly, but I do not think it will be enough. Deregulating the black cabs to put them on a genuinely level playing field with Uber and the like would logically mean the end of the black cab. That is the decision we need to make, but it is not one I would be happy with.

Sadiq Khan (Tooting) (Lab): I congratulate the hon. Gentleman on securing this debate; if the polls are right, I suspect this will be the first of many debates he and I will be having between now and May. The right hon. Member for Cities of London and Westminster (Mark Field) referred to technological innovation with regard to Uber. Rather than deregulating the black cab in a race to the bottom, should there not be innovation in regulation for private hire vehicles, and Uber in particular, to make sure that there is a level playing field?

Zac Goldsmith: I agree with the right hon. Gentleman, and I will come on to the steps we need to take as a minimum to maintain the two-tier system and encourage innovation.

I will finish my point about the lack of free market for black cabs. I mentioned some of the specifications and the hoops the black cab drivers have to jump through, but that is not the only factor. We all know about the knowledge, a gruelling exercise that takes on average 50 months—between two and five years—to study. It has a failure rate of 80% and is done entirely at the driver's expense. Black cabs also have to be wheelchair accessible. London is the only major city in the world that requires that. Given that around 1.2 million Londoners have some form of disability, that requirement is a good thing, but it adds enormously to costs.

Some have suggested that we simply remove the regulations and let the drivers fight it out, but on the whole the regulations have worked for London, and removing them effectively means losing the black cab

[Zac Goldsmith]

altogether. There was a very good debate on the Floor of the House not long ago on this very issue. In what I thought was a magnificent speech, my hon. Friend the Member for Broxbourne (Mr Walker) said:

“London cannot have it both ways. It can try, but it will end in tears.”—[*Official Report*, 15 July 2015; Vol. 598, c. 1054.]

He is right. My starting point is that London would be poorer without black cabs and we should ensure that they have a future.

The question is how we do that. Partly it is a question of helping black cabs to compete, which means looking at unnecessary regulations: turning circle technology, for example, is probably not necessary and adds an enormous cost to the car. I know that TfL is keen to build more taxi ranks. I believe that a third of all taxi journeys in London start at the taxi rank and there is a strong case to be made for rolling ranks out all over London, not least to help deal with congestion. We should also help black cabs to switch to contactless payment systems. That is what consumers expect—83% of passengers polled recently want to be able to pay by card—but only half of London’s cabs currently take card payments. There is a case for subsidising that process. If we measure the cost of that subsidy against the costs imposed on black cabs through regulation, it would be a fairly small piece of the equation.

Gareth Johnson (Dartford) (Con): I congratulate my hon. Friend on securing this debate on an issue that I know he cares about passionately. Many black cab drivers live in my constituency of Dartford. If London were to lose its black cabs, that would be a tragedy that had an impact way beyond the capital, into the home counties, where so many black cab drivers live. They tell me that they want equality of arms, so that the right and necessary checks carried out on them are also carried on other drivers.

Zac Goldsmith: I agree with my hon. Friend, and will be coming to that point.

Before I move on to the steps we need to take on regulation, we should acknowledge that black cabs are already adapting and changing fast. From 2018, all new black cabs will be zero-emission capable, helped by £8,000 grants from the Mayor. The cost to drivers will be no greater than that of buying conventional cars, but the cost of managing the cars will be much lower because they will be independent of fuel and will be able to fuel their cars electrically. That change has been very much welcomed by the drivers I have spoken to. Incidentally, the first motor cabs, which arrived in 1897, were electric, so we are seeing a neat ecological full circle—we are experiencing the circle of life right here in London with our black cabs. Many drivers are also using new booking apps, some of which are very innovative. For example, some help passengers to share journeys; others enable serious discounts over longer distances.

I do not believe that on their own those changes will be enough, however. We need to find a way to maintain the two-tier system distinguishing between cabs and taxis that has worked well in London for over 50 years.

Grahame M. Morris (Easington) (Lab): I apologise for arriving late and congratulate the hon. Gentleman on securing this important debate. I was listening carefully

to what he said about improvements to air quality. Does he acknowledge that the huge influx of minicab drivers and Uber drivers has had a really negative effect not just on air quality but on congestion in central London?

Zac Goldsmith: I agree with the hon. Gentleman and will be making a similar point shortly. We need to look at that issue.

The bottom line is that we need to find a way of maintaining the two-tier system. I know that some within the black cab trade are calling for a mandatory five-minute period between booking and pick up to try to maintain the divide. I understand why that would work, and there is a strong case for it, but I worry that it would alienate—even infuriate—customers, who would not understand why it was happening. I understand that a similar mechanism has been brought in in New York, and there has been a considerable customer backlash there, which has been felt by the Mayor, who introduced the scheme, and whose popularity has been collapsing as a consequence.

Mark Field: I want to touch on the issue of choice, which my hon. Friend has raised. One of my concerns about the black cab’s protected position is that we hear voices saying that we should outlaw Uber and ban pedicabs. Could my hon. Friend give some indication of where he stands on both those issues? Would such an approach be detrimental to consumer choice, or would it be the right way to protect the market?

Zac Goldsmith: I absolutely do not want to deny people the choice they clearly want and need in London. There is therefore no question of banning Uber, but there is a need for more clarity in the regulatory system. That is the point I will be making shortly, and I hope my right hon. Friend will intervene as I continue.

I am sceptical of the five-minute rule proposal, but I hope the Government will commit to working with TfL to urgently define what “ply for hire” actually means. For the black cabs, their customers and London generally, that cannot remain the grey area it is today.

More broadly, the Government need to address the issue of the sheer number of cabs in London, which the hon. Member for Easington (Grahame M. Morris) mentioned. In August, there were a staggering 86,500 minicab drivers in London—a 46% increase in just five years. That number grows by more than 1,000 every month, with obvious congestion and air quality implications. That needs to be addressed, and we need to take a view on the private hire vehicle trade’s carrying capacity in London.

While few people want to see the end of Uber—I absolutely do not want to, because Uber does innovate and provide choice—there is no doubt that standards need to be raised. That view was shared by the overwhelming majority of respondents to a YouGov poll the other day, 62% of whom said they would like a higher standard applied to private hire vehicles and to Uber in particular.

For instance, the Government should, in my view, require all minicab companies to take out fleet-wide insurance policies to guarantee consumer safety. That does not seem an unreasonable request, and TfL has confirmed to me that it regularly repeat-catches uninsured

drivers. Drivers should have a basic geographical knowledge—not the knowledge, because that would be unrealistic, but a basic grasp of London. They should also be required to have at least a basic command of the English language. TfL is looking closely at that, too, and we will hear in the next few weeks where it has got with that.

Uber fares are generally low, but in times of need—as we saw during the recent tube strikes—those prices escalate out of all proportion. In some cases, there was a 300% increase. What, if anything, do the Government believe should be put in place to protect consumers against such price surging?

There are also concerns about Uber's corporate behaviour. For instance, Uber enjoys a significant price advantage by not paying UK corporation tax, because jobs are booked through the Netherlands. Despite Uber being a \$50 billion company, its drivers earn far less than the London living wage; in some cases, they earn a lot less than the minimum wage. Drivers are self-employed, as with most minicab services, but the risk is that Uber's model is depressing fares to unsustainable levels, and that also needs to be looked at.

Sadiq Khan: I particularly welcome the hon. Gentleman's last comment. Does he support the case brought by the GMB against Uber to protect drivers the company had exploited?

Zac Goldsmith: That is the case I was referring to. As I understand it, a member of the GMB was found to have been paid about £1.50 below the minimum wage, which is clearly not acceptable. However, I would like to redirect the right hon. Gentleman's question to the Minister, who is better placed than I am to understand the legalities.

I ask the Minister—this is perhaps the most important issue—to provide an undertaking to work with the Competition and Markets Authority to look at the London taxi market as a whole. In particular, will he consider whether the low prices offered by some apps are kept artificially low to drive out competition—a form of predatory pricing? I am not clear how much evidence exists on that, but there is a strong suspicion, which I think I share, that it is happening.

Mr David Lammy (Tottenham) (Lab): On that point, the hon. Gentleman will understand that companies such as Uber do not pay tax in this country, so they can, of course, keep prices low. We really need the Treasury to tighten up on that.

Zac Goldsmith: I thank the right hon. Gentleman—I almost said my right hon. Friend—for his intervention. That is actually a point I made earlier. He is exactly right: that does give the company an unfair advantage, and the issue needs to be looked at.

I do not want to remove choice in the market, and nor does any taxi driver I spoke to in the run-up to the debate, but it is an unarguable fact that, without efforts to level the playing field, we will lose the black cab in London, and London will be a lot poorer for it.

Several hon. Members *rose*—

Sir Edward Leigh (in the Chair): Order. Several people wish to take part in the debate, so I am sure hon. Members will keep an eye on the clock. I know that the next speaker's speech will be a masterclass in making concise and powerful points.

9.45 am

Sadiq Khan (Tooting) (Lab): Thank you, Sir Edward. You have clearly heard me speak before.

I echo the comments of the hon. Member for Richmond Park (Zac Goldsmith), who said how well known and iconic the black cab is around the world. Famously, at the closing ceremony of the Olympics, there was much comment about George Michael's bad choice of song, but Ray Davies of The Kinks made the right choice when he entered the stadium in a black cab. Ray Davies got it right, and George Michael got it wrong.

The hon. Gentleman was right to comment on the positive things about black cabs. They are fully accessible to wheelchair users, providing a service to disabled passengers who may have few other ways of getting about. As the father of two daughters, I also fully understand his comment about how safe we feel putting our children in a black cab, knowing the checks that take place before someone is allowed to drive one.

It is worth reminding ourselves of why black cab drivers—particularly the London ones—are considered some of the most qualified in the world. They undergo extensive criminal checks, including by the Disclosure and Barring Service. Medical checks are also undertaken. People have to pass a Driver and Vehicle Standards Agency assessment. They also have to receive a licence from both TfL, which is run by the Mayor of London, and the Metropolitan Police Service. In addition, as the hon. Gentleman mentioned, they have to pass the knowledge. Hon. Members may not fully appreciate this, but the test requires drivers to learn more than 300 basic routes, more than 25,000 streets, and approximately 20,000 landmarks and places of public interest. The other requirement is that black cab drivers must have a high-standard vehicle.

It is also worth reminding ourselves of what has happened as a consequence of the failure to regulate the change that is taking place because of innovation and of the failure to adapt. We do not have a level playing field, and the Minister will need to tell us why, over the past five years—indeed, the past seven years—TfL and the Government have failed to enforce existing legislation, or to provide new regulations, to ensure that new entrants to the market operate fairly.

What is the consequence of the failure of TfL and the Government to act? The number of drivers licensed by TfL fell by more than 500 in the last year alone, to about 25,000. Worse, the number of people applying to be taxi drivers and to undertake the knowledge is the lowest in more than 20 years. When we speak to black cab drivers, they confirm that their income has dropped by about 20% during the day and by about 35% during the night shift.

At the same time, the number of private hire vehicles licensed by TfL has grown at the rate of 600 a week. As the hon. Gentleman said, there are now 86,500. He also mentioned that there has been a 46.1% increase since 2010. At those levels, the number of private hire vehicles in London will reach more than 105,000 over the next

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two years. As my hon. Friend the Member for Easington (Grahame M. Morris) said, that not only leads to problems with congestion, pollution and illegal parking, but will lead to the death of the black cab as we know it.

Mark Field: The right hon. Gentleman presents a slightly bleak picture of the prospects and concerns of black cab drivers. Can he suggest how consumers feel? It strikes me that many Londoners and many tourists coming to London feel that there is now a vast array of options at relatively cost-effective prices. Does he feel that that is important, and how will he try to marry the two interests, in his mayoralty campaign?

Sadiq Khan: Consumers may think it is great to get cheap meat, until they realise it is horse meat; they may think it is great to get a cheap builder, until the house falls down; they may think private hire vehicles are cheap but, as the hon. Member for Richmond Park said, they want to feel safe. We need to make sure that drivers speak basic English, have basic geographical knowledge and are properly insured. Choice is important, but the job of parliamentarians, and of those who aspire to be the Mayor of London, is to make sure that there is proper regulation of those who run public transport—and I consider black cabs and private hire vehicles a form of public transport.

The key answers that we need are not platitudes; we need to know what Government and those who run TfL can do. I have several questions for the Minister.

Grahame M. Morris: My right hon. Friend is making important points. We accept that there is a need to balance the interests of consumers with the Rolls-Royce service that we enjoy through the black cab industry, but does he agree on the fundamental need for a legal definition of private hire, to distinguish between that and Hackney carriages? There may well be a role for Parliament in that, and it is another example of deregulation being a good thing. We can still innovate—and black cab drivers are indeed doing that in zones 1 and 2, through the introduction of the new app—without the need for the five-minute gap that was tried in New York. There is a balance to be struck, and I wonder if my right hon. Friend agrees.

Sadiq Khan: My hon. Friend is right. I made that point earlier in an intervention. We have had innovation in technology, but what my hon. Friend has described requires innovation in regulation. I do not mean a race to the bottom; I think that a levelling up rather than levelling down is required.

Does the Minister agree with criticisms of TfL that it failed to carry out proper licensing and enforcement functions in relation to the hire market? Does he agree with the hon. Member for Richmond Park and me that the Government should introduce legislation containing a clear definition to protect the distinction between taxis and private hire vehicles? Is he aware of the concerns raised by the Licensed Taxi Drivers Association that TfL may wrongly have licensed Uber in 2012, not fully understanding its methods of operation, and that it now has concerns about revocation, for fear of paying compensation? If the Minister thinks new legislation is

required, will he consider whether it should include limits on the number of private hire vehicles in London, for the reasons that the hon. Member for Richmond Park and I have given, to do with congestion, pollution and illegal parking? Does he agree that any legislation should, as my right hon. Friend the Member for Tottenham (Mr Lammy) mentioned, require any licensed operators to have a UK tax liability? Also—and this is probably the most important issue for black cab drivers—would the new legislation define plying for hire?

What reforms is the Department for Transport considering to secure a fairer system for London's cabbies and a better service for passengers—an important consideration at the core of this issue? Would that include a clear distinction between the working practices for black cabs and private hire vehicles? Finally, we understand the temptation for Ministers to meet celebrities and for the Mayor of London to meet Joanna Lumley; but roughly how many times have the Minister, other Transport Ministers or the Mayor had meetings with the Licensed Taxi Drivers Association or black cab drivers' representatives such as Unite, GMB and the National Union of Rail, Maritime and Transport Workers?

The hon. Member for Richmond Park deserves our thanks for bringing this debate to Westminster Hall. He has raised important issues, as I hope I have, and it is important that the Minister and the current Mayor respond. If they do not, the next Mayor will.

9.54 am

Victoria Borwick (Kensington) (Con): I have a long-standing family interest in the subject of the debate. My father ran Carbodies, which some right hon. and hon. Members may know about, from the time when taxis were made in this country. My husband Jamie took over after my father's death and ran the company for a short while. He led the changeover to the taxis with full disability access that we have today.

As has been said, the black London taxi is as iconic to London as red buses and red post boxes. As we have heard from both sides of the House today, black cabs of London are renowned the world over for their high standards and because of the knowledge—and of course for their full disability access. Londoners can be proud of leading the world in that. Licensed black taxis can take wheelchairs, prams, trolleys and heavy suitcases, and get the passenger safely to their destination using the fastest route. The drivers do not need to check the sat-nav to know the back streets, and if there is a disruption or change in the traffic, as happens frequently in London, they have alternative routes in their head. They do not have to rely on intermittent technology. As we have heard, those taxi drivers are fully vetted, insured, and licensed, and regularly checked; and that applies not just to the drivers, but the vehicles as well.

Licensed taxi drivers have invested heavily in their profession. Very few industries require two to four years' unpaid training, followed by the purchase or lease of a vehicle. Our black cab drivers are very committed to their trade. However, we have to appreciate that technology has begun to catch up, and TfL, the regulator, has seen an enormous increase in requests for private hire licences, as we have heard; but who are all the applicants, and why are there so many requests for minicab licences? There are now almost 90,000 minicab

drivers in London, and only 25,000 licensed black cab drivers. The imbalance can be seen immediately; what is the reason for it? I believe that if we want our gold standard licensed taxi drivers we need a level playing field. The regulations cannot be all on one side. We make the drivers and the vehicles go through hoops, as my hon. Friend the Member for Richmond Park (Zac Goldsmith) said, and meet very high standards; and those standards must apply across the board, to other vehicles and to their drivers. Why are minicab drivers signing up at such a rate?

Mark Field: Arguably the opposite case could be made, which is that there have traditionally been huge barriers to entry for black cabs, and that now we are in a modern world, where more and more people want to become taxi drivers and where there is the incentive of Uber technology, so that a high level of regulation is against consumers' interests and will make it much more expensive to get into London cabs. That is not my personal view, but it is an argument that could readily be made. I have a sense that satisfaction levels among those who use cabs in the capital city—black cabs or others—is pretty high.

Victoria Borwick: I welcome that point. It is right: people want to use a safe vehicle that has been properly assessed, as everyone has said. Technology has moved on, so we must support the gold standard of our taxi drivers. Becoming a licensed taxi driver does not have such an appeal any more. Is that because of the barriers or because the investment and time is entirely on one side? TfL should look at its regulations and how it promotes the licensed taxi trade. It allows the competitors to charge what they want, and use any booking and charging methods they want; but over the years restrictions have been put on our taxi drivers, and they should be reviewed.

London has the advantage of being a friendly city. We have built on the Olympics, and have proved it time and again; we are working together for full disability access for the whole of London, in new homes and transport infrastructure such as Crossrail. It all has full disability access. Every new bus, every new train and every carriage is disabled accessible. All vehicles licensed by TfL for the public should be disabled accessible, take credit cards and alternative methods of payment, and be tracked and trackable to continue to provide the level of safety, as has been mentioned here today, that is unique to our taxi trade and our traditional taxi drivers. In the longer term, when we have proven technology, we should support the trade to move to more environmentally friendly vehicles.

I ask the Minister to re-examine the governance and regulations of the taxi trade and minicab vehicles, so that we can provide our excellent licensed taxis and ensure that this remains a worthwhile profession for those wishing to sign on to the high standards that have been spoken about this morning.

10 am

Mr David Lammy (Tottenham) (Lab): I congratulate the hon. Member for Richmond Park (Zac Goldsmith) on securing the debate and on his contribution, and I congratulate and commend my right hon. Friend the

Member for Tooting (Sadiq Khan) on his speech. He articulated in great detail the issues and substance of what is now required.

I want to say a couple of things that have occurred to me over the last little while. First, I want to thank a knowledge school called the Knowledge 4 You academy, which sits in Bethnal Green. I paid a visit to that school, which is run by a wonderful chap called Courtney, who is a Barbadian Rastafarian. Every evening in a little portakabin behind Bethnal Green station, about 40 Londoners gather to go through the knowledge. I met those 40 people. They are men and women, from all the ethnic backgrounds that we see reflected in the city. It might be said that they are overwhelmingly from a working-class background. One was a firefighter and another was a paramedic. Some were working in retail, and actually, I met a student there. It was a real reflection of London, going there every evening and studying for up to three years to get that knowledge, all coveting the yellow badge that gives them the entitlement to drive a black cab around London.

I came from the kind of background in the '70s and '80s where, if I had come into the centre of town, say, as a 19 or 20-year-old, and then got home and told my mother that I had got into a black cab, I would have got a clip around the ear. "Where the hell did you get that kind of money?" she would have said. However, later, as I became a barrister and had a little bit more money, it was quite nice to get into a black cab in the centre of town. It was quite nice to have the odd date and take one's girlfriend home in a black cab, and it was comforting to be able to put one's partner into a black cab and send them home in safety. It is great to be able to get into a vehicle where the driver knows where he is going. I have to say that all these years later, having seen the dedication of those who work hard to get that badge, it is something we should preserve. It is an institution.

All of us in this room will have travelled to cities all over the world, and we will have seen in those cities how people prize this institution, which is the first face that someone sees of the city when they arrive at Heathrow or Gatwick. That should be preserved and the business of plying for trade, which we established, is now something that, as my right hon. Friend said, should be in statute. This House could sort that out pretty rapidly and it would give that institution the reassurance it needs, not just in this city, but in other cities in the country. That is really the centrality of what the Minister has to come to.

I am absolutely clear that the Government's slightly relaxed attitude to international companies that do not pay tax in this country must stop. Of course such a company can undercut established institutions. It is well known across the world that people can arrive in London, get a second-hand vehicle, jump through very few hoops—the bar is so low—go to the Uber office, get the technology, and for very little training, they, too, can be part of the explosion that we are seeing across the city which is now polluting our young people's lungs. Of course the city is congested; it is all the private hire vehicles that people are picking up. In this economy, where one in four young people in London is still unemployed, we are seeing many young students doing this as well. Is that right? Is that good? It cannot be.

I wrote to the Home Secretary not so long ago to raise the issues of homophobia, assault and rape—really concerning activity that is going on from some of these

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unregulated drivers. That is the price of entire deregulation, which is effectively what we are seeing through the back door. My view is that despite Transport for London being a great institution, in this area, it has failed miserably. Many black cab drivers expected the Mayor to intervene and to understand fully the difference between a metred cab plying for trade and actually ringing up a company, but that did not happen in a sufficient way. Will the Minister look again at this and at how this was allowed to happen? Unlike in a city such as Paris, where licensed drivers and new technology are able to exist alongside the long-standing institution of drivers in that capital city, how in London have we got it so badly wrong? The black cab is looked at across the world. It is more iconic than the New York yellow cab, and we are prepared to see it dwindle away on the back of deregulation.

There is the issue of who these drivers are. What is their qualification? What is their background? Why are we hearing of so many incidents of really poor, antisocial, dangerous and sometimes criminal behaviour? Who are they and what is the regulation relating to that?

Why are we so relaxed about a company that is not paying tax? Why are we supporting them? Who are the friends that we are hanging out with? There have been lots of suggestions and there has been lots of contact at different places between the Mayor's office, the Government and some of these new companies that are entering the market. Are we going to make this a statutory base—plying for trade, the hackney carriage—and move it forward into the 21st century so we protect that institution?

Finally, if someone lives in London locally, they want to be able to ring up a minicab office, where there are local drivers who know their local area. That is usually to do regular routes. Lots of old people make short visits to hospitals, GP surgeries and that sort of thing. It is really worrying to see the collapse of minicab offices in London because of the failure to regulate appropriately in this area.

Sadiq Khan: My right hon. Friend has touched a nerve with me and with regard to what my constituents have been saying to me, which is that some private hire vehicles are being driven out of the market by the pricing model of Uber. It is trying to gain a huge share of the private hire vehicle market and the worry is what will happen tomorrow when all these private vehicles that he knows about—the minicabs in Tooting and Tottenham—are run out of business.

Mr Lammy: My right hon. Friend is absolutely right. Basically, do we want the high street to have a place not only for the supermarket somewhere, but for small independent shops? Very soon in London, those small independent minicab offices will all be gone. There will be no sense of locality. It will all be one big M25 fudge called Uber. That is what we must stand up to. There is room for everyone, but unfairness must be grappled with over the coming weeks and months.

Andrew Rosindell (Romford) (Con): As a London MP myself, I congratulate the right hon. Gentleman on everything that he is saying. He is speaking the utmost sense and I support everything that he has said.

Mr Lammy: But!

Andrew Rosindell: No, not at all. Does the right hon. Gentleman agree that the real issue is that we need a level playing field? We need equal access to the market for everyone in this trade, but those in the black cab industry have had to go through many hoops to get where they are and it is absolutely wrong that a company can just undercut people who have worked all their lives to establish their trade. I therefore commend the right hon. Gentleman for everything that he is saying. I hope that this can be a cross-party consensus in order to take action to resolve this very serious problem, which could destroy our black cab industry in London.

Mr Lammy: The hon. Gentleman has put his points very well and I entirely agree with him. I think that there is consensus in the Chamber today, but there is also concern about those who have the power. The Mayor, the Minister and the Government have the power and, as my right hon. Friend the Member for Tooting says, this issue requires action, not just platitudes. I know that he is forensic in his quest for action and will be over the coming weeks and months—I have felt that myself. The point is absolutely right that a level playing field is what is required. There must be fairness to those who put the effort in—those who do the knowledge and go through those hoops. There must be regulation, not a completely deregulated market. That does not work and cannot work in this sector, particularly in relation to safety. And we do need to get a grip on companies that are not paying their tax properly in this country.

10.11 am

Stewart Malcolm McDonald (Glasgow South) (SNP): It is a pleasure to speak in this debate. Some hon. Members may be questioning the relevance of the London black taxi service to my constituents in Glasgow South. However, it is clear to me from the debate so far that there are lessons that we can learn in Scotland so that we do not end up in the position that people in London find themselves in today. I therefore congratulate the hon. Member for Richmond Park (Zac Goldsmith) on initiating this important debate on one of London's and, indeed, Britain's most iconic symbols—the black taxi.

It has also been a pleasure to sit through—I had not expected this—what may be the first London mayoral hustings, here in Westminster Hall this morning. If the hon. Gentleman and the right hon. Member for Tooting (Sadiq Khan) can have debates that are this consensual, they have a good election ahead of them.

The Uber phenomenon has yet to hit Glasgow and, indeed, Scotland, but I do not doubt that it may well do so in the future, so I genuinely approach this debate in the spirit of trying to learn something. I hope that we can use it to inform ourselves in Scotland, as we have entirely separate licensing of taxis and minicabs that in many ways is not dissimilar to the licensing here in England and Wales.

Taxis are a vital part of our city infrastructure and national life. The hon. Member for Kensington (Victoria Borwick) gave the example of the London Olympics, when black taxis came into their own. We had the same experience during the Commonwealth games in Glasgow. Along with our public transport services, black taxis

and their drivers were there not just to ship people around, but to welcome people to the great city of Glasgow.

If I may, I will make one comment on taxi drivers in my home city. Glasgow taxi drivers are the most knowledgeable and most friendly people—aside from one or two Members of Parliament perhaps—who visitors to the city of Glasgow can meet. They have great humour and great local knowledge. Based on the colour of the football top that someone is wearing when they enter the taxi, they will even know which routes to avoid when they are there. I have always found that taxi drivers are great for providing that wonderful thing that the metropolitan media and the pollsters always get wrong—political analysis. Speak to any taxi driver, whether in Glasgow or London, and believe me, they will give their views on Scottish independence and, indeed, any other political matter of the day. These people have put their entire working life into being not just a car service, but a welcoming service to whoever comes through those doors. I think that Parliament owes it to taxi drivers not just here in London but across the UK to get this right.

The right hon. Member for Cities of London and Westminster (Mark Field), who unfortunately has left the Chamber, suggested that less regulation of black taxis could be an option. My experience suggests that that is not what black taxi drivers themselves want. Indeed, they enjoy the gold standard that comes with being a black taxi driver. The right hon. Member for Tooting mentioned the importance of someone knowing that they can safely put their daughter into one of these vehicles. Indeed, my own mother would never travel in any kind of vehicle other than a black taxi, although she usually prefers it if her son is picking up the bill!

The right hon. Member for Cities of London and Westminster talked about choice; indeed, consumer choice was mentioned by a few speakers. Choice cannot come at the expense of knowledge, safety, proper insurance and proper training. In fact, there is a whole argument to consider in terms of the investment put into Uber's drivers. What it should have is a well regulated and unionised workforce. The answer, of course, is not to ban Uber, or any other private hire vehicle service, but to bring it in line with what the public expect from any other transport provider, whether that is black taxis, the underground or buses.

The right hon. Member for Tottenham (Mr Lammy) mentioned recent allegations of homophobic or racist abuse in Uber cars. We would not expect that or put up with that if it happened on a bus, on the London underground or, indeed, in any other public service, and these minicab companies cannot expect to operate outside that.

Victoria Borwick: Another important thing to talk about when we are considering the difference between the two kinds of vehicle is that there have also been incidences of guide dogs not being taken in minicabs. For the record, I think it is important that we ensure that any taxi driver of any taxi that we license should take such assistance dogs.

Stewart Malcolm McDonald: The hon. Lady's point is absolutely correct and I thank her for making it.

To return to my point on what we do about Uber, which appears to be the bogeyman in this debate, we need to look at ensuring that the wages of its drivers are properly regulated and properly enforced and that the training on health and safety and local knowledge is there. It is obvious that Uber is not going to go away, so this could be a turning point for transport in London depending on how we respond to it.

We must create a proper choice to ensure that there is not a cowboy operator not just operating in London but, potentially, coming to my home city. The technological challenge that is presented to us with the rise of minicab apps is something that Parliament and Government, local authorities and devolved Administrations must get right and must catch up with. The risk of not doing so is great and there for all to see. As I mentioned earlier, the ancient tradition of black taxi driving and all the service that those drivers provide us with means that we owe it to them to get this right; and we in Scotland look forward to learning something from London's experience.

10.18 am

Richard Burden (Birmingham, Northfield) (Lab): It is, as always, a pleasure to serve under your chairmanship, Sir Edward. I add my congratulations to the hon. Member for Richmond Park (Zac Goldsmith) on securing the debate and on the contributions that he and many other hon. Members, on both sides of the Chamber, have made. I mention in particular my right hon. Friend the Member for Tooting (Sadiq Khan). Like him, I suspect that this is the first of many debates that he will have with the hon. Member for Richmond Park. They were in agreement on the matter, and the consensus across the Chamber has been remarkable. I hope that the Minister bears that in mind when he replies to the debate.

Today's debate concerns something fundamental for London, as many hon. Members have said, namely the future of black cabs in the capital. It is clear that existing regulation is insufficient to deal with the changes. That point has been made by the hon. Member for Kensington (Victoria Borwick) and my right hon. Friends the Members for Tooting and for Tottenham (Mr Lammy)—he made an excellent speech—and it has been recognised north of the border by the hon. Member for Glasgow South (Stewart Malcolm McDonald). Although black cabs are regarded as having some of the highest safety and accessibility standards for taxis anywhere in the world, the phenomenon of ride-sharing schemes and taxi apps has made it clear that regulation has simply not kept pace with the changes. That gives us a choice about how we cope with those changes and regulatory challenges.

Grahame M. Morris: Although I acknowledge that the subject of the debate is black cabs in London, I attended, along with other hon. Members, a national lobby of Parliament expressing the concerns about the matter across the midlands and in a number of the great cities in the north. This is a problem that we will all face, even if we do not face it immediately. Is it not a good time, as a Parliament, to look at the legal definition of plying for hire and to resolve the matter not only in London, but across the whole United Kingdom?

Richard Burden: My hon. Friend is absolutely right, and without wanting to stray from the focus of the debate, I hope to say one or two words about that in a while. He was also right in his earlier intervention about the need for consistency in regulation across the piece, which has to be founded on principles.

My right hon. Friend the Member for Tooting made the point, quite correctly, that we have a choice. We can look towards a future based on a race to the bottom, with all that that implies, or we can look to generalise the best standards for drivers and for passengers. I have referred to black cabs, but rising to the challenge of dealing with these changes is also important for the private hire industry. Properly regulated private hire has a role in the capital and elsewhere in getting people to the airport early in the morning, for example, and getting them home from nightclubs late at night or perhaps very early in the morning. Whether they use private hire or black cabs, passengers—across the country, not simply in London—need to know that services will be reliable and that they will be safe.

In London, about 3.5 billion passenger journeys a year are being recorded on the underground and the bus network combined, and London's population is set to grow from 8.6 million today to around 10 million by 2030. As companies such as Uber recognise, that will have a profound effect on the nature of our transport system. With their emergence and success, Uber and other apps have made important headway in London, notably in the late-night market and the recreational market. They have been particularly successful in London's suburbs, where the black cab network is sometimes at its thinnest. The promotions and public relations of such companies are something of a masterclass, it has to be said. Despite serious reservations about Uber, which I will say something about in a minute, it is not surprising that a recent YouGov poll found that a majority of Londoners thought that Uber was a good thing.

I want to recognise a good thing that Uber has done. It recently launched the UberGiving campaign to help to raise money for the global refugee crisis, in partnership with Save the Children. That is an innovative and worthy fundraising campaign. I suppose that the company would say that that is part of social responsibility, and I welcome that. Social responsibility goes beyond that, however, as my right hon. Friends the Members for Tottenham and for Tooting have said. If the company wants to be part of the fabric of the public transport system in its widest sense in London—I consider taxis and private hire vehicles to be part of that—and in the rest of the country, responsibilities must go with rights. Surely, an absolutely fundamental responsibility for a company is to pay its dues in taxes, which provide services in the country in which it operates.

Some of Uber's actions give cause for genuine concern. There are regulatory disparities and issues about the use of taximeters. It is also important to ensure that the welfare of passengers is made paramount. Passengers have a right to know that when they book a journey through any operator, the service will be reliable, traceable and fairly priced. They should also know who is driving and be able to trace the vehicle's registration and licensing details quickly and easily.

Such strengthening of safety regulation must extend to drivers as well. There are real concerns about the kind of culture encouraged by Uber and, I have to say, some private hire operators. To recruit new drivers, Uber's website states:

"Make money on your own terms. Full-time and part-time driving opportunities for independent contractors in London give you the flexibility to access the platform as much or as little as you want. You can focus on driving your car when it works for you."

That all sounds fine, in one way, but is it encouraging a culture—particularly as we have already heard from right hon. and hon. Members about the pay rates that Uber drivers often end up earning—of long hours, with drivers working 50 to 70 hours a week without any checks? The impact of tiredness on drivers and their passengers can be quite simply deadly. What assessment has the Minister made of the long hours that are being encouraged by not only Uber but the private hire industry more generally?

Beyond passenger and driver welfare, Labour recognises the genuine concerns of unions and private hire trade associations that Uber's growth may be benefiting from a loose interpretation of the regulation on taximeters that I have mentioned. That is why I welcomed Transport for London's decision to seek a High Court ruling on taximeters in May 2014. Apps such as Uber that involve a contract for vehicle hire must conform to the same standards of safety, licensing and insurance as the rest of the industry. They are neither black cab nor minicab, so it is vital that we understand and get a ruling on where they fit in the regulatory framework.

The delay in obtaining that ruling has gone on for some time, so the discrepancies persist. Does the Minister have any information about when that is likely to be resolved? Although it is clearly not for anybody here to speculate on the outcome, can the Minister confirm whether his Department has consulted with TfL to draw up contingency plans for all the possible scenarios that may result, and will he confirm what those plans are? Many hon. Members agree that any High Court ruling will address only one regulatory issue, but the kinds of problems that we are experiencing in London are being experienced not only in other parts of the country but internationally. They have come up in other European cities, in north America and even, in quite serious ways, in Mexico City.

TfL's involvement and its announcement over the summer of a consultation on regulations have been timely. I will not go into too much detail about that at the moment, other than to ask the Minister to comment on two relevant matters: capping and off-duty driving. On capping, the transport network has to respond to the challenge of population growth, but there is real concern about where the unprecedented rise in the number of minicabs, which many hon. Members have mentioned today, is heading.

In an Adjournment debate before the summer recess, the hon. Member for Broxbourne (Mr Walker) asked the Under-Secretary of State for Transport, the hon. Member for Scarborough and Whitby (Mr Goodwill), to say whether the Government will consider a cap on numbers and what their view is on such a cap. That Minister would not be drawn, but I hope the Under-Secretary of State for Transport, the hon. Member for Harrogate and Knaresborough (Andrew Jones), will tell us today whether a cap on numbers could be appropriate.

My other question on the TfL review is about the rules on who can drive off-duty taxis and private hire vehicles and when they can be driven. The Minister will recall that, when the coalition Government tried to introduce such a measure in the Deregulation Act 2015, they were forced to withdraw part of that proposal in the House of Lords simply because too many people noticed that it opened up the possibility of illegal pick-ups and malpractice, and made things such as sexual assault far more, not less, likely. Although I recognise that the review is primarily TfL's responsibility, will the Government say anything in response to that review given the response when the Deregulation Act was debated in the previous Parliament?

That draws me to my final point, which picks up on the point raised by my hon. Friend the Member for Easington (Grahame M. Morris). A long time ago, the Law Commission was charged with looking in detail at regulatory disparities. It was recognised a long time ago that proper consideration is needed, and we have all known for years that a proper, thorough review of taxi and private hire regulations is needed to ensure safety and consistency and to recognise changing customer demands and expectations. That is why the Government asked the Law Commission to consider such matters but, after delay after delay and coyness from the Government about when anything would happen, Ministers jumped the gun just before the Law Commission published its findings and made last-minute additions to the Deregulation Act on PHV and taxi licensing outside London that, to put it charitably, were half-baked and ill thought out.

The Government got themselves into a mess on that, as we know, so where will they go from here? Will they respond to the points that have been consistently raised in this debate on the need to have proper consolidated legislation, a Bill, that can sort out the matter, that can update centuries-old regulations, that can address the challenges facing black cabs in London and that can incorporate long-overlooked taxis of sorts, rickshaws and ride sharing, and other such things? When will they set out their response to the Law Commission's proposals and recommendations in general? If the Minister is not able to give that response now, will he let us know when he feels he might be able to do so? How does he expect that to fit with the likely timetable for High Court rulings on Uber and TfL's regulatory review for London?

London's black cabs are revered as having the highest safety and accessibility standards in the world. Last month, the Local Government Association called for its taxi operators to be put in line with the high standards enforced in London. Can we have a proper Bill to regulate taxis and private hire vehicles? Will the Government take the initiative, and when will they introduce such a Bill?

My final, final point is on emissions. A number of hon. Members, particularly my right hon. Friend the Member for Tottenham, have spoken about pollution. If black cabs and the private hire industry are to help address the challenge of air quality in the capital, they need to be future-proofed. The Government's commitment of £25 million through the Office for Low Emission Vehicles to help drivers upgrade to greener vehicles is a good step, but the Government are sending mixed messages. The Chancellor has tagged increased vehicle excise duty rates on all vehicles, including low emission vehicles.

Outside of transport, we have seen the mothballing of a number of green policies since the election. May we see a bit more consistency? On taxis and private hire vehicles specifically, has the Minister received any representations from the taxi trade on the phasing in of emissions requirements? What is he doing to alleviate such concerns? Will he listen not only to the consensus in this debate on the future of taxis and private hire vehicles in the capital but to the people at the sharp end—the drivers, the trade associations and so on—who are telling him what is coming down the tracks? Something needs to be done. As well as answering the specific questions asked by hon. Members, will he confirm that he agrees that the time has come for comprehensive, thought-through legislation to get a proper taxi and private hire Bill on the statute book?

10.35 am

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): It is always a pleasure to serve under your chairmanship, Sir Edward. I congratulate my hon. Friend the Member for Richmond Park (Zac Goldsmith) on securing this debate on London's famous and wonderful black cabs. This topic has been the subject of a previous debate secured by my hon. Friend the Member for Broxbourne (Mr Walker), so I praise my hon. Friend the Member for Richmond Park for continuing to highlight the contribution of London taxis to the economy and transport network of this great city and the issues that the industry faces.

As my hon. Friend will appreciate, although the Government are responsible for creating the legislative framework within which local licensing authorities license taxis and private hire vehicles, responsibility for licensing in London rests with TfL. It is TfL's responsibility to decide who is a suitable person to hold a taxi or private hire vehicle driver's licence, or a private hire operator's licence, and for ensuring that all its licensees comply with the rules and regulations that govern the industry. I understand his desire to raise his concerns in the House but, as licensing is TfL's responsibility, some of the points raised today are TfL's responsibility, so I might not be able to address all those points.

Grahame M. Morris: Will the Minister acknowledge the contributions made by Members on both sides of the Chamber? We have highlighted problems that are likely to manifest in other parts of the country and, in fact, are already manifesting in the midlands and in some northern cities. Similar problems are likely to arise in Scotland. Do the Government not have a responsibility to legislate in anticipation of those problems to introduce appropriate redress?

Andrew Jones: I recognise the excellent contributions made by Members on both sides of the Chamber. Some of those points will apply across our country, but this debate is about the future of London's black cabs. The hon. Gentleman makes a fair point, and I will address the Law Commission later in my speech.

Zac Goldsmith: I thank the Minister for his remarks. I have one question on the Government's role. My understanding is that if TfL was minded to cap the number of new licences at some 2,000 a month, it would require legislative support from the Government. Will he clarify whether that is the case?

Andrew Jones: Indeed, I can. A few Members have mentioned the number of licences, and there is currently no legislation in London, or anywhere else in England and Wales, to allow the number of private hire vehicles to be limited. Equally, officials are working closely with TfL on whether legislation needs to change—we need to consider that issue and develop the required evidence. The situation is changing rapidly due to the numbers, as Members have highlighted today, and I will return to that later. As things stand, there is no legislation in place.

The traditional London taxi or black cab is, as hon. Members have said, an icon of this city. For many years the taxi industry has played a key role in keeping London moving, and the industry has a history and reputation of which drivers are rightly proud. The black cab is the gold standard across the world, and its quality is internationally recognised. All the vehicles are of a high standard, fully wheelchair-accessible and driven by skilled and knowledgeable drivers. I admire the time and dedication that prospective drivers put into learning the world-famous knowledge of London. It is an enormous commitment, involving up to four years of work on top of a day-to-day job. The drop-out rate is high, between 70% and 80%, meaning that those who complete training in the knowledge are the most committed. From a customer's perspective, their knowledge brings a sense of utter reliability and security. As a visitor to London—my home is 200-plus miles away—I rely on it. Learning the knowledge rewards taxi drivers with the unique right to ply for hire on the streets of our capital.

In the 1960s, minicabs began to appear in London, and the private hire vehicle industry, as it came to be known, was finally regulated following the introduction of legislation in 1998. Licensing and regulation have ensured that the public have the same assurance of safety as when using a taxi and have raised standards throughout the private hire sector. Transport for London now licenses more than 22,000 taxis and 69,000 private hire vehicles. Between them, those vehicles make 300,000 trips every day, making a vital contribution to London's economy and helping to keep the city moving 24 hours a day, seven days a week.

The availability of both taxis and private hire vehicles offers the travelling public choice. They can instantly hire a taxi in the street or at a taxi rank; alternatively, they can pre-book a taxi or a private hire vehicle. When pre-booking, passengers can make an informed choice based on factors such as price, availability and quality. The combination of taxi and private hire ensures that the needs of as many Londoners as possible can be met.

As my hon. Friend the Member for Richmond Park recognises and as Members from different parties have highlighted, the market is changing. New technology is providing new ways of engaging taxis and private hire vehicles. Smartphone booking apps are now available for both taxis and private hire vehicles, offering passengers easy access to services, more choices, faster pick-ups and options for sharing that can reduce the cost for travellers.

It is encouraging that the London taxi trade has been at the forefront of those technological changes. There are now numerous apps through which one can book a taxi, and more and more drivers are embracing cashless payment options, a customer benefit highlighted earlier in this debate. However, such new technology is challenging

traditional operating boundaries between the taxi and private hire trades. I understand that it is straining the relationship between Transport for London and the industry, but I hope that by working in partnership, they can deliver a modern industry that continues to provide both choice and high standards.

The evolution of the private hire sector has helped to ensure that that form of transport is available to all in a cost-effective manner, particularly supporting those who cannot rely on other public transport services. The importance of local minicab firms, often small local businesses, was well outlined by the right hon. Member for Tottenham (Mr Lammy). Such companies are often established in their communities and have served them well for many years, providing a valuable service that needs to be maintained. That point was clear.

Uber and other new entrants to the market present major challenges to established business models, and I can understand the concern of London's taxi drivers. Uber London Ltd has been licensed by TfL as a private hire vehicle operator in London since 2012. The company has now applied for and been granted licences in 25 other licensing authority areas in England. In order to be granted a licence, Uber must meet the same standards as any other private hire vehicle operator in the local authority area. Therefore, 26 different authorities have decided that Uber is a fit and proper company, that its operating model meets the requirements of private hire legislation and that it keeps such records as the law requires.

Mr Charles Walker (Bromley) (Con): I apologise to colleagues for being late to this debate. There is something slightly sinister about Uber's business practices. My hon. Friend might be aware that in America, the board of Uber met to discuss how to discredit and destroy the career of an IT journalist concerned about its business practices. I hope that he is aware of such conduct by Uber and will take it into consideration when developing his thoughts on the company.

Andrew Jones: I thank my hon. Friend for that intervention. I have absolutely no sympathy for any company that behaves in such a way as to discredit others. Other colleagues in the House have highlighted poor practice, such as on taxes. I have no sympathy for any company that dodges its responsibilities, including on taxes.

Mr Walker: Basically, the company bullies local authorities and national Governments. It will not and should not be allowed to bully the Government of the United Kingdom.

Andrew Jones: I entirely agree with my hon. Friend's point. This Government will not be bullied by any individual company. We must keep in mind the qualities of the taxi and private hire sectors and what they have delivered over many years—in some cases, over centuries—for our city. Both are strong, important players and need a protected future.

I know that the London taxi trade fundamentally disagrees with TfL's views on how Uber calculates a fare. Many members of the taxi trade consider Uber's smartphone app to be essentially a taximeter. Taximeters are, of course, forbidden in London's private hire vehicles.

Transport for London has recognised that the law in respect of the issue is unclear and has applied to the High Court for a declaration. Members have asked when that case will be determined. It is due to be heard in the High Court next month, so we should let the court make its decision.

Transport for London's vision and strategy for the taxi industry is designed to maintain and enhance the high standard of service on which customers have come to rely. It will include development of the next generation of taxis, which will be environmentally clean and modern and suitable for passenger needs, particularly those of disabled people, a point consistently made by Members in this debate. The taxis will retain or enhance accessibility features to ensure a safe, smooth and comfortable ride.

The Mayor of London has announced plans to improve air quality in London, including by increasing the number of ultra-low-emission taxis. In April this year, the Office for Low Emission Vehicles announced the launch of a £45 million fund to support the roll-out of ultra-low-emission taxis across the United Kingdom. It includes £25 million set aside specifically for the Greater London area to help taxi drivers cover the costs of upgrading to a greener vehicle. The Mayor of London has pledged an additional £40 million, creating a £65 million fund to encourage the cleanest and greenest taxi fleet in the world.

At the same time, Geely, which owns the iconic London Taxi Company, announced plans for a new £250 million state-of-the-art facility to produce the next generation of low-emission London taxis in Ansty, near Coventry. Geely was awarded £17 million from the Government's regional growth fund to build the facility, which will create 1,000 new jobs and ensure that the London taxi continues to be designed, developed and made in the

United Kingdom. This shows the Government's support for the taxi trade throughout the country and will mean that the London taxi trade will play a leading role in improving the capital's air quality and meeting our climate change obligations.

Hon. Members may be aware that last year, the London Assembly's transport committee began an investigation into taxi and private hire services in London. As a result of that scrutiny, the committee made a number of recommendations to the Mayor and Transport for London on steps that they could take to improve taxi and private hire services in the city. In some cases, the committee was critical of the role of the taxi and private hire section of TfL, and I understand that members of both London's taxi and private hire vehicle trades gave evidence to the committee as to their dissatisfaction with TfL's actions as the licensing authority. The committee is responsible for questioning and scrutinising the actions of the Mayor, so it is not for the Government to comment on local licensing matters or the committee's actions.

My hon. Friend the Member for Richmond Park will be aware that the Department for Transport asked the Law Commission in 2012 to conduct a review of taxi and private hire vehicle legislation throughout England and Wales, including London. That was against the backdrop of the Government's red tape challenge and legislation that dates back to the first half of the 19th century and the age of the horse-drawn hackney carriage. Despite more recent legislation to allow for the

regulation of private hire vehicles, the recent innovations that I and colleagues have described this morning have demonstrated that the legislation used to regulate both the taxi and private hire trades is becoming increasingly outdated. Licensing authorities throughout England and Wales are now faced with the challenge of accommodating 21st century technology in 19th century legislation.

The Law Commission undertook a comprehensive review, its final report containing recommendations for a modern and simplified structure. The report not only provided crucial analysis of the problems posed by the current law, but provided solutions designed to make a difference to both the travelling public and people in the industry. Updated and simplified legislation will provide a modern and simple framework, ensuring public safety and providing the trade with certainty, making growth and competition easier. I cannot yet give the House a date for the Government response to the review, but the Law Commission's work has been powerful and important.

Richard Burden: It is good news that the Government are looking at the legislation, but it is not enough for the Minister to say that he does not know when the Government will respond. TfL is doing a review, the London Assembly is considering such matters, and Uber is growing. If the Law Commission has been meeting since 2012, when on earth will the Government make a decision about whether they are going to do something?

Andrew Jones: I completely recognise the importance of this case. We are seeing technological changes that require a legislative change, but getting this right is critical. The Government are still considering the matter, and I cannot give the hon. Gentleman any more detail at this moment.

Sadiq Khan: I thank the Minister for giving way again. I have been listening patiently to his speech, in which he has run through a range of issues. He has heard from the hon. Members for Romford (Andrew Rosindell), for Broxbourne (Mr Walker) and for Richmond Park (Zac Goldsmith), and from my right hon. Friend the Member for Tottenham (Mr Lammy), my hon. Friend the Member for Easington (Grahame M. Morris), the Opposition Front-Bench spokesman and me. He has heard that black cab drivers are going out of business every week. He has heard that private hire minicabs in areas such as Tottenham, Poplar and Canning Town, and Tooting are going out of business every week. He has confirmed that the legislation and regulations are "outdated"—made in the 19th century and not fit for purpose in the 21st century. Yet there is no sense of urgency from the Government. It beggars belief that the Minister can come to the second debate on this issue in the space of a number of months, and speak for 18 minutes without telling us what action the Government will take.

Andrew Jones: That smacks of a mayoral hustings debate rather than a Westminster Hall debate. The legislative framework is complicated and technology is changing. The Government took action by commissioning this complicated work from the Law Commission. That work is currently being digested and the Government will respond shortly. I cannot provide a date for the response, but the work is important and will provide

[Andrew Jones]

security and clarity not only for TfL, but right across the country. That has been understood, and voices from across the House have made that clear this morning.

My hon. Friend the Member for Richmond Park may be aware that TfL recently completed its own consultation on the regulations that govern private hire vehicles in the capital. That came in response to developments in the industry that I have described, including advances in technology and changes in how people engage and use private hire services. The proposed revisions to the regulations will be known later this year, and some of TfL's proposals may address concerns raised this morning.

I was asked several specific questions, which I will try to address now, although I have already answered some of them. On whether plying for hire has been defined, the Law Commission addressed creating such a statutory definition, but it came to the view, after careful consideration, that a statutory definition would not be a practical improvement on the current position. As for Ministers meeting celebrities, the Minister responsible for transport in London is in a Delegated Legislation Committee this morning, which is why I am covering this debate—

Grahame M. Morris: Will the Minister take a brief intervention on his previous point?

Andrew Jones: I am slightly running out of time, but I will give way.

Grahame M. Morris: Regarding the Minister's remark about the Law Commission and the statutory definition of plying for hire, given rapid technological advancements such as the Uber app and the complications that they are causing, does he recognise that the Law Commission advice is perhaps out of date? Is it not worth the Government considering the matter again?

Andrew Jones: There may be ways of addressing some of those issues, such as providing a definition of a lawful pre-booking, which will perhaps achieve the same

objective. The Government's response to the Law Commission is still a work in progress. We recognise its importance, and I am happy to commit to maintaining the Department's energy in delivering it.

I cannot comment on Ministers meeting celebrities—I have not met any—so I cannot really add to that. Do I agree with the comments about TfL's actions as a licensing authority? That is up to TfL and the scrutiny of Assembly Members. My hon. Friend the Member for Richmond Park mentioned price surging, and I will certainly write to TfL to highlight that point and to ask it to investigate. The same applies to the points made about predatory pricing. The key thing will be to start collecting evidence—if, indeed, this practice is taking place—so that we can make insightful comments. I have already commented on capping numbers.

On the regulation of fares, TfL is the licensing authority and has the power to set fares for London taxis. That regulation is an important element of consumer protection in the hail-and-rank market. TfL has no power to set private hire fares, which are set by the licensed operators. When booking a private hire vehicle, customers can shop around in advance and obtain a quote or estimate for a journey, which is why the regulatory authority sets no price constraint.

In conclusion, the Government are fully aware of the changes and challenges affecting the taxi and private hire vehicle industry in London and elsewhere in the country. The challenges include not only new technology and increased competition, but the need to ensure that vehicles play their part in improving air quality. The London taxi trade has rightly recognised such challenges, and I have recently been advised of a new campaign launched by trade bodies to promote London's taxis. I believe the reputation of the London taxi trade and its high-quality service mean that it is well placed to continue to compete in this changing market and have a strong and healthy future. That is what I want, and that is clearly the view of the House this morning.

Question put and agreed to.

Resolved,

That this House has considered the future of black cabs in London.

FOI Requests: Scotland Office

10.59 am

Sir Edward Leigh (in the Chair): Order. We now come to an Adjournment debate, to be moved by Mr Peter Grant, on the Scotland Office response to freedom of information requests.

To set the guidelines for this debate, I will just make a short opening statement, which is being made after consultation with the Clerks of the House of Commons. I should advise Mr Grant that he should not make direct reference to the proceedings of the case before the Election Court concerning Alistair Carmichael, nor should Mr Grant state what he thinks the judgment should be—*[Interruption.]* Could hon. Members and members of the public leaving Westminster Hall do so quietly, please? Mr Goldsmith, I am reading out a very important statement concerning the sub judice rules. Nor should Mr Grant state what he thinks the judgment should be in a case before the Election Court. He should focus his remarks on the Scotland Office's failure to comply with FOI requests and not upon current legal proceedings.

As it is a matter of public record that before 22 May Mr Carmichael denied all knowledge of the leak and after 22 May admitted full responsibility for it, it is hard to insist that references to this fact should not be referred to in debate, as they are not a matter of legal argument. However, what is a matter of legal argument is whether Mr Carmichael's character and conduct in this matter fall under the Representation of the People Act 1983 and should result in his election being declared null and void. Also, Mr Grant should of course not use the occasion of the debate to impugn the character of Mr Carmichael.

I call Mr Grant to speak.

11 am

Peter Grant (Glenrothes) (SNP): I beg to move,

That this House has considered the matter of FOI Requests: Scotland Office.

Thanks very much, Sir Edward, for putting on the public record the advice that I have had previously when I have discussed my request for this debate with the Table Office, and of course I will comply entirely with that advice, as was always my intention.

I am grateful for the opportunity to have this debate this morning, but I suspect that, as with most people who secure debates in Westminster Hall, I really rather wish that it had not been necessary to do so, because I wish that not only the Scotland Office but other Ministers up to and including the Prime Minister had been a bit more open about what Ministers knew and when they knew it.

My intention in securing this debate and in raising matters related to this issue in the House on numerous occasions has nothing whatsoever to do with the former Secretary of State and the continuing right hon. Member for Orkney and Shetland (Mr Carmichael). My intention is to find out what else has been going on that was completely beyond the remit of either of the two inquiries that have been set up, because I understand that a standards inquiry may still be conducted into the matter.

To put things into a bit of context, I have always had a very keen interest in freedom of information legislation. As a serving councillor in the 1990s, I was on the record as saying that a proper Freedom of Information Act and proper proportional representation would make between them the single biggest improving difference to the way that local government operates, and the experience in Scotland to date certainly suggests that that is the case.

I have previous experience of working in the NHS, in the days when Michael Forsyth was Secretary of State for everything, including health, and I saw at first hand the catastrophic impact that secrecy in the NHS in Scotland had, because major financial difficulties were covered up time and time and time again, until eventually the health board in the area that I lived in and that I had previously worked for nearly went bust, as did several other health boards in Scotland.

Freedom of information has been described as a snooper's charter, but it is not; it is a way of giving the public a chance to hold all of us properly to account. My view on FOI has always been that if someone does not want to be held to account, they should not be here. The single golden rule about freedom of information is not the Sir Humphrey Appleby line, "You never try to conceal from the public that which they would be able to find out in any case"; the rule about freedom of information should always be, "If it would damage your career for the public to find out what you were doing, then you shouldn't have done it in the first place". That is the acid test that should always be applied.

I found it interesting that shortly before the summer recess the Government announced that responsibility for freedom of information legislation was moving from the Ministry of Justice to the Cabinet Office. When I saw a statement a few days ago that the Information Commissioner has put the Ministry of Justice on special measures because the Ministry is so bad at answering its own FOI requests, I wondered whether that had something to do with this change, because the MOJ is managing to respond to only 75% of FOI requests within the statutory time. Then I realised that the Cabinet Office is also achieving exactly 75%.

However, I will concentrate on the Scotland Office. Between 2012 and 2014, it received 280 resolvable FOI requests; in other words, requests about information that it actually held and that it was capable of responding to. Only 25 of those FOI requests were fully withheld, which is less than 10% of the total number received; in only 11 cases during that period did the Scotland Office claim any form of exemption from responses; and in only one case out of the 280 requests over a three-year period did the Scotland Office ever claim that somebody's physical or mental health or safety would be endangered if information was released.

However, when somebody asked for a copy of a memo that had already been released to the press, the Scotland Office response was, first of all, to withhold that information fully, which immediately makes it an unusual response. The Scotland Office claimed that that request was exempt, but in 2014 it never claimed that anything was exempt, so again that shows that its response to that request was somewhat unusual.

Initially, when the Scotland Office responded to that request it claimed that releasing the memo might damage our relations with the French Government. That is an

[Peter Grant]

exemption that may well have merit; I would not like to comment on that in full. I could understand that there might be concerns that disclosing the contents of the memo might harm diplomatic relations with the French Government, but it is a pity that nobody thought about that when the memo was put in *The Daily Telegraph* in the first place. It is also a pity that the senior civil servant who phoned the French embassy to ask about a private conversation between French diplomats and the elected Head of the Scottish Government did not stop to wonder whether that was being disrespectful to the Scottish Government.

So, one of the things that I would like to have answered today, and one of the reasons why I am continuing to push this matter, is this question: is it common practice for Whitehall civil servants to go behind the back of Scottish Government Ministers and to follow up every private meeting those Ministers have with overseas diplomats in order to find out what was said? I would suggest to civil servants in the Scotland Office or in any other office of Government that if they want to find out what the First Minister of Scotland has said to foreign diplomats they should ask the First Minister of Scotland. Apart from anything else, that way there is less danger of things getting “lost in translation”, which I believe is the quote being used now.

I go back to the original FOI request. Following its being refused on the grounds that it might damage relations with the French and then on the grounds that it contained personal information, the question is this: whose personal details were in the memo? If there were the names of senior civil servants, and certainly if there were the names of Government Ministers, it cannot possibly be claimed that that is exempt information. The Data Protection Act is not there to protect Ministers from being held accountable for what they did, or even for what they knew.

The applicant asked for an internal review, which is supposed to be a chance for the answering Department to get the matter right second time around. However, rather than accepting that some of the exemptions no longer applied, the Department discovered that releasing the memo would in fact cause a danger to somebody's physical or mental health and safety. The Department, having explicitly said in a letter of 15 June that it had considered that exemption and found that it did not apply, then discovered by 28 July that releasing the memo would put somebody's health or safety in danger. I do not know what had happened in the meantime; I do not know whether one of these children from Syria who are actually Daesh operatives in disguise and who we keep hearing about had somehow got in under the radar.

The Information Commissioner is very clear about what the health and safety exemption means. It does not mean that it might be upsetting or stressful for somebody if a document is released. The Information Commissioner cited examples. For instance, disclosing information about a highly contentious research facility—one that is, for example, conducting research on animals—could threaten the safety of those working there and their families. So, that is a valid ground for withholding information. Equally, if someone is asking for information

about a murder investigation, it might be that releasing that information would be extremely stressful or distressing for the family of the murder victim. Again, that is a legitimate case for using the health and safety exemption. But for the life of me, I cannot imagine what could have been in that memo that could possibly endanger anyone's physical or mental health or safety if it had been disclosed. I look forward to the Information Commissioner's response on that point, because I understand that in the particular case that we are discussing today the applicant has referred it to the commissioner for a ruling.

In that regard, it is perhaps worth noting that although most of these FOI requests were made a few years ago, the Scotland Office has an 80% failure rate on appeals that are referred to the Information Commissioner. In 80% of those cases, the commissioner said that the Scotland Office got matters either completely wrong or partly wrong. As I say, some of those FOI requests were from a few years back, when everybody was learning the ropes, but the Scotland Office's record is still not a particularly clever one that it should try to defend.

It is not only in response to FOI requests that we are seeing this refusal to co-operate. I have put any number of questions to Government Ministers, up to and including the Prime Minister himself. Interestingly, when I asked the Prime Minister directly which Ministers knew the memo existed, which of them had seen it or had had access to it before the unauthorised leak—not who had leaked it—he did not answer on behalf of all the other Ministers; he declined to answer, on their behalf. All he did was refer me to the press release that the Scotland Office and the Cabinet Office had issued on 22 May, with the results of their inquiry, which does not say anything about who else had access to the memo. It refers to those who did have access but does not identify which Ministers may or may not have had that access. That, therefore, is another question I would like to have answered just now: which other Ministers and senior civil servants had access to the memo before the unauthorised disclosure?

That question is important because it starts to get to the nub of why the memo was written. We know it was written by a senior civil servant in the Scotland Office but, interestingly, we do not know who it was written for, who instructed the civil servant to go behind the back of our First Minister and ask the French embassy for its account of a private conversation involving the First Minister.

I would like to know—well, first I would like to know where the Secretary of State for Scotland is, but we might get an answer to that later—whether it is common practice for UK Government Departments to follow up private meetings between Scottish Government Ministers, or indeed Ministers from the Welsh or Northern Ireland Assemblies, and overseas diplomats, and for Whitehall to go behind Ministers' backs and ask overseas Governments for their account of those meetings without bothering to check it for accuracy, in this case with the First Minister of Scotland. If they had bothered to do that before the memo was written it would have become clear that a lot had indeed been lost in translation.

The most important question I want answered—and I will continue until I get answers—is: which Ministers were aware of the memo? Which Ministers were sent copies of it before it was leaked? I do not know why the Government are so determined to withhold that information

from us, but I am an awkward person—that goes with the badge—and the more a public body tries to deny me access to information that my people want the more convinced I become that there might be something in it that it really does not want us to see and the more determined I become, therefore, to find it.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Does my hon. Friend feel that the Government are renegeing on the Freedom of Information Act? The Government explained in a 1997 White Paper that their aim was to be more open, to be a Government based on mutual trust:

“Openness is fundamental to the political health of a modern state. This White Paper marks a watershed in the relationship between the government and people of the United Kingdom. At last there is a government ready to trust the people with a legal right to information.”

Is that information being withheld?

Peter Grant: I am grateful to my hon. Friend for her question. It is not for me to say whether in this instance the Scotland Office complied with the Act; that question is now with the Information Commissioner. From my experience, primarily of the equivalent legislation in Scotland and my couple of significant successes against big public bodies—I have taken appeals to the commissioner and won—I cannot see how the physical or mental health or safety exemption can apply to a piece of paper. Similarly, I cannot see how the same exemption can apply to the Cabinet Office telling us when the inquiry was finished. Lord Chilcot was able to tell us that he had finished taking evidence in an inquiry about an illegal war in the middle east. No one would have been endangered because of that, yet it endangers someone's health or safety if the Cabinet Office tells us the day on which the Cabinet Secretary finished speaking to witnesses about the inquiry. There is a clear question in people's minds about why the results were not announced until after the general election, and there may well be legitimate reasons for that, but until the Cabinet Office is prepared to come clean on that particular aspect people will always wonder what is happening.

My concern is that something does not smell right. If there is absolutely nothing to hide, why are the Government going to such extraordinary lengths to keep it hidden? Can we be told today, on the record, which Ministers were aware of the contents of the memo before it was leaked? Why was the memo written and was it part of a routine process of going behind the backs of Ministers of the devolved Governments to find out what has happened in their private and confidential conversations with friendly Governments?

11.14 am

The Minister for Civil Society (Mr Rob Wilson): I congratulate the hon. Member for Glenrothes (Peter Grant) on securing the debate. I am aware that the Scotland Office received a number of freedom of information requests about the leak of a memorandum produced within the Department, and also about the investigation into the leak conducted by the Cabinet Office. I am also aware of the hon. Gentleman's efforts in Parliament to obtain information about the matter. I hope it will help him, and others here today, if I respond to the points made by first saying—as he did—something about the

Government's general approach to freedom of information and the Freedom of Information Act and, secondly, about the operation of leak inquiries, and of this case in particular.

It is important to state clearly that the Government are committed to openness, and recognise the contribution that the Freedom of Information Act has made to greater transparency. But for any freedom of information regime to operate effectively, it is also important that it provides appropriate safeguards against the disclosure of sensitive information. The Freedom of Information Act contains a range of exemptions designed to protect sensitive material from inappropriate disclosure. Some, such as those relating to personal data and court records, are absolute, but others, such as those relating to investigation and health and safety, are qualified. Before such qualified exemptions can be applied, it is necessary to consider the public interest for and against disclosure, and only when the balance of the public interest favours withholding information can an exemption be applied.

The Scotland Office has a strong record on answering freedom of information requests. In 2014, the Department received 154 requests, 92% of which were answered within 20 working days—the equivalent figure for the Scottish Government was 77%. Of those 154 requests, 69 were granted in full and nine were declined in their entirety. In other words, the Department granted 85% of the requests received in 2014 and entirely declined just 11%. Figures for 2015 have so far been published for only the first quarter, but they are broadly consistent with those for 2014. From January to March this year, 90% of Scotland Office requests were answered within 20 working days and 82% resulted in full disclosure. That record demonstrates the seriousness with which the Scotland Office, like the rest of the Government, takes its obligations under the Freedom of Information Act, and clearly shows that when it is in the public interest to release information, that material is provided.

The hon. Member for Glenrothes raised concerns about the handling of specific cases. He is doubtless aware of the appeals route that exists under the Freedom of Information Act but it might, nonetheless, help if I said something about it now. An applicant who is dissatisfied with the response he or she receives to a freedom of information request has the right of appeal, and I understand that a number of applicants have chosen to exercise that right in relation to requests about this particular matter. An applicant may first ask the public authority to conduct an internal review of its original decision to decline a request. Should the applicant remain dissatisfied, he or she may submit a complaint to the Information Commissioner under section 50 of the Freedom of Information Act. The Information Commissioner's Office, which is independent of Government, has the power to issue a binding decision notice ordering disclosure if it concludes that information has been wrongly withheld. It is then possible for applicants and public authorities to appeal further to the first tier tribunal and, on a point of law, beyond that to the upper tribunal or courts. Freedom of information requests received about the leak and resultant investigation were answered based on an assessment of the requested information's sensitivity. I recommend those dissatisfied with the responses they have received to appeal those decisions through the channels I have described.

[Mr Rob Wilson]

I conclude my comments on freedom of information by re-emphasising that for the Freedom of Information Act to function effectively, it is important that it strikes an appropriate balance between transparency and the protection of sensitive information.

Peter Grant: Given that the Minister has indicated that he is coming to the end of his comments, does he intend to answer any of the questions that I asked? Are the Government prepared to answer them at any time? If not, perhaps the Minister can just say that they are not going to answer them.

Mr Wilson: I intend to answer all the questions that the hon. Gentleman raised. We have 10 minutes more to debate this matter, and if he gives me the time and has some patience, I will be perfectly happy to deal with the questions he asked.

The Freedom of Information Act has now been in operation for more than 10 years, and it is therefore right that we review its operation. That is why we have recently established an independent commission on freedom of information, which is looking at the protection the Act provides for sensitive information and its costs to public authorities. The commission will report by the end of November.

Against the backdrop I have described, I will address the particular concerns expressed by the hon. Member for Glenrothes on the leak of the Scotland Office memorandum. It is important to underline that the Cabinet Office completed a full and detailed inquiry into the leak, and we have been transparent about the purpose and findings of the inquiry at every stage. In response to concerns expressed by the First Minister, on 4 April 2015 the Cabinet Secretary instigated a Cabinet Office-led leak inquiry to establish how extracts from the document may have got into the public domain. The leak inquiry followed thorough and well-established procedures for dealing with such matters. In investigating the source of the leak, the investigation team searched all relevant official phone records, emails and print logs. Those who had access to the memo were asked to complete a questionnaire on what they did with the memo when they received it. They were then interviewed about that.

The Cabinet Office issued a statement on 22 May 2015 confirming the conclusions of the investigation. That statement is available on Gov.uk. It is a well-established convention that the Government do not comment on the process or conclusions of leak inquiries. However, in recognition of the particular sensitivities of this matter, the Cabinet Secretary felt it was necessary and appropriate to set out details of the approach taken during the investigation and the conclusions reached. In that respect, we have gone further than ever before in providing information on the investigation.

Members will recognise that an important balance has to be struck in handling such inquiries. It is essential that we ensure that the public have full confidence and trust in the operation of leak inquiries and are assured that appropriate action is taken where conclusions are reached. Alongside that, however, is a wider public interest in ensuring that leak inquiries take place in an environment where individuals feel able to contribute fully and frankly and have complete confidence that any

evidence provided will be handled with confidentiality. Maintaining the confidentiality of the detailed operation of such inquiries is critical in ensuring that future inquiries and broader whistleblowing processes are trusted and effective, receiving the full co-operation of all.

Alongside that, the Government do not release investigation reports, which may reveal techniques used by Departments and insight into how to avoid detection. The Cabinet Office and the Scotland Office received a number of FOI requests relating to this matter. They were handled in the usual way, with full consideration given to the weight of public interest in each case. Any decisions to withhold information reflected the important need to maintain a safe space around the operation of leak inquiries and were balanced against the unprecedented amount of information already in the public domain. As I have already set out, clear routes of redress are open to any individual who feels their particular request has not been handled fairly or appropriately, either through an internal review or referral to the Information Commissioner's Office. We will continue to handle any such cases on their individual merits.

The hon. Member for Glenrothes asked specific questions about why the Government have not released the memo in question. As the Leader of the House made clear in response to the hon. Gentleman's questions, it is important that the Government can operate in the interests of the country, and by that I mean the UK. In considering the hon. Gentleman's specific request for sight of the memo, the Scotland Office concluded that releasing the memo would be detrimental to international relations. Anything that would hinder the United Kingdom's ability to work with its international partners would damage the United Kingdom's ability to protect and promote its interests abroad, which would not be in the public interest.

As the Cabinet Office statement of 22 May made clear, the investigation team interviewed the civil servant in the Scotland Office who produced the memorandum. He confirmed under questioning that he believed that the memo was an accurate record of the conversation that took place between him and the French consul general. He highlighted that the memo had stated that part of the conversation between the French ambassador and the First Minister might well have been "lost in translation". Senior officials who have worked with the individual say that he is reliable and has no history of inaccurate reporting, impropriety or security lapses. The Cabinet Secretary concluded that there is no reason to doubt that he recorded accurately what he thought he had heard and that there was no evidence of any political motivation or dirty tricks.

I want to see whether I can deal specifically with some of the hon. Gentleman's questions. He asked who saw the memorandum. The Cabinet Office statement on the leak inquiry made it clear that the former special adviser, Mr Roddin, and the right hon. Member for Orkney and Shetland (Mr Carmichael), who gave his assent, were responsible for the leak, and that no one else had any involvement in leaking the memo. The Scotland Office operates within the civil service code, and the inquiry did not find any issues of propriety with Scotland Office officials. We would not normally comment on internal communications.

The hon. Gentleman asked about the common practice for civil servants to go "behind the back" of Ministers—I think that was his phrase—and speak to foreign diplomats.

It is common practice for UK Government Departments to engage with diplomatic and consular corps across the United Kingdom and to share factual information about our respective activities on a wide range of issues, including Scotland. The UK Government and the Scottish Government regularly share information on engagement in international activities in a manner that is consistent with a memorandum of understanding and supplementary agreements between the UK Government, Scottish Ministers, Welsh Ministers and the Northern Ireland Executive. Officials at the Scotland Office work within the guidelines set out in the civil service code and the inquiry did not find any issues of propriety with Scotland Office officials.

The hon. Gentleman asked why the Cabinet Office has taken FOI policy from the Ministry of Justice. That is presumably because it is logical for FOI policy to sit within the Cabinet Office, given that it is the lead in transparency policy in general across Government. He also asked why the Scotland Office used an exemption relating to physical and mental health. The Scotland Office applies freedom of information exemptions to requests on a case-by-case basis. If an individual is unhappy with the handling of a case, they can go to the Information Commission or tribunal.

I think that directly handles the questions that the hon. Gentleman asked me. As I have previously set out, it was a thorough investigation and I am clear that the statement issued by the Cabinet Office in May deals robustly with the concerns that he and others have expressed.

Question put and agreed to.

11.29 am

Sitting suspended.

Child Poverty

[MR GERALD HOWARTH *in the Chair*]

2.30 pm

Kirsten Oswald (East Renfrewshire) (SNP): I beg to move,

That this House has considered child poverty.

It is a pleasure to serve under your chairmanship, Mr Howarth. I am delighted to have secured a debate on this vital topic. Child poverty unfortunately blights the lives of so many children throughout the UK, and should surely be a concern of absolute priority for the Government. I note, however, that in July's Budget the Chancellor of the Exchequer launched the Tory Government's latest plans to attack the poor, the vulnerable and the helpless in society.

The most recent target of the Government's austerity crusade is our children. I have to wonder what that says about their priorities. They have often been heard to give much less than reassuring explanations for their dismantling of the welfare system, saying they are building a better, fairer society, where work pays. How do the proposals in the Welfare Reform and Work Bill truly build a better, fairer society? It is my contention that the Government are simply not concerned about fairness. In fact, it could be considered spineless to attack the people in our communities who most need our assistance: the working poor, the ill and the unemployed. Ultimately, the weakening of the welfare system has and will continue to hit low-income families and children the worst. Is that really the way forward?

Currently, 3.7 million children in the UK are living in relative poverty—that in itself is just not good enough. Shockingly, however, rather than actively stepping up to address the challenges facing children today, the Tory Government have hit out with further assaults on the poorest in the UK. The Institute for Fiscal Studies has predicted that, as a result of the Government's most recent policies, child poverty could increase by more than a million from 2010, reaching highs of 4.7 million by 2020-21. Those are astonishing figures. It is frankly deplorable that, in a region as rich as the UK, such shameful, regressive and unacceptable policies should be even considered by the Government, never mind being pushed through this House.

Today, in another Chamber, right as we speak, the Government will move to reduce the amount people can earn—from £6,420 to £3,850—before tax credits begin to be withdrawn. The same measures seek to reduce the threshold from £16,105 to £12,125, as well as to increase the taper rate, which will mean that families reliant on those benefits lose out faster. That is simply illogical. It is incomprehensible and immoral to focus cost-cutting exercises on children.

Tax credits were introduced in 1998 in response to rising child poverty. Since their introduction, the number of children living in poverty in the UK has fallen from 26% to 17%. Surely the policy was working? Although we know that more needs to be done to lift all children fully out of poverty, at least tax credits have been keeping food on the table for children, and their parents' heads above water. Today, the Tory Government move to take us backwards, to intensify the difficulties facing the working poor and our children.

[Kirsten Oswald]

In Scotland, 346,000 children will be affected by the tax credit changes—that is more than 197,000 families. In my own constituency of East Renfrewshire, nearly 15% of children are living in poverty, after housing costs. That is of great concern. The Child Poverty Action Group has estimated that the overall child poverty rate in Scotland could increase by a colossal 100,000 by 2020. Surely it is not good enough for us simply to vote against these measures; surely we have also to question the Government's motivation. What sense is there in their actions, taking food from children's mouths? I find it difficult to see how members of the Conservative party are not deeply concerned about the measures and proposals on child poverty, which is why I have brought this issue to the House today. I would like to force the Government to re-examine their proposals before it is too late.

As an elected representative, it is sickening to me to think of even one child in poverty, never mind such incredible numbers. I despair for the children in my area who will be affected by the Government's actions. I despair for children around the world, so I urge the Government to do what they can in the UK and to heed the warnings given by the charity and voluntary sector, which has said that the proposed policies will plunge more children into poverty rather than pulling them out.

The Government have given us no plausible evidence base to demonstrate how cutting tax credits will incentivise work; I challenge Government Members present to address that point. Before they do, I remind them that the Government's own evidence review of drivers of child poverty last year noted that the most important barriers to children exiting poverty were those arising from a lack of sufficient income from parental employment, not just worklessness.

It has been confirmed by the House of Commons Library that 99,600 out-of-work families in Scotland are receiving tax credits, compared with 250,300 families who are in work and receiving tax credits. The Government therefore contradicted their own testimony that cuts to the welfare system will make work pay: it is clear that working families and their children will suffer most from the tax credit changes.

It is clear that the UK Government were planning to give with one hand and take with the other when the Chancellor announced his golden ticket increase of the minimum wage. As ever, the devil is in the detail. The Office for Budget Responsibility estimates that the higher minimum wage rate will increase earnings by £4 billion in total by 2020; however, there will be welfare cuts of £12 billion. That simply does not add up. In any case, the policies target different groups, with those hit by cuts to tax credit unlikely to benefit from the minimum wage rise.

It is extremely worrying that the Tory Government have gone one step further in the Welfare Reform and Work Bill by enforcing a two-child cap on families who will be eligible for receiving child tax credit from 2017. Currently, 872,000 families in the UK—548,000 of whom are in work—receive an average of £3,670 a year for supporting a third child or subsequent children. The

policy is deeply unfair, and threatens to undermine the financial stability of thousands of families who are at a higher risk of poverty.

The Government's own national poverty strategy recognises that the risk of child poverty is already significantly higher among larger families. In fact, a third of children living in poverty are in families with three or more children. The Government's rationale is still unclear. There is no evidence base to show how the measures would somehow bring about some kind of behavioural change, should that be their plan. To deny assistance to families—most of them working—who fall on hard times or into a low income but have three or more children, is completely condemnable. The policy seems to be based on the assumption that a third child is now a luxury commodity, reserved for the most affluent, but the right to a family life should surely be protected and encouraged by the Government.

The Government's welfare reform measures have already hit some of those most at risk of poverty, and the new proposals will undoubtedly thrust more children into poverty, but one of the Government's most troubling moves is to remove the requirement in the Child Poverty Act 2010 to report on income targets. They have renamed the Child Poverty Commission the Social Mobility and Child Poverty Commission, which represents a stark shift in focus from tackling poverty to promoting social mobility and equality of opportunity rather than of outcome.

The removal of income targets means the fundamental driver of poverty is de-prioritised. Do the Government no longer care how much money people have in their pockets to feed their families? Instead, by focusing on targets that are not necessarily related to poverty, the Government are taking worrying steps towards characterising poverty as a lifestyle choice, rather than addressing the social and economic drivers that cause people to fall into poverty. I wonder whether there is a link between their attacks on the welfare system and their rationale for watering down commitments to protecting children.

It is worth noting the Scottish Government's approach to tackling child poverty. Under the Scottish National party, the Scottish Government will look at a Scottish approach that builds on the innovative child poverty measurement framework, with a view to introducing a new approach to reporting on measures to tackle poverty. Scotland has shown its commitment to tackling inequalities and lifting children out of poverty, and I am pleased to note that the Scottish Government's Social Justice Secretary, Alex Neil, has requested that the UK Government repeal all parts of the Child Poverty Act relevant to Scotland and confirmed that the Scottish Government will remove themselves from the new social mobility commission. Instead, they will develop a distinct Scottish approach that does not ignore the increasing problems of in-work poverty.

Coupled with the squeezing of the benefit cap and work-related conditions imposed on families with younger children, the UK Government's austerity campaign is on course not only to hit hard-working and low-income families, but to sink more children further into poverty. It is beyond reason and moral thinking for the Government to identify the poorest children in the UK as the target for shouldering the bulk of their cuts. To protect children, to ensure that they have full access to a real childhood

and opportunities to grow and flourish in education, as well as socially, the Government must withdraw the measures in the Welfare Reform and Work Bill, halt the changes to tax credits and continue to build on the good work of the child poverty commission, rather than getting rid of it.

Mr George Howarth (in the Chair): Order. I do not propose to impose a time limit at the moment, but seven Members have indicated that they want to speak, excluding the SNP and Opposition spokespeople and the Minister. If those who are called can emulate the great self-discipline exercised by the mover of the motion and keep to a time limit of seven minutes, we should be able to get everybody in.

2.41 pm

Angela Crawley (Lanark and Hamilton East) (SNP): I welcome the opportunity to contribute to today's debate under your chairmanship, Mr Howarth, and to raise the concerns of many of my constituents.

Let me say first that this Government's approach to child poverty goes against everything for which I stand. Plans to repeal the majority of the provisions of the Child Poverty Act 2010 demonstrates a blatant lack of understanding of what it actually means to be in poverty and highlights the ever-growing gulf in politics across these islands. The SNP were sent here in such substantial numbers to ensure that Scotland's voice is heard and to provide a real opposition to the most right-wing Government since Thatcher's. Make no mistake: this Government do not have the mandate to inflict such brutal measures on my constituents and others in Scotland.

According to the Child Poverty Action Group, 21% of children in my constituency grow up in poverty. That may just sound like a number, but it represents the lives of the children whom I represent. The figure is echoed across, but not limited to, Scotland, with more than one in five of our nation's children living in poverty—210,000 children. The same statistics exist across the UK and are being disregarded by the Government's welfare reform programme and ignored by the Government, who have chosen to overlook the importance of the future lives of children across these islands. These children need support, not savage cuts to their security and that of their families.

We came to the House to use what power we have to help lift people out of poverty and to help those we represent out of deprivation, not to kick them while they are down. We have to consider the bigger, long-term picture of what austerity means for our young people. One million additional children across the UK are expected to grow up in poverty by 2020, meaning 5 million children in poverty in one of the world's richest nations. In Scotland, that would mean an additional 100,000 children growing up in poverty. The Institute for Fiscal Studies estimates that the benefit cuts already made at Westminster have saved the public purse a mere £2.5 billion. Yet, the cuts have cost society more than £20 billion. How can the Government justify and balance those figures? If the obsession with austerity failed in the last Parliament, why will it work now?

Growing up in an area of multiple deprivation, I know only too well the negative impact that that can have on a child's health, life expectancy, academic outcomes and future success in the workplace. I witnessed young

people's life chances diminish. I witnessed my peers not go on to achieve their full potential simply because they grew up in poverty.

Douglas Chapman (Dunfermline and West Fife) (SNP): Tax credits were mentioned earlier. They were introduced in 1998 as a response to rising child poverty, and that met with some success. Does my hon. Friend agree that any negative changes to the tax credit regime will lead to increasing child poverty in future?

Angela Crawley: Cuts to tax credits for families with more than two children will make some of the poorest families even poorer. Some 21% of UK families in receipt of tax credits have three or more children. Who are this Government to tell any family how many children it can have and say what price should be put on a child's head? Furthermore, the proposal to eliminate the term "child poverty" is semantics over substance. Instead of tackling the real issues, this Government focus on playing politics with people's lives.

The proposals in the Welfare Reform and Work Bill would see the removal of targets on absolute, relative and persistent poverty, as set out in the Child Poverty Act 2010. There has also been an increase in the proportion of children in poverty living in working families: now a staggering 63%. The impact of limiting child tax credits to the first two children will mean a huge negative impact on a minority of families. This Government cannot possibly justify such arbitrary and incomprehensible measures. We are talking about the poorest people in our society, the most vulnerable and the people who need our help the most. If this Government will not represent them, I certainly will. I am concerned that pushing the poorest into even deeper poverty will lead to statistics plummeting dangerously—statistics that are thrown around like weapons that do not relate to the lives of individuals.

We must ensure that the cuts are not allowed to go ahead, because the results will be disastrous, with no benefit whatsoever to working families across the country. The Welfare Reform and Work Bill fails to take into account the lasting damage to future generations of young people. I urge the Minister to rethink these arbitrary measures and consider the role that poverty plays in our society.

2.47 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I congratulate my hon. Friend the Member for East Renfrewshire (Kirsten Oswald) on securing such a vital debate. My constituency is perhaps not the first to come to mind when thinking of areas where poverty strikes, but our enduring challenge is the low-wage economy. Unemployment is low in comparison with many other areas, but low wages are the biggest threat to children growing up there. Indeed, low wages, coupled with the increased cost of living, have certainly played a part in 210,000 children in Scotland living in relative poverty, many of whom come from families in which at least one parent is working. That should quite simply be considered an outrage.

We often hear the UK Government talk of making work pay, yet policy decisions achieve quite the opposite. In my constituency, that means one in five children growing up in poverty, with the figure as high as one in

[Drew Hendry]

three in some parts. Changes to the tax credit regime will, without question, further worsen the living conditions of over 7,000 children in Inverness, Nairn, Badenoch and Strathspey, as up to £1,000 a year is taken out of family budgets. The measures announced in the Budget are regressive, and it is children in families with the lowest incomes that continue to be hit hardest. It should be borne in mind that the proposals will affect life chances in areas of high deprivation, and families who are on the radar of financial distress. They will also be part of daily life for those who are afraid to admit to their situation, through fear of unwanted service disruption or sheer embarrassment at the stripping away of layers of personal pride that the removal of support leads to.

I want to share how, in the highlands, in-work families will lose out as a result of the tax credit regime changes. Limiting tax credits to two children results in the removal of £7.2 million from welfare payments in Highland—simply put, that is £7.2 million from low-wage, low-income families. Removing the family element of tax credits takes £4.02 million from welfare payments in Highland, which is £4.02 million from low-wage families. Increasing the tax credit taper from 41% to 48% means the removal of £7.77 million from welfare payments in Highland. The reduction in income thresholds in tax credits equates to a removal of £33.33 million from welfare payments in Highland, which is a further £33.33 million from low-wage families. I will stop with the numbers, but everyone in the Chamber knows that they go on and on.

I want to ask the Government this: in our low-wage but low-unemployment economy, how do such cuts ever help make work pay? They do not. Families are already struggling with housing costs, heating bills and food prices, and parents face a harrowing choice between heating their home or putting food on the table, with some even wondering if they will still qualify for the food banks because of the number of their visits. In a growing number of cases, due to the oppressive sanctioning regime faced by my constituents and many others, there is the phenomenon of no-income poverty.

Thank goodness the Scottish Government have, by paying, done what they can across the piece to mitigate the outrageous bedroom tax imposed on Scotland. In the highlands there are virtually no one or two-bedroom social housing units, which has been a real problem. Through no fault of their own, people have been scared and intimidated. Again, they have had to be compensated by the Scottish Government.

Poverty robs children of their childhood. Children and young people growing up in poverty face limited life chances. We surely should not accept any child growing up without a fair start in life. The charity Barnardo's Scotland says that its caseworkers have recorded numerous cases of having visited homes where there was literally no food in the cupboards. The UK Government need to take action to reverse, not increase, child poverty. As others have said, these children are more likely to live in poor housing, to suffer chronic illness in childhood, and to die at birth or in infancy.

2.52 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for East Renfrewshire (Kirsten Oswald) on bringing the subject to Westminster Hall for

consideration. It is a pleasure to speak and to add my thoughts from a Northern Ireland perspective. I am happy to be involved. I will outline the case in Northern Ireland and how we are being affected. I will probably reflect the point of view of the two others who have spoken, the hon. Members for Lanark and Hamilton East (Angela Crawley) and for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry).

The issue is clearly important. When we hear about poverty, as we do every day, and in particular child poverty, our minds instinctively conjure up images of children living in parts of Africa, or in war-torn countries such as Syria. Given the media attention and the charities involved in trying to end poverty throughout the world, that is unsurprising. In no way do I intend to lessen the horrendous difficulties to which children living in those countries are subject. Unimaginably, they have no clean water, little food and little clothing; unfortunately that is the reality for many.

Poverty, however, means more than that. It is perhaps shocking to learn that here in the United Kingdom of Great Britain and Northern Ireland poverty is a reality for many families. The most recent projections from the Institute for Fiscal Studies, produced before the 2015 summer Budget, suggested that by 2021, in the United Kingdom, 3 million children would be in relative poverty, not taking account of housing costs, and some 4.3 million taking account of housing costs.

Low income affects direct measures of children's wellbeing and development, including cognitive ability, achievement and engagement in school, anxiety levels and behaviour. Life is difficult enough, but as the years go on, I become more convinced that, certainly in some ways, times are getting harder for our children—clearly, they are. It seems commonplace to see pressures thrust on children and young people from a young age. Getting good results, going to university and getting the best jobs are admirable objectives, but they are much harder for children to achieve when they face increased anxiety and feel less engaged with school.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey mentioned low income, and I will, too. This debate is timely, particularly because the tax credit changes are being discussed today—we will shortly have a chance to vote on them. My party will certainly oppose the changes. The cuts will have a substantial impact on child poverty. The IFS examined the impact of different cuts to benefits in its February 2015 "Green Budget" and estimated that the £5.1 billion of proposed cuts to child tax credit would increase child poverty by 300,000. My goodness! If we are not shocked by those figures, we should be—and embarrassed. The Treasury estimates the impact to be even greater. As well as increasing child poverty, the changes will significantly weaken incentives to work, because the impact of the cuts will fall disproportionately on low-income working families. That is obviously the reverse effect from the one that we want. Our aim in government is, or should be, to assist more people into work—it must be more financially beneficial to go to work than to remain on benefits. There is also pride in having a job and going to work every day, and it brings someone a routine.

We must ensure that wages reflect the cost of living, which is the problem in Northern Ireland. It is estimated that back home in Northern Ireland one in four children

will be living in poverty by 2020, and more than half of children growing up in poverty live in working households. That is the main problem in Northern Ireland, much as the hon. Gentleman said it was in his constituency. We are not alone in that, as the issues stretch right across the whole United Kingdom. The Government's January 2014 "Evidence review of the drivers of child poverty" found that the most important factors standing in the way of children exiting poverty were those contributing to a lack of sufficient income from parental employment—not only worklessness, but low income from work. That is what the hon. Member for Inverness, Nairn, Badenoch and Strathspey said—I had to write down his constituency name beforehand, which makes for a long sentence—and I thank him for his contribution, because he made exactly the point that I wanted to hit on.

A Save the Children report published last May claimed that youngsters had paid the highest price in the recession. Their plight is exacerbated in Northern Ireland because wages lag behind the rest of the United Kingdom, while the cost of necessities, such as food, fuel and childcare, is higher than in other regions. I am sure I am not alone among Members in saying that the increase in families coming to my constituency office to ask for food bank vouchers is truly heartbreaking. I am a big supporter of the food banks; I recognise their good work and that they have a part to play in our society.

Many families tell me that several nights each week they have to decide whether to feed their family or heat their home. The reality, however, is that people make the decision to feed their family, because they have to fill their children's stomachs, even though they have to be sent to bed with an extra jumper or coat on and do not get into their jammies. That is what happens. If a decision is to be made between feeding and heating, feeding always wins, and heating falls by the wayside.

In Northern Ireland 110,000 children are affected by poverty, going without essentials or living in homes that are cold or damp. Save the Children's report claims that the 2014 so-called "poverty premium", which represents how much more low-income families pay for goods and services than middle-income families, now stands at £1,639 per year in Northern Ireland. That poverty premium includes, for example, the extra money needed to pay for items, such as a cooker or house insurance, in instalments rather than all at once. All that comes at a high cost to the children involved. They are always the ones at the end of the line who seems to suffer. Poverty robs children of the childhood that they deserve. They often miss out on events that most of us took for granted when we were children and at school, such as going on school trips or going out with friends.

What I am saying only scrapes the surface of the issues. Children in poverty are more likely to live in bad housing, more likely to die at birth or in infancy, and more likely to suffer chronic illness in childhood, or to have a disability. Those are the facts, the statistics. Poverty damages children's life chances. Children from poor backgrounds lag behind at all stages of education. By the age of three, poorer children are estimated to be, on average, nine months behind children from more wealthy backgrounds. That is a terrible statistic that we need to address. By the end of primary school, pupils receiving free school meals are estimated to be almost three terms behind their more affluent peers—a gap that grows to over five terms by the age of 14 and leads

them to achieve the equivalent of 1.7 grades lower on average at GCSE. The figures show a real trend; children from low-income families are really affected.

In addition, families on low incomes are less likely to be able to afford organic and free-range foods, or even fresh foods. Often their only choice is to buy convenience foods, which often have a high fat and salt content. We cannot ignore that. During the previous Parliament, the Minister was very interested in sport and often talked about diet and sport. I hope that today he will make similar comments. Unsurprisingly, in 2011, the poorest households had more than twice as many obese children as those from wealthier backgrounds.

I am conscious of the time, and will bring my remarks to an end. The statistics are startling and worrying. The sad reality is that hundreds of families live below the poverty line in the United Kingdom. It is vital that we raise awareness of that. The rise in the use of food banks across the UK is a stark indicator of the problem. According to the Trussell Trust, almost 500,000 people were given three days' worth of food in the first six months of the 2014-2015 financial year, an increase of 38% on the same period in the previous year. Just as Save the Children and End Child Poverty have firmly pointed the finger at low incomes and changes to welfare, so too has the Trussell Trust. All that being the case, more must be done to eradicate child poverty.

3.1 pm

Neil Gray (Airdrie and Shotts) (SNP): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate my hon. Friend the Member for East Renfrewshire (Kirsten Oswald) on securing this debate. It is a pleasure to follow the hon. Member for Strangford (Jim Shannon), who made a measured, reasoned and impressive contribution.

At the outset I must declare an interest. It is not financial and therefore does not appear in my entry in the Register of Members' Financial Interests, but it is certainly relevant to the debate and without doubt influences what I have to say. My constituency of Airdrie and Shotts has a child poverty rate of 27% after housing costs have been considered; in some wards, one third of children are living in poverty. That is truly depressing and heartbreaking. I will briefly point out how that figure compares with that for the constituencies of other Members. Witney has a child poverty rate of 13%; in Witham, the rate is 17% and in Tatton it is 16%. Those rates are all far too high and require much work; nevertheless, they are among the lowest in the UK.

The causes of child poverty are without doubt complex. However, the Institute for Fiscal Studies, which has been much quoted in this debate, has made it clear that the projected rise in the rate of child poverty is largely down to UK welfare cuts. Indeed, the conclusion to a 2014 IFS report states:

"Real cuts to working-age benefits are a key reason behind rising child poverty."

Little wonder that the Secretary of State for Work and Pensions is so determined to withdraw the criteria for measuring child poverty. His Government's welfare cuts will plunge countless more families and children into poverty. A very large chunk of those who will find themselves desperately struggling to make ends meet—and who will be forced to choose between heating and eating, as the hon. Member for Strangford said—will be households where at least one adult is in work.

Douglas Chapman: My hon. Friend will perhaps be aware of the report by the Educational Institute of Scotland called “Face up to Child Poverty”, the stand-out quote from which was:

“Not only is the incidence of poverty increasing, the nature of poverty is changing. Low wages mean that more than half (59%) of children living in poverty are within families in which at least one adult is employed...Scotland has seen a 400% increase in the use of food-banks...and organisers report that a significant proportion of their clients are in work”.

Will he comment on that view of how the nature of child poverty is changing? What should the UK Government do to change that situation?

Neil Gray: I thank my hon. Friend for pointing out that important report. It is a very sad state of affairs when our teachers have to deal with children who are hungry when they come to school. That is shocking and depressing.

Wholesale cuts to tax credits will reduce the allowance before tax credits start to be withdrawn from £6,420 to £3,850 and increase the taper rate at which tax credits are withdrawn from 41% to 48%. Those cuts will slash household incomes for 197,200 families in Scotland with nearly 350,000 children. Nearly 250,000 families in Scotland will be worse off by an average of £1,000 per year as a result of changes to tax credits alone. As they qualify for tax credits, those families by definition have the lowest incomes in the country. They are least able to deal with those cuts to their income and, as they are in low-income work, will have little opportunity to increase their wages to a degree that would make up the shortfall. They are also far more likely to live week to week and simply cannot cut their cloth to suit.

All that completely flies in the face of Government rhetoric about making work pay. Indeed, when the Budget measures are taken in the round, the IFS has said that people in the four lowest income deciles will see their net income cut by between £600 and £1,300; compare that with people in the ninth decile—the second richest decile in society—who are to receive a net income rise. Levels of income without question have an absolute bearing on levels of poverty, yet as a result of scrapping the Child Poverty Act 2010, this Government will no longer have to account for income levels in the UK.

Poverty robs children of their childhood. Children living in poverty are more likely to live in poor housing, and to have poorer education outcomes and greater health issues. Poverty is the greatest barrier to children achieving better life outcomes—the aim at the heart of the UN convention on the rights of the child. Given that it has been demonstrated that their measures will push more children into poverty, it is time for this Government to think again and take a different path.

For their part, with their limited influence over these matters, the Scottish Government are providing over £300 million between last year and next to help mitigate the worst of the Westminster welfare cuts for families in Scotland. That means the people of Scotland are paying twice for the Tory cuts—the Scottish Government have their budget slashed and they have to set aside extra cash to ease the burden for hard-pressed families.

In conclusion, for all the reasons I have mentioned, I say, in accordance with the traditions and procedures of this place, that yes, this House has considered child

poverty in this debate, but in reality, its current Tory majority is certainly not considering child poverty, and it is about time that it did.

3.7 pm

Chris Evans (Islwyn) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate the hon. Member for East Renfrewshire (Kirsten Oswald) on securing this timely debate. I enjoyed listening to the contributions of the hon. Members for Lanark and Hamilton East (Angela Crawley), for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), for Strangford (Jim Shannon) and for Airdrie and Shotts (Neil Gray). The passion that has been shown on this subject shows that Scotland and Northern Ireland are well served by those Members. I feel sorry for the Minister, as he is surrounded by the Celtic fringe, somewhat.

The Parliamentary Under-Secretary of State for Disabled People (Justin Tomlinson): What about Manchester?

Chris Evans: We will let you get away with that.

Child poverty is an age-old problem. Writers such as Charles Dickens, in the 19th century, J.B. Priestley, whose “An Inspector Calls” was recently adapted by the BBC, and the great socialist George Orwell have all chronicled poverty and its effects throughout the years. Yet however much great literary works and great authors have covered the scourge of poverty in all its forms, the problem has still not been solved.

Poverty at its extreme affects the two most vulnerable groups of people in society, the very old, who often have to make the choice between heating and eating, and the very young. We have heard many statistics, but for so many people across the country, in constituencies we have already heard from, in Scotland, in the north—including Manchester—and in Wales, poverty is a way of life. Extreme poverty means young people go to school hungry, not having been able to eat breakfast that morning. They do not have the equipment they need to gain the skills to succeed. Very often, they will return to substandard accommodation that is damp, and they will become ill. They have failed before they have even begun.

The sad fact is that, despite all the campaigns throughout the 19th and 20th centuries, poverty still comes down to one thing: someone born into poverty will probably die in poverty. As in the time of the great writers I mentioned, the challenge for society is to end poverty in all its forms.

I do not believe that people become politicians—come to the House of Commons or, indeed, go into Government—to oversee an increase in poverty, but that is what we have seen from this Government. If we look at the figures after housing costs have been taken into account, over 27% of children in my south Wales constituency are living in poverty. Across Wales, one fifth of all children grow up poor. In the UK—the fifth richest country in the world—more than 4 million children are living in poverty. None of their parents wants things to stay the same; they want to provide more for their families. Not one of them does not want to escape the tiring, punishing reality of being poor.

It is no good, however, simply setting out the challenge we face, which other Members have eloquently described. Anyone who cares about our country's future and our

constituents' lives must now seek solutions, because it falls to this generation to eliminate poverty in all its forms.

The problem cannot be solved by simply throwing more money at it. That has been tried, and we still see poverty on a scale we cannot imagine. The Joseph Rowntree Foundation report "What will it take to end child poverty?" stated:

"Ending child poverty is only partly about transferring money to poor households. A long-term solution must involve much more, tackling the root causes of poverty and in particular giving families opportunities that help them gain greater control of their own lives."

We can do that only if people work. We can have all the Government schemes we want, but the best way to end poverty is to have working households. While people are stuck—dependent on the welfare system—they will never have control over their own destiny or the ability to break their family out of poverty. They will suffer poverty of money and, yes, poverty of ambition.

The Joseph Rowntree Foundation states that truly tackling child poverty will require us to provide considerable personal support to people who are likely to face a combination of disadvantages in terms of entering the labour market. We can overcome those disadvantages, but only with targeted, personalised and localised support. That cannot be done just through existing public sector structures. Instead, there needs to be a partnership between public bodies, private bodies and, above all, local communities. We must harness the financial power of the Government, the innovation of the private sector and people's knowledge of their own lives and communities—the people who know what is best for communities are those who live in them. We must put in place strategies that reach the poorest, the hardest to help and the most disadvantaged.

The last Labour Government made great strides with a public sector approach, but the world has moved on. The challenges in 2015 are not the same as they were in 1997.

Drew Hendry: Notwithstanding the hon. Gentleman's wise words about tackling the issue on a longer-term basis using a real plan, which I absolutely subscribe to, does he agree that the actions taken by this Government in the short term do nothing to help those who are already working, but who are below the poverty threshold, and nothing to achieve the long-term ambitions we should all share?

Chris Evans: I agree. The hon. Gentleman used the phrase "short term", and the problem with this Government's approach from the beginning is that there has been too much short-term thinking. The problem in politics may be that we think from one election to the next and do not plan for the long term. I believe that poverty is at its highest level at the moment because people are too fixated on the stereotypes perpetuated by the press—the idea that someone finds themselves on benefits not because they have fallen on hard times, but because they are some sort of scrounger. We must end that stereotype if we are to move on. That is where the long term comes in.

Child poverty will be solved only by a Government that are firmly focused on the issue in the long term. The distinction between the public, private and third

sectors must be broken down. In the pursuit of a country where no child is born poor, there can be no qualms about harnessing the best of private enterprise and the best of social action. In practice, that will mean contracting diverse providers from charities to recruitment companies and agencies to deliver employment support. It will mean private companies showing the social responsibility we have always talked about and working with people who face severe disadvantages in terms of entering the labour market to put in place individual strategies to overcome those problems. It will mean families who are stuck in poverty receiving one-on-one support that is tailored to their needs from any willing provider who can provide the best support.

The one-size-fits-all model of Jobcentre Plus and the welfare system has comprehensively failed, to the extent that Ofsted found that Jobcentre schemes have a success rate of less than 1%. Rather than pursue that model, the Government should work with any company or organisation that can help. No stone should be left unturned. This is not about taking an ideological approach and saying the public sector is always right or the private sector is always better. This is not about left or right, or about Welsh, English Scottish or Irish; this is about doing what works to end child poverty.

The people trapped in the punishing reality of being poor will not care where the support comes from, as long as it works. However, it must be part of a new contract with them. The Government will work with anyone who can provide support, but individuals must take responsibility; they must accept that if the country is there for their family, they must be as well. It must be Britain's moral mission to end child poverty, but all the support we can provide will not be enough if people do not take responsibility. They cannot be allowed to see welfare as a way of life, to be the worst possible example to their children and to sustain the culture we see in far too many communities where joblessness is the norm. The deal must be: "We will help you, and you will get the support you need, but, in return, you have to work, to provide for your family and to be responsible for your spending." That is how we end child poverty and lock in a country where no child is born poor. Without ensuring personal responsibility, any action we take to help the poorest children will be reversed, and we will never break the poverty of ambition that traps poor children into a life of poverty.

3.16 pm

Patrick Grady (Glasgow North) (SNP): It is a pleasure to serve under your chairmanship, Mr Howarth. I am reminded of my maiden speech, when you were in the Chair as Deputy Speaker, although I hope I will not have as short a time to speak as I did then.

I congratulate my hon. Friend the Member for East Renfrewshire (Kirsten Oswald) on securing this important debate. I also congratulate other Members, who have made valuable contributions. I want briefly to reflect on some of the global dimensions of child poverty, which the hon. Member for Strangford (Jim Shannon) touched on.

As is clear from all the speeches that have been made, poverty is a scandal wherever it exists. Too many children, in the UK and elsewhere, are born into, and grow up in, poverty. We have heard the statistics from other hon.

[Patrick Grady]

Members. In my constituency, 25% of children live in poverty. My hon. Friend the Member for Airdrie and Shotts (Neil Gray) compared constituencies, and Glasgow North is ranked 110 out of 650 constituencies for child poverty. That means that there are 109 other seats in this country where more than 25% of the child population lives in poverty. That is a complete scandal, but, sadly, that scandal is only exacerbated around the world.

UNICEF estimates that, by 2030, 119 million children will still be chronically undernourished. Even today, entirely preventable diseases such as pneumonia, diarrhoea and malaria are leading causes of child deaths, with more than 5,000 children dying from them each day. Despite all the progress that has been made in the lowest-income countries since 1990, the proportion of children under five living in poverty rose from 13% in 1990 to 19% in 2014.

The saddest and perhaps most frustrating thing about all this is that none of it is necessary, because structures exist to prevent it from happening in the first place. The rights of children are protected by the UN convention on the rights of the child, which has been ratified by 194 states, including—more than 25 years ago, in 1989—by the United Kingdom. UNICEF described the convention as

“the first international instrument to articulate the entire complement of rights relevant to children—economic, social, cultural, civil and political. It is also the first international instrument to explicitly recognise children as active holders of their own rights.”

Living in poverty is perhaps the greatest denial of those human rights. Article 6 of the convention provides:

“States Parties shall ensure to the maximum extent possible the survival and development of the child”.

The “maximum extent possible”—that is the responsibility of the Government. Yet we have repeatedly heard from Members that the Government want to roll back their responsibilities to tackle child poverty, and the relevant measurements. However, the global frameworks exist to tackle poverty here and around the world.

Last Thursday there was a debate in the Chamber on the sustainable development goals, a new global framework aimed at eradicating poverty in all its forms, everywhere. That means at home as well as elsewhere in the world. In Scotland there was a working group drawn from civil society, the Government and the academic and business world—I declare an interest as I was a member of it—on the sustainable development goals. It was innovative not only for the way such different organisations worked together towards ending poverty overseas, but for what we could do domestically. There is an interesting and continuing collaboration between global and domestic anti-poverty organisations, and it would be interesting to know from the Minister whether he is prepared to work with his colleagues in the Department for International Development, and across the Government, to consider how the new global goals aimed at ending all forms of poverty, including child poverty, everywhere, might be applied in the United Kingdom.

As so often with such issues, we are the generation with the knowledge, means and resources to end poverty, and all that seems to be lacking is the political will.

3.21 pm

Natalie McGarry (Glasgow East) (SNP): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate my hon. Friend the Member for East Renfrewshire (Kirsten Oswald) on securing the debate, which has been enlightening. It is good to see cross-party participation among Opposition parties. I am disappointed that Conservative Members have not come to defend policies that they will vote for in the Chamber. [Interruption.] I thank the Minister for being here, but it would have been appropriate, given the gravity of the circumstances relating to child poverty, had more Conservative Members been present to defend the levels of child poverty and what the Government are doing.

My hon. Friend the Member for East Renfrewshire said that it is immoral to force tax cuts on children. It is clear that the target of austerity is children. It is a hugely important debate and should transcend party politics, because child poverty should be the concern of us all. Unfortunately the Government's policies are forcing more children into poverty. It should concern us all that 3.7 million children in the UK live in relative poverty, and it should alarm, astound and worry us that the number in child poverty is projected to rise to 4.7 million by 2020 under current policies. The obsession of the Tory Government is that people at all levels of society must fireproof cuts. For their part, the Scottish Government are providing more than £300 million between 2013-14 and 2015-16 to mitigate the effect of Westminster welfare changes for families in Scotland.

My hon. Friend the Member for Lanark and Hamilton East (Angela Crawley) said—and I agree—that there is no mandate for imposing the cuts in Scotland. The Tory party received its lowest support in 165 years in Scotland at the general election; it fell to just over 10% of the vote. My hon. Friend spoke about semantics over substance, and the change in Tory rhetoric and attitude with the renaming of the poverty statistics. The simple fact is that austerity has not worked. It is astonishing that, despite the evidence of the harm from what they are doing, the UK Government continue to attack low-paid families. That makes a mockery of the Conservatives' claim to be the party of working people. For example, cutting tax credits, which are a lifeline for low-income families and a crucial tool in lifting people out of poverty, will only exacerbate the already dismal projections of rising child poverty. In Scotland alone, 346,000 children will be affected by the changes, and we are in danger of pushing them into poverty and causing lasting damage to their life chances.

We know the harm that austerity is doing to thousands of children across the country. It simply cannot be acceptable to ignore the severe and particular impact on children of the Government's policies. The hon. Member for Strangford (Jim Shannon) said that poverty robs children of their childhood and the life chances that they deserve, and I agree. By changing the definition of poverty and removing the requirement to report on income targets, the Government are doing just that. In renaming the commission set up under the Child Poverty Act 2010 the Social Mobility and Child Poverty Commission, the Tories are trying to airbrush child poverty out of our political debate.

We must of course look at the wider picture of young people's life chances, rather than focusing simply on one set of statistics or another, but the Government's changes to the Child Poverty Act will be deeply damaging, for

three main reasons. First, the removal of the requirement to report on income targets means that a fundamental driver of poverty—how much a person has in their pocket—is essentially being deprioritised. My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) said that that low wages and increased inflation are key drivers of poverty. Secondly, the Government's plans to focus purely on worklessness ignore the 67% of UK children who live in a household with one or more working adult. In-work poverty, which will undoubtedly be exacerbated by the changes to tax credits and other Budget measures, is a key challenge that the Tories seem content to ignore. Thirdly, the additional targets that are proposed are not necessarily related to poverty. Family break-up and drug and alcohol dependency affect families in all income deciles, and problem debt is generally a consequence rather than a cause of poverty. The proposals are a step towards characterising poverty as a lifestyle choice, rather than addressing the social and economic drivers that cause people to fall into poverty. That is a mistake that we cannot afford to make.

The hon. Member for Islwyn (Chris Evans)—I hope he will forgive my pronunciation—is correct: we must seek solutions. It is up to this generation. Poverty should not exist in a country as rich as ours and no child should have to experience it. As long as the Government pursue a damaging austerity strategy and attempt to sweep child poverty under the carpet, it will persist and be pervasive. My hon. Friend the Member for Glasgow North (Patrick Grady) said that poverty is a scandal wherever it exists, and spoke of his constituency where the rate of child poverty is 25%, the 110th highest in the UK. In 2012, my constituency's child poverty rate was 32.6%, which was the 26th highest in the UK. Twenty-five constituencies had child poverty rates higher than almost a third of children. In some parts of my constituency child poverty is almost at 50%.

The Government's Dickensian policies belong in the House of Commons Library, not in the Chamber or the statute book of any country that has the resources that the UK has. When there is a clear and demonstrable link between Tory policies and low wages it becomes clear that increasing levels of poverty and child poverty are political choices; we have the power to tackle the situation, but we worsen it instead. The Government must halt the changes to tax credits, withdraw the measures in the Welfare Reform and Work Bill and continue to build on the good work of the child poverty commission, rather than eradicating it from political discourse. I urge the Minister to consider what has been said in the debate, from across the parties.

Mr George Howarth (in the Chair): Order. We have just over 30 minutes—32 to be precise—for the two Front Benchers to wind up. I ask them to bear in mind that, because of the self-discipline that hon. Members have shown, there is plenty of time, and to recognise that the hon. Member for East Renfrewshire, who moved the motion, would like to make a few observations by way of winding up.

3.29 pm

Kate Green (Stretford and Urmston) (Lab): It is a great pleasure, Mr Howarth, to respond to this debate and to serve under your chairmanship. I congratulate the hon. Member for East Renfrewshire (Kirsten Oswald) on introducing it this afternoon.

As the debate has proceeded, we have understood the complexity and multi-layering that is intrinsic in child poverty, but we should also recognise that we know what works to tackle it. Looking at the track record and progress that was made under Labour Governments between 1997 and 2010, I am proud that we saw huge progress with more than 1 million children in the UK lifted out of poverty.

We know what led to that massive reduction in child poverty. As the hon. Member for East Renfrewshire acknowledged, it was in no small measure due to the effectiveness of tax credits, and to the rise in employment, particularly the employment of lone parents, which increased from 44% in the mid-1990s to approaching 60% when we entered this decade.

None the less and despite that progress, today, as we have heard, 3.7 million children in this country live in relative poverty. Perhaps even more depressing, since 2011-12, progress to reduce that number further has stalled. There was no progress whatever under the coalition Government after 2011-12, and the prediction is that under this Parliament, we will start to see a substantial rise in child poverty. None of us can be satisfied or complacent about that.

We have, rightly, heard a lot about the importance of measuring child poverty and having meaningful targets for tracking and tackling progress. At one time, there was cross-party consensus on the importance of measuring relative income poverty and targets for its reduction, but that consensus has broken down between the parties. It seems to have broken down in the Prime Minister's mind—we have heard him say that he is in favour of targets and measuring and addressing relative poverty, and that he is not and believes that that is irrelevant. We have heard that the Government intend in the Welfare Reform and Work Bill, which is now being debated in Committee, to remove the targets altogether and no longer to set that hard ambition for us to improve our performance. I cannot help feeling—the hon. Member for Airdrie and Shotts (Neil Gray) hinted at this—that that is motivated by fear that the targets will not be met, fear that the position will worsen and fear that the Government will be held to account, as they should be.

We know the importance of having targets and an agreed definition of poverty. Targets drive action. They drive progress and they allow for comparisons that show the direction of travel and the trends, and enable us to compare ourselves with our international peers. No one would pretend that child poverty in this country is like child poverty in some of the poorest economies of the world, but the measures in the Child Poverty Act 2010 have presented a very useful picture that has enabled us to compare performance here with the best performing countries in Europe. Indeed, that was the ambition. It was not to eliminate child poverty to zero, because we all recognise the existence of frictional poverty, but to be at the level of the best in Europe. Until the arrival of the coalition Government, we were on track to achieve that.

It may be that recognition of the importance of targets is why in 2013, when the Government consulted on changing or abolishing the targets, 97% of those who responded said there was no need for any change, so it is highly regrettable that there are proposals from Ministers today to do something that has been roundly

[Kate Green]

rubbished by all the respondents to that consultation. I am shocked by the lack of notice that the Government have taken.

We also heard today, rightly, about the importance and centrality of income in defining, measuring and tackling child poverty. Indeed, Kitty Stewart of the London School of Economics has shown that income is the single most significant factor and indicator of poor outcomes for children across a whole range of measures, including educational attainment and poor health. We also know that poverty has a cost to society as a whole. Estimates by the Child Poverty Action Group suggest that the cost to society of failing to tackle child poverty is £29 billion a year.

In recognition of the intrinsic link between low income and poor outcomes for children, the Child Poverty Act 2010, which received cross-party consensus, covered not just income poverty and did not require measures only on income poverty, but also required strategies on, for example, education, health, parental employment, debt and parenting. All those are associated with high levels of child poverty, but they are not the same as child poverty and it is important not to confuse the two.

None the less, one of my regrets about the abolition of much of the 2010 Act is that we will lose the requirement to produce those strategies. This morning, we heard in the Standing Committee considering the Welfare Reform and Work Bill—the hon. Member for East Renfrewshire may have repeated this this afternoon—that the intention in Scotland is to continue to produce that strategy and I understand from this morning's evidence session with witnesses that that is also the case in Wales. However, there is no expectation that that will happen in England. Ministers will not expect local authorities to produce comprehensive strategies to address child poverty. If I am wrong about that, I shall be very pleased to hear it and I hope that the Minister will be able to contradict my assertion this afternoon.

We know that the Government know that income is important. Their own evidence review in 2014 showed that it was the most important factor, and not just, as we have heard today, that low income arises because families are out of work, but when there is insufficient income from earnings. It was right for hon. Members to point out this afternoon the absolute inadequacy and insufficiency of measuring only worklessness when two thirds of children in poverty are growing up in working households. We know the reasons for that. They are not laziness on the part of those parents, but poorly paid jobs, lack of access to flexible jobs that can be combined with family responsibilities, high child care costs, high housing costs and ill health. The need to care for a family member suffering ill health or their own ill health curtails employment chances.

Jim Shannon: I mentioned during my contribution the effect on those on low incomes of buying cheaply because it is better financially for their pocket, but that affects their diet and health. Does the hon. Lady believe that we should also address that issue?

Kate Green: The hon. Gentleman made a useful contribution on the poverty premium: that the poor pay more for the basics. He now adds another important

dimension: that lack of income means that the poorest in our society are unable to afford to have the quality of life that protects health, wellbeing and social participation.

The critique of measures on which the Government are relying to underpin their rejection of the Child Poverty Act 2010 is simply wrong. Let us remember that it is not that the income measure in the Act does not capture the full picture of poverty. There is not one income poverty measure, but four to give us a rounded view. It is important to continue to measure relative income poverty, which we expect to rise. None the less, Ministers should be grateful for the four measures in the 2010 Act because it is possible that at the same time as seeing a rise in relative income poverty, we may see a fall in absolute poverty in the next few years. If median wages rise, but benefits are frozen or rise only with prices, we will see a rise in relative poverty. Conversely, absolute poverty could fall if benefits rise in line with the consumer prices index. It is important for Ministers to recognise that we have a good mix of measures in the 2010 Act, which would enable them to point to the complexity of the picture, rather than rejecting the Act on the misleading grounds that it measures relative poverty alone.

We have no analysis yet of the impact on child poverty of the measures in either the Welfare Reform and Work Bill or the others announced in the summer Budget, some of which we are debating this afternoon. However, we know that the impact of those measures will not be felt in the same way across all family types and structures. Lone parents, couples with several children and those with high housing costs will be hit particularly hard.

As we have heard this afternoon, it is important also to understand that the effect of the so-called national living wage will not wholly compensate for the cuts that are being made. Indeed, the cuts are particularly perverse when we consider that many of them are to in-work benefits, increasing, not reducing work disincentives. I am quite at a loss to understand why Ministers think that is a sensible way to proceed.

There is also a massive amount of ignorance about the purpose of different policy instruments to tackle poverty. Everybody welcomes higher minimum pay. Of course it is right that people should be paid properly for the work that they do, and of course it is right that the taxpayer should not subsidise low-pay economies, although we should recognise that achieving a minimum income standard for some families from earnings alone would simply drive businesses out of business. We have heard the projections that even a national living wage may lead to the loss of some tens of thousands of jobs. That is why, in addition to measures to tackle low pay, it is important to invest in tax credits, because many low-paid people who will benefit from the increase in the national living wage may not live in poor households. Conversely, many of those who are going to receive the national living wage will not be lifted out of poverty by that alone, because of their family and household structure and size. Therefore, it is important that we proceed on both fronts, and we cannot expect, at the lower end of the labour market, for wages alone to lift all families out of poverty.

Income poverty is crucial, and the Government's analysis of the limitations of the Child Poverty Act and the limited approach that they will take to address

rising family poverty, frankly, are simply wrong. It is regrettable that, with so much evidence before us and such a long history of having seen what works and what does not, Ministers are so uninterested in looking at the facts and the evidence, and instead insist on pursuing an ideology that will cause hardship for many, and, for the most vulnerable, destitution, the likes of which we have not seen for two decades.

3.41 pm

The Parliamentary Under-Secretary of State for Disabled People (Justin Tomlinson): I congratulate the shadow Minister, the hon. Member for Stretford and Urmston (Kate Green), on her promotion. She is widely respected and it is well deserved; I wish her the best of luck in her new role.

I congratulate the hon. Member for East Renfrewshire (Kirsten Oswald) on securing this important debate. There have been several excellent speeches from right across the Chamber, and I will do my best to cover as many of the points made as I can. I am also grateful that I have slightly longer than four minutes to speak—which was how long I had to respond to the last debate I had here in Westminster Hall.

There is clearly a lot of passion and real determination among hon. Members. We disagree on how the aim should be achieved, but I think there is a shared consensus that more needs to be done and that this issue is incredibly important. I speak as an individual who went to a school at the bottom of the league tables, back in my home town. My father passed away at an early age. I absolutely understand the importance of this issue, and I stress that I think we all share that determination, even if we perhaps see different ways to achieve that aim.

Before I focus on the UK, I will pick up on the point made by the hon. Member for Glasgow North (Patrick Grady). I was very proud to serve as the chair of the all-party parliamentary group on global education for all. I was the warm-up act before the former Prime Minister stepped in and significantly increased the group's profile, but I did that role for about 18 months, and I was very proud to do so.

I also congratulate the hon. Member for Islwyn (Chris Evans) on his speech. I have contributed in a number of debates in which he has spoken, and I am always impressed with his pragmatic, proactive approach. I absolutely echo his points about needing to look at local, individual solutions. That does him real credit; he is easily one of the most articulate speakers, and I was pleased that he was able to sneak in with his speech.

Our Government are committed to working to eliminate child poverty and improving children's life chances. Our new approach is focused on transforming lives through tackling the root causes of child poverty, rather than through just focusing on the symptoms. Our new life chances measures will drive real action on work and education which will make the biggest difference to disadvantaged children now and in the future. That is crucial. The point was raised that too often, all Governments in the past have looked at short-term solutions, and the reality is that to break the cycle, there have to be long-term, sustainable solutions. We are taking action and looking at family breakdown, problem debt, addiction and ways to transform lives to ensure that all children get the best start in life, regardless of the circumstances that they find themselves in.

On work and poverty, the Government believe that work is the best route out of poverty. Children in workless families are around three times as likely to be in poverty as those in which at least one parent works. The "Child poverty transitions" report published in June found that nearly three quarters of poor workless families who found full time employment escaped poverty. The report also found that the highest poverty exit rate—75%—was for children living in families who went from part-time to full-time employment. By 2010, after over a decade of welfare spending increases, one in five households had nobody in work. Frankly, that was shameful.

Chris Evans: Last July, I had a Westminster Hall debate in which I talked about what I felt was the ineffectiveness of Jobcentre Plus. Will the Minister accept that there is a serious problem with Jobcentre Plus actually getting long-term unemployed people back into work? What usually happens is that people find jobs through it, and within eight months, they are back on welfare benefits and out of work. What does the Minister believe is the cure for that problem?

Justin Tomlinson: I thank the hon. Gentleman for that intervention. That is a fair point. At the moment, we are seeing about 1% a month coming off the ESA benefit. It is a poor success rate and we would expect far better. In his speech, the hon. Gentleman was bang on, in that we need to have localised individual responses. We need better support and to have more businesses signing up to provide those opportunities. We are looking to reform that and are in consultation. I spent much of the summer with my Minister for Disabled People hat on, doing visits and looking at the best ways that that can be done in the changes. Given the record of 1% a month of coming off that benefit, and with people often then slipping back in, it is incredibly important to address that looping effect.

The wider issue is a tragedy for each and every family, because families in which no one works lose their sense of self-worth.

Drew Hendry: From the Minister's words, I am sure that he, personally, very much wants to see a long-term solution to the problem, but he mentioned a long-term ambition. Does he not accept that by not having a short and medium-term option for people in work at the moment, they will be punished and pushed further into poverty by the removal of those working tax credits, particularly in constituencies such as mine, where there is relatively low unemployment but very low wages?

Justin Tomlinson: I will address that later, so please be patient for a little bit longer.

Children grow up without the aspiration to achieve. They become almost certain to repeat the difficult lives of their parents, following a path from dependency to despondency, rather than to independence. At the beginning of my remarks, I talked about my background. That is what drove me into politics. We all have our calling, our passions and our priorities. That very much was what drove me into politics. As I said, I think we all share the same end goal; there is just disagreement on how we would look to achieve it.

[Justin Tomlinson]

On our record on worklessness and poverty, I highlight that many hon. Members have referred to the IFS statistics throughout the debate. I sound a strong note of caution on that. The statistics have been wrong every single year since 2011, and in the summer, they were half a million out, so I attach a big note of caution to the predictions and doom-mongering.

Kate Green: The Minister will know that one of the reasons why there may have been a discrepancy between the IFS prediction and the out-turn is to do with the use of survey data and different datasets. Does he agree that there is no doubt at all that the accumulation of measures announced in the summer Budget will increase child poverty, perhaps by many hundreds of thousands of pounds? They cannot fail to, because they will make working families worse off.

Justin Tomlinson: I thank the shadow Minister, but I am afraid we disagree on that, and I am setting out why I think that is not going to be the case.

Despite a huge increase in spending, by 2010, the number of households where no member ever worked nearly doubled, in-work poverty rose and the Labour Government missed their own 2010 child poverty target by 600,000 children. Compare that with our record. During the previous Parliament, we turned around Labour's legacy of worklessness. There are now 2 million more people in work. To put that in context, it is more than the figure for the whole of Europe put together. We have the fastest growing major economy.

Jim Shannon: I have to follow on from what the shadow Minister said. The changes in tax credits will, according to Barnardo's and other charities, push another 180,000 children into poverty in Northern Ireland alone. Those facts are coming from charities as well.

Justin Tomlinson: I thank the hon. Gentleman for his intervention, but again I plead with hon. Members to be patient; I am coming to those points.

There are now 800,000 fewer people in relative poverty, including 300,000 children. Compared with the second quarter of 2014, there are 50,000 fewer households where no one has ever worked. And importantly, the number of children living in workless households has fallen by 390,000 since 2010 and is now at a record low.

On the specific point about in-work poverty—that theme was followed in the majority of speeches and is important—the figure for relative low income in work is now 200,000 lower than the peak in 2008-09. However, we all recognise that more needs to be done. Wages are rising faster than inflation. That is on the back of having a strong economy. Everything that we do must be underlined by a strong economy. We talk about austerity, but without taking the difficult decisions, we would not now have a strong economy. We have only to look at our neighbours in Europe to see the consequences of not having a strong economy.

We have increased income tax thresholds year on year. We have now taken the lowest 3.8 million earners out of paying any income tax at all. We have set a commitment to raise the allowance to £12,500, and once we reach that point, we will link that to wages

going forward, so the lowest earners will never be dragged back into paying income tax. We have set out our ambitious plans for the national living wage. That will make a huge difference. People are forgetting that the impact will not be just on those who get an immediate pay rise, which I think is about 2.6 million people. There will be a ripple effect that could impact on more than 6 million, according to some predictions. Also, the introduction of universal credit will remove the barriers preventing people from increasing their hours. As I mentioned, the biggest improvement is for those people who go from part time to full time. The benefits system was putting in artificial barriers, preventing people from increasing their hours. Universal credit will give people the flexibility steadily to increase their hours where they wish to do so.

We want to build on that progress, which is why we are bringing forward our new life chance measures. The Welfare Reform and Work Bill introduces a new duty to report annually on worklessness and educational attainment in England. We have chosen those measures because the evidence tells us that those factors have the biggest impact on child poverty and children's life chances, and that is what matters. We want legislation to drive action that makes the biggest difference in the lives of our children. The worklessness measures will identify the proportion of children living in workless households and of children in long-term workless households. The educational attainment measures will focus on GCSE attainment for all pupils and for disadvantaged pupils. We will develop a range of other measures and indicators of root causes of child poverty, including family breakdown, problem debt and addiction, and set those out in our life chances strategy. As my right hon. Friend the Secretary of State has made clear, we will continue to publish low-income statistics annually, as part of the "Households Below Average Income" publication.

We should be focused on those pathways to poverty, not moving people around an arbitrary income line. As the right hon. Member for Birkenhead (Frank Field) put it,

"raising everybody above a set percentage of median income is rather like asking a cat to catch its own tail."

Focusing on work and education will drive real action, which will make the biggest difference to children's lives now and in the future.

Education is key to transforming children's futures. Good English and maths skills are key to improving children's future life chances. Nearly two thirds of men and three quarters of women with low literacy never receive promotion and are locked into their starting income.

Neil Gray: I would appreciate it if the Minister could advise how children attending school hungry are expected to achieve good educational standards.

Justin Tomlinson: I thank the hon. Gentleman for that point. Again, I will cover it as I progress.

Part of our commitment to social justice is the determination to ensure that every child is given an education that allows them to realise their potential. That is why we are raising standards with a vigorous new curriculum, world-class exams and a new accountability system that rewards those schools that help every child to achieve their best. Crucially, we introduced the pupil

premium in the previous Parliament—it is worth £2.5 billion in 2015-16—to improve the life chances of disadvantaged pupils, and we have invested £50 million in the early years pupil premium to support disadvantaged three and four-year-olds.

Let me address issues such as children coming to school hungry when their parents have not been able to provide food—are not in a position to do so. I look at a lot of innovative schools that have provided food across the board. The school that was initially the worst-rated school in my constituency is now the highest rated. It used the pupil premium innovatively to provide food across the board, for all pupils. It recognised that that was a particular challenge and that if it did not solve that problem, what hope was there that pupils could concentrate and progress in the work environment?

Neil Gray: Will the Minister give way again?

Justin Tomlinson: This will have to be the last intervention because we are getting tight on time.

Neil Gray: Are we not taking this in a back-to-front way? Why should the schools be expected to provide that food when the parents themselves are unable to do so? Surely we need to address the income levels of the parents to ensure that they can provide for their children.

Justin Tomlinson: That is where we agree. We disagree just on how to get to that point. Government Members believe that work and educational attainment are the best way to provide the opportunity to break that cycle.

There are the wider education reforms, about which I have been very passionate. In the previous Parliament, we saw 2 million new apprenticeships. That figure is rising to 3 million new apprenticeships. We have had the introduction of university technical colleges, giving young people the real, workplace-based skills that will provide the best opportunity to get into work. We have also had the introduction of the national citizen scheme. I have seen year after year the increasing number of young people who are being transformed and who are then in a strong position to step into good careers.

The hon. Member for Strangford (Jim Shannon) talked about sport. I have long said that our schools, between 4 and 6 o'clock, should be opening up to provide free use of their facilities to community groups to provide sporting opportunities. Sport helped me not to follow the path of two of my colleagues at school,

who went to serve at Her Majesty's pleasure, although when I told my school that I had got elected to Parliament, the head did say that he was not sure which was worse!

I will turn to Scotland, because I recognise that most of today's speakers were from Scotland. The Scottish Government have the power to address child poverty through action in areas such as health, education, housing, employability and childcare. Following our proposals in the Welfare Reform and Work Bill, they also have the freedom to choose what approach to take and how to act on, measure and report on life chances and child poverty, in line with the substantial areas of policy devolved to them. The UK Government are already giving Scotland through the Scotland Bill significant new taxation and welfare powers, including £2.5 billion-worth of new welfare powers and responsibility for raising more than 50% of what it spends. We will work closely with the devolved Administrations as the Welfare Reform and Work Bill proceeds and are open to reflecting their preferences regarding their jurisdictions in the legislation. We will take a keen interest in how that develops. In England, local authorities are being encouraged to come to the Government with their own innovative proposals, and we will always consider opportunities for further devolution.

In conclusion, our approach will ensure that tackling the root causes of child poverty and improving future life chances become central parts of our business as a one-nation Government. We will focus on transforming children's lives by extending opportunity for all, so that both they and their children in turn can escape from the cycle of poverty and improve their life chances. Our new approach will drive real action, which will make the biggest difference to children now and in the future.

3.58 pm

Kirsten Oswald: I thank you, Mr Howarth, the Minister and all those who have made such valuable contributions. We have been discussing a very important subject and have heard many mind-boggling statistics, but as my hon. Friend the Member for Lanark and Hamilton East (Angela Crawley) said, this is not about statistics; it is about children. On that basis, I must ask the Government to consider their approach to child poverty, to think very carefully about all the important things that have been said today and to think again about how they take this forward.

Question put and agreed to.

Resolved,

That this House has considered child poverty.

Shoreham Air Show Crash

[MR GRAHAM BRADY *in the Chair*]

3.59 pm

Tim Loughton (East Worthing and Shoreham) (Con): I beg to move,

That this House has considered the Shoreham air show crash and its implications.

On 22 August, a vintage Hawker Hunter jet plane crashed at the Shoreham air show in my constituency. Eleven men tragically lost their lives, and many stories of the personal tragedies that accompanied that loss touched a chord across the nation. It represented the largest civilian loss of life in the United Kingdom since 7/7, and the first fatalities on the ground at any UK air show since 1952.

Those statistics will give little comfort to the victims' families, and I am sure that I echo the feelings of the whole House when I say that our thoughts and prayers go out to them, and that the first priority remains to give them the support that they will need in these difficult times. Neither should we forget the pilot, who continues to recover from his horrific injuries. I am grateful to hon. Members who have passed on their good wishes and condolences to the families through me.

I am delighted to see the Minister here today to respond to this debate, which is born out of such tragedy. The accident is, quite properly, the subject of investigation by the air accidents investigation branch, and it is certainly not my intention to pre-empt the findings of those investigations. My constituents and others have been at pains not to rush to judgment about exactly what went wrong, or the implications for Shoreham air show—and, indeed, all the other air shows that draw large crowds across the country—until we know the facts of the case. There are some 300 civil flying displays in the country every year, which attract in excess of 2 million spectators. That does not include military displays. The results of the investigation will affect an awful lot of events and displays around the country.

I want to pay tribute to the emergency services, particularly to the first responders who had to deal with the most harrowing scenes, and to those involved in the investigation and clean-up operation in the aftermath of the accident. I want to highlight the fantastic way in which the local community rallied around in light of the tragedy. I want to touch on the implications for dealing with such major incidents in the future, and I want to raise various safety questions that will need to be answered in the fullness of time.

It is worth pointing out that this was an accident—a fortunately rare, but most tragic, accident. The Shoreham air show has been run by the Royal Air Forces Association for the past 26 years, raising more than £2 million for its excellent charity. It is appropriate to mention that today as we celebrate the 75th anniversary of the battle of Britain, where many of the planes that we see and their forebears played a vital role. Today, if the weather has improved, some 40 Spitfires and Hurricanes will be flying over the south of England to mark that anniversary, based at the Goodwood aerodrome near my constituency.

The Shoreham air show has been run for 26 years with an excellent record, and the honorary organiser, Derek Harber from RAFA, has put a huge amount of effort and dedication into the show with his team. I know from meeting RAFA representatives that the safety of the performers, the safety of the spectators and the safety of the local community are always paramount considerations when organising the show, as I am sure they are for all other similar events. The air show is part of the local scene and part of the Shoreham calendar. This year, when the tragic accident happened, more than 20,000 people had come to see the displays. There were 50 planes, including the Vulcan in its farewell and the RAF Falcons parachute display team. The air show has won awards for the best family event in Sussex and the best family air show in the United Kingdom. People come for a fun, thrilling day out. It is also worth pointing out that the air show is held at Britain's oldest commercial airport in Shoreham, which has had planes flying into and out of it since 1911. A lot of thought and planning goes into the event.

Sir Gerald Howarth (Aldershot) (Con): I am grateful to my hon. Friend for giving way, and I am sorry that I missed his initial observations. He referred to the importance of flying displays, the tradition at Shoreham and the fact that flying displays are hugely popular across the country. They are the second most popular outdoor spectator activity. In my capacity as the president of the British Air Display Association, I can assure him that every air show is policed by a flying control committee and a display director. A huge amount of effort goes into ensuring that such displays are very carefully managed for the protection and enjoyment of the public.

Tim Loughton: My hon. Friend makes a very good point. I am grateful to him for the helpful advice that he gave me in the aftermath of the accident, as somebody who knows great deal more about such matters than I do. Air shows are important events, and safety is paramount. The people who oversaw the Shoreham air show were of the highest calibre, integrity and experience. This is not some amateur operation; it is run in a hugely professional way, and quite rightly so. It was a tragic and, as I say, fortunately rare accident, but clearly changes will need to be made to the way in which this and other air shows are run in the future if they are to continue.

The Civil Aviation Authority was right swiftly to take a precautionary approach and to suspend performances by vintage jets until we know more from the investigations. That has affected many air shows already, and it is important to establish exactly what is likely to happen, with some timescales, as soon as possible, because organisers want to start the preparations for next year's air shows. It is very important for a whole host of reasons that we find out what went wrong and what needs to be changed in the future.

Sir Gerald Howarth: My hon. Friend said that displays by vintage jets have been suspended. In fact, it is the high-energy manoeuvres that have been suspended, not the aircraft. The Vulcan continues to perform until 18 October.

Tim Loughton: My hon. Friend expertly corrects me with that detail, for which I am grateful.

If a crumb of comfort has come out of this horrible tragedy, it is the absolutely incredible performance by the emergency services and the first responders. Police officers from the whole of Sussex and firefighters from west Sussex, east Sussex, Hampshire and further afield helped out on the day and in the immediate aftermath. The south-east coast ambulance service was on the scene very swiftly, and Worthing hospital took on casualties. Organisations such as the Red Cross, and many volunteers, performed incredibly.

The scene was one of devastation: there were badly damaged bodies and incinerated cars. Fortunately, the impact zone was relatively well contained. I drove along the A27 one minute before the accident, and I was completely oblivious to what had happened behind me until I got home and saw the news. When I drove by, there were 60 or 70 spectators on the verge of the A27, watching the air show from outside the confines of the airport, and traffic was tailing back about 200 yards along the road waiting to get into the air show. Fortunately, I gather, the traffic lights had just cleared green, otherwise there could have been three lanes of stationary traffic at the plane's point of impact. There were assorted stewards and other volunteers in the area.

Given all that, it is amazing that only 11 people lost their lives. It could have been much, much worse. Just a few hundred yards away there was a big factory, Ricardo, and there were 20,000 spectators enjoying the air display. I am sure that the reactions of the first responders went a long way to avoiding further suffering and injury. The way in which they contained the situation and dealt with 20,000 people in a confined space was absolutely extraordinary. We cannot underestimate the contribution that the emergency services made.

I visited the scene on the following Monday in the aftermath of the crash with the chief constable and police commissioner, and I saw the painstaking work of the investigators. They made the whole area into a grid and carried out a fingertip search for any evidence—and of course, I fear, the remains of the victims—which is why it took some time to establish that the total number of victims was 11. The plane was lifted on the day I visited, and fortunately there were no further casualties underneath it. More than 200 professionals were on site, in appalling weather conditions. The coroner's office and all her professionals did an outstanding job. It is difficult to fault what went on. A 3D film of the site was taken so that the investigators have a full record of what they have to look at.

The operation was really impressive. All the agencies worked together seamlessly and professionally. Adur District Council and West Sussex County Council both did their bit. All the agencies had prepared, which is important. This was not just a knee-jerk reaction to a disaster; it was a second-worst-case scenario for which the police, ambulances and firefighters had planned. Their plan went into operation, and it worked.

I have met police officers, fire officers and others who dropped everything—some came back from holiday, and others returned to duty—to appear at their desks and do their job without complaint. That is real professionalism. I saw the family support officers working sensitively with the families, many of whom were waiting for news because it took many days before they knew whether their loved ones were among the victims. I saw the Red Cross canteen, with free food donated by Tesco to provide sustenance to all the professionals on the site.

Brighton and Hove Albion football club lent its training centre just down the road, which became the police control centre that fed and watered all the officers. Lancing College provided accommodation and catering just next door. Marks & Spencer sent a consignment of fresh socks down to the site because all the police were getting terribly wet feet in the appalling conditions. Local people baked 500 cakes, which were delivered to the civic centre, many with messages and well wishes to be passed on to police officers, firefighters and others working at the site.

I am proud of that effort, which shows the importance of training and preparation. I hope the Minister will acknowledge that importance. Such training and preparation may be below the radar, and it may be unseen, but it is so important in such rare cases where it needs to kick into action. I hope we will preserve the importance and funding for such preparation.

I am also really proud of my community. There were numerous one-minute silences and one-minute applause across the area. The old toll bridge just down from the accident site became a focus of everyone's grief—it became the bridge of flowers, and the air was heavy with the scent. A constant queue of people have brought flowers, tributes, poems and football shirts, which continues today. I noticed a half-bottle of pink champagne, which is of significance to one of the victims. Tributes were paid at the Brighton and Hove football match I attended last Saturday and at Worthing United football club, for which two of the victims used to play. More than 7,000 people came along to the bridge in Shoreham to light candles, with people queuing in the rain for more than an hour.

The local road network was in complete chaos for several weeks after the crash and, indeed, is not back to normal, but the Highways Agency reported that it received the grand sum of eight complaints in the first week, such was the patience of local people who realised the magnitude of what happened. So far, more than £50,000 has been raised by the Sussex Community Foundation appeal. I am helping to organise a memorial service at Lancing College chapel in a few weeks' time. People and the families can come along to pay their respects and show their appreciation for the efforts of the emergency services.

The first question asked by everyone in Lancing, Shoreham and the wider area was, "What more can we do?" If there is such a thing as a textbook response to such an enormous tragedy, this was it: by our emergency services and the importance of emergency planning, and by the way the local community rallied round, which showed how we all care. I am proud to be their MP.

There had previously been a crash at the Shoreham air show in 2007. Alas, a pilot lost his life, but there were no other casualties, when a Hawker Hurricane ploughed into the downs. Changes were made to the timing of the air show and the flightpath into the air show following that crash, but there are still questions. Should such high-powered jet planes be flying further away from the crowd? The trouble with the air show is that the spectators are not only at the airfield site; they are on the roads and in pubs and houses on the downs for far around to get a good vantage point. Many of the victims, of course, were not actually at, or intending to go to, the air show; they were travelling past on the A27.

[Tim Loughton]

With such demanding manoeuvres, are we expecting too much of very old aircraft? This plane was built in 1951, although it had been well maintained, and the pilots who flew it, including the one flying on the day, were highly skilled and highly experienced. I said at the beginning that it is important not to rush to judgment until we have all the facts, but can we make these events safer without losing their appeal? Can we find a practical solution? What is the next step? What is the timetable? I would be grateful if the Minister could comment on that. What lessons can we learn from the emergency services' operation, and how could those lessons apply to other serious incidents that we need to prepare for across the country? It is important that we do not cut back on training and emergency planning, however invisible it might be most of the year.

I pay tribute to the families of the victims who lost their lives. We must continue to look after them. If there is one crumb of comfort from all this, it is the fantastic performance of our emergency services, who did an amazing job. It is a very demanding job that we would not do ourselves, and they performed it hugely professionally. The community rallied round and appreciates their work. It is a horrible tragedy, but we owe it to the families to get to the bottom of exactly what happened, and we must make sure that we go the nth mile to make things as safe as possible so that we do not have a repeat of the horrible event on the day of 22 August in Shoreham.

4.15 pm

The Parliamentary Under-Secretary of State for Transport (Claire Perry): I thank my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) for his deeply moving and very thoughtful speech, and I congratulate him on securing this debate. I also thank my hon. Friend the Member for Aldershot (Sir Gerald Howarth) for contributing his knowledge of this subject, which is clearly profound.

On Saturday 22 August, 11 people were killed when a Hawker Hunter aircraft taking part in the Shoreham air show crashed into the A27. Those people were going about their daily business: one was working as a chauffeur on his way to pick up a bride on her wedding day; another was taking photographs of the air show from the verge; and others were travelling entirely separately from the air show to have fun, to see friends and to play sport. Tragically, none of those people completed their journey. As my hon. Friend the Member for East Worthing and Shoreham has said, this awful accident resulted in the first loss of life on the ground at an air show since 1952 and the largest single loss of civilian life since the incidents of 7/7. It is a true tragedy.

This debate allows me to put on record my condolences, and indeed the condolences of the Prime Minister and the Secretary of State for Transport, to all those affected, especially the families who have lost loved ones. I also offer my profound thanks to the emergency services, which, as we have heard so eloquently described, responded with professionalism and effectiveness in the face of what must have been a harrowing task—the first responders, the police officers and the fire service personnel. We have heard how those people were supported by members of the local community, both on that tragic day and

since. I have asked the question and am pleased to know that counselling and support is available for members of the emergency services who need it. Emergency service personnel and West Sussex County Council are working to provide post-traumatic counselling for those affected by the crash.

I express my admiration for my hon. Friend, who worked tirelessly on what must have been an extremely difficult day, and over the difficult weeks since, to help the local community come together, to further the investigation and to ask tough questions to ensure that this does not happen again. I understand that he is involved in discussions with the community about an appropriate service of memorial. This is a deeply personal and local matter, but the Government stand by willing to help and support in any way we can.

It might be helpful if I set out exactly what is happening with the investigation timetable, and hopefully I will answer my hon. Friend's questions during that process. As he knows, the air accidents investigation branch is in the careful and forensic process of investigating the causes of this accident, and it is working to ensure that such an accident cannot happen again. There has been a preliminary report on the circumstances of the crash, and he will have seen some of that information. The weather was good and the aircraft met its pre-flight checks. The aircraft was conducting a high-energy manoeuvre with both a vertical and a rolling component and, following the subsequent descent, it did not achieve level flight before striking the westbound carriageway of the A27, with tragic consequences. It was truly chilling to hear how it could have been so much worse if the timings had been different by even a split second.

I cannot speculate on the causes of the crash beyond what was stated in the preliminary report, and I do not want to pre-judge the outcome of the AAIB's investigation, but I reassure hon. Members that action is already being taken to ensure that we learn from this tragedy and prevent it from being repeated. Three things are happening.

First, the Civil Aviation Authority, which is responsible for regulating the safety of air displays, has acted promptly. It grounded all Hawker Hunter aircraft immediately and indefinitely on Saturday 22 August and has limited flying displays over land by vintage jet aircraft to fly-pasts. High-energy aerobatics, as my hon. Friend the Member for Aldershot said, have been banned.

Secondly, following the accident, the CAA is conducting additional risk assessments of all future air displays and has already introduced additional precautionary measures at some locations, resulting in changes to the displays flown. Given that this weekend is the 70th anniversary of the battle of Britain, a number of shows are being planned. Duxford air base, which many hon. Members will know, has already made changes to its display to offer more protection for the surrounding infrastructure and area.

I am sure that my hon. Friend will join me in welcoming such a thorough and comprehensive immediate response to the incident. It is clearly appropriate. As he said, it is not the time for knee-jerk reactions. As he also said, air shows are a proud tradition in the UK, with many local events providing a centre point for the community. What made the Shoreham accident all the more tragic and poignant is that so many local families were involved, attending what had become a much-loved local event. It

illustrates the need to ensure that we mitigate any future safety risks proportionately. We do not want to be heavy-handed, potentially ending the much-loved tradition of local air shows, which support local economies and charities, and more significant national displays that support our proud national aviation industry.

As my hon. Friend knows, to ensure the most appropriate long-term safety solution, the CAA has commenced a full review of civil air display safety standards. Although this is not an exhaustive list, it will consider: the range of permitted manoeuvres for aircraft, particularly high-performance or vintage jet aircraft; the content of the air display; the location and characteristics of the air display venue, taking particular account of the surrounding land and infrastructure. The review will conclude by the beginning of next year, but an interim report will be produced next month. The CAA has appointed an external challenge panel to test the report's findings. The panel will be led by Geoffrey Podger, a gentleman with extensive experience of internal and external communication and risk-based regulation policy and enforcement.

The CAA has also committed to acting immediately as necessary on any new information that emerges from the current AAIB investigation. The safety of the public is of paramount concern, and of course the Government support the independent investigation and review in order to ensure that they happen in an appropriate and timely manner. On conclusion of the processes, we will give further consideration to any additional legislation that may be required to ensure that safety is maintained.

In my view, the CAA's response to this terrible tragedy is sensible and proportionate. My hon. Friend asked me to put on record the result of careful contingency planning for emergencies, and I am happy to acknowledge its importance and the need for continued training in emergency preparedness. I am happy to provide him with that reassurance.

Of course, none of this can bring back the people who so tragically lost their lives. Again, I put on record my condolences and those of the whole Government to

the families of the victims and those who had to deal as part of their professional or voluntary jobs with the horrific consequences of the incident. It has been a truly testing time for the local community, and it was heart-warming to hear from my hon. Friend how the communities pulled together with clean socks, cups of tea, cakes and flowers, and have come together to acknowledge the scale of the tragedy and memorialise the work and lives of those who so tragically lost their lives.

Tim Loughton: I am grateful to my hon. Friend for her comments. She has made a point that I neglected to make and want to reinforce about the importance of providing support for the emergency services. Those first responders and those involved in the clean-up operation afterwards saw some extraordinarily harrowing scenes. Many of them suffered as a result, and they may not realise it until some time later. Does she agree that while it is obviously important to provide support to the families of the victims, we should not neglect to ensure that full psychological and other services are available for those on whom we depend to be professional, who are human just like us?

Claire Perry: My hon. Friend makes that point well. We are asking people, in the course of their daily work and lives, things that are beyond the imagination of anyone in this room. I was delighted to ask specifically that facilities were in place to ensure that members of the emergency services receive all the counselling and support necessary.

It is a tribute to my hon. Friend's energy and commitment that he has secured this debate. It was a tragedy of immense proportions. The immediate response has been proportionate and sensible, and a forensic review is going on to determine what more is required to ensure that we have safe air shows in future. I thank my hon. Friend for securing this debate.

Tamils Rights: Sri Lanka

[MR GRAHAM BRADY *in the Chair*]

4.30 pm

James Berry (Kingston and Surbiton) (Con): I beg to move,

That this House has considered Tamil people's rights in Sri Lanka.

It is a pleasure to serve under your chairmanship, Mr Brady. I am particularly grateful that we have the opportunity to debate human rights in Sri Lanka in the same week that the UN Human Rights Council begins considering the same subject in its 30th session in Geneva. In the closing stages of the Sri Lankan civil war, 400,000 Tamil civilians were on the run as Government forces advanced and overrun the Liberation Tigers of Tamil Eelam: the LTTE, or Tamil Tiger forces.

On 21 January 2009, the Sri Lankan Government announced the creation of a so-called no-fire zone: an area of 35 square kilometres where the fleeing civilians could take refuge. Many civilians fled to the no-fire zone expecting safety. Instead, that no-fire zone was heavily and systematically shelled by the Government. It is beyond sensible dispute that thousands of civilians were killed in that no-fire zone.

The UN was also operating in the no-fire zone. UN field workers ran a food distribution hub there. When an area nearby came under shelling from heavy ordnance, the UN field workers provided their GPS co-ordinates to the Government to ensure that ordnance was redirected. Three to four hours later, they came under a barrage of heavy mortar attack at those co-ordinates. There is clear evidence for this. The evidence is not from the Tamil Tigers, nor even from Tamil civilians, but from United Nations field workers. They themselves were there in the no-fire zone.

By early February 2009, the Government had overrun the first no-fire zone and created a second one on a beach in the east of the island. This no-fire zone was also heavily and systematically shelled by Government forces. In the second no-fire zone, which contained hundreds of thousands of Tamil civilians living in makeshift tents, there were just six doctors. Those doctors were working in the most horrific, dangerous and squalid conditions, yet they were denied basic supplies such as antibiotics and blood by the Government. It is estimated that the locations in which the doctors operated from, which included an abandoned school, were shelled some 65 times. Indeed, the attacks were so consistent that the doctors asked the International Committee of the Red Cross not to provide their GPS co-ordinates to the Government: something that is standard practice to avoid medical facilities being bombed in times of war. I have heard direct evidence about this from one of the doctors who was working bravely in that makeshift medical centre.

I should add that the Sri Lankan Government forces by no means had the monopoly on human rights abuses at the end of the war in Sri Lanka. Tamil civilians were also subjected to a variety of horrors at the hands of the LTTE, including being used as human shields. However, it is important that the two are not conflated. The all-party group for Tamils, which I chair and of which

various Members from different parties are here today, is concerned with Tamil civilians in Sri Lanka and in the non-resident community, which includes many of our constituents, many of whom suffered terribly. We have no truck with the LTTE, which is a terrorist organisation that I condemn absolutely. Equally, we have no truck with those who label the people who stand up for Tamil rights in Sri Lanka as LTTE sympathisers.

With that caveat, I should add that there is compelling evidence that the laws of war and international human rights laws were breached with respect to LTTE—or suspected LTTE—captives after their surrender. There is evidence that LTTE members holding white flags of surrender were none the less shot by Government forces. There is clear evidence that female Tamil captives were sexually abused before being shot, and there is clear evidence in the form of sickening video footage of Government soldiers shooting Tamils—presumably LTTE fighters—in the head while they were on their knees, blindfolded, with their hands tied behind their backs. The comparison with the gruesome footage of executions released by the barbaric Daesh in Syria is obvious.

The UN has estimated that in the closing stages of the civil war between January and May 2009, some 40,000 civilians died. Most of those were Tamil. Although that period was not the beginning nor the end of the human rights abuses suffered by people from all sides of the conflict in Sri Lanka, it is justice for the human rights abuses in that period that we are primarily concerned with today.

In response to the Sri Lankan Government's abject failure to secure accountability for the deaths, on 22 June 2010, UN Secretary-General Ban Ki-moon appointed a UN panel of experts to consider alleged violations of international humanitarian and human rights law during the final stages of the armed conflict in Sri Lanka. The panel reported on 31 March 2011. In its excoriating report, which I will quote from briefly, it lay blame on both sides. Its executive summary stated:

"The Panel's determination of credible allegations reveals a very different version of the final stages of the war than that maintained to this day by the Government...The Government says it pursued a 'humanitarian rescue operation' with... 'zero civilian casualties.' In stark contrast, the Panel found credible allegations, which if proven, indicate that a wide range of serious violations of international humanitarian law and international human rights law was committed both by the Government of Sri Lanka and the LTTE, some of which would amount to war crimes and crimes against humanity. Indeed, the conduct of the war represented a grave assault on the entire regime of international law designed to protect individual dignity during both war and peace."

Instead of engaging with the UN report in a meaningful or sensible way, the Sri Lankan Government arrogantly rejected it, describing it as "fundamentally flawed" and "patently biased". Sri Lanka did nothing to address the alleged human rights abuses at the end of the war. Not a single prosecution was instigated. It is reasonable to surmise that the Sri Lankan Government hoped that the international community would turn the other way.

But the United Kingdom did not look the other way. In November 2013, the Commonwealth Heads of Government meeting convened in Sri Lanka. Some of the heads of state who were invited, such as Canada's Prime Minister, Stephen Harper, chose to boycott the meeting in protest at the Sri Lankan Government's

record on human rights. Our Prime Minister, who was urged not to attend, did attend to encourage progress on human rights. Away from the Government's stage-managed photo opportunities, our Prime Minister bravely used the opportunity to visit the north and to hear at first hand the harrowing accounts from Tamil civilians.

Plainly moved by those accounts, and Sri Lanka's ongoing and abject failure to investigate human rights abuses, the Prime Minister used the March 2014 session of the UN Human Rights Council to call for a full and independent investigation into human rights abuses in Sri Lanka. I am proud that Britain led the calls for an independent investigation. I am proud that David Cameron and his allies at the UNHRC delivered a resolution requiring an independent investigation. It should not be forgotten that this was not an easy sell on the council. In fact, of the 47 members, only 23 countries voted positively for the resolution; 12 abstained and 12 voted against.

Welcoming the resolution, our Prime Minister said:

"This is a victory for the people of Sri Lanka who need to know the truth about what happened during those terrible years of the civil war so that they can move forward. Today's outcome has been triggered by the failure of the Sri Lankan government to stand by its promises to credibly and independently investigate alleged violations on both sides during the war."

On Monday, the UNHRC met for its 30th session in Geneva. At the end of the session on 30 September, the council will consider the UN's report, which is expected to be published tomorrow, and what the next steps should be with respect to Sri Lanka. I believe my right hon. Friend the Minister returned from Geneva yesterday. In this debate, I would like to ask the Government to consider two things: first, the grave doubts of many Tamil people about the fairness of any domestic justice mechanism, and secondly, whether the UN Human Rights Council can be used as an opportunity for pressure to be put on the Sri Lankan Government to take action in a wider respect in the north and the east.

As for the accountability mechanism, the Sri Lankan Government have in the past and continue to this day to reject absolutely an international mechanism for determining human rights abuses of the form that we saw in Yugoslavia, Rwanda and Cambodia post-conflict. When there are serious allegations on both sides of a conflict of an international human rights nature, the Government's reasons for rejecting an international mechanism should be scrutinised most closely.

To be clear, many Tamils reject a domestic mechanism. That is the point of view of the Tamil National Alliance, which has just won 16 parliamentary seats in the August elections; it is the view of the Chief Minister of the Northern Province, which is predominantly Tamil; and it is the view of the British Tamils Forum and of the Global Tamil Forum, which the BTF is part of. Put simply, they do not see any difference between the conditions in 2014, which led to the UNHRC's resolution for an international investigation over a domestic one, and those that exist today.

There are three principal objections to a domestic tribunal. First, how can the victims of alleged horrendous human rights abuses have any confidence in the fairness or the impartiality of a tribunal convened by a Government comprised of a number of the people accused of those very abuses?

The easy answer to that question would be that in January 2015 a new President—President Sirisena—was elected, which heralds a new era. But as human rights groups have pointed out, President Sirisena is the same man who was the acting Defence Minister in the final days of the civil war, when most civilian casualties occurred. And many people in top-ranking Government, military and other state positions remain the same. General Fonseka, the Commander of Armed Forces at the end of the civil war, was recently promoted to the rank of field marshal. Major General Jagath Dias, commander of the 57th division, whose units stand accused of committing some of the worst human rights abuses at the end of the civil war, was promoted to Army Chief of Staff just this May.

Stephen Pound (Ealing North) (Lab): I congratulate the hon. Gentleman on securing this most timely and extremely relevant debate. Bearing in mind the rather unfortunate history of other countries intervening in Sri Lanka, be they Scandinavian countries or India, who does he suggest should be the agency behind the independent commission to examine what is undoubtedly a series of incidents that could be described by any impartial person as war crimes?

James Berry: I thank the hon. Gentleman for that intervention. The form of the mechanism will obviously be debated at the UNHRC and in my view it will be led by the United Nations, and will be under their guidance.

Stephen Pound: Under the United Nations?

James Berry: Yes.

For the reasons I just mentioned, it is small wonder that many Tamil people have little faith in the Government to convene a fair and impartial justice mechanism.

The second objection to a domestic inquiry is that Sri Lanka is not a signatory to the Rome statute; its domestic laws do not cover a number of the international laws that were breached by both sides, credible evidence of which is found in the 2011 UN report. So, as a bare minimum for a domestic mechanism, Sri Lanka's domestic laws must cover each and every law that was breached; again, the UN has found credible evidence for those breaches in its new report, which is due to be issued tomorrow.

The third objection to a domestic inquiry is the lack of confidence of witnesses to come forward. A number of the witnesses who the UN spoke to, both when it prepared its new report and when it prepared its report in 2011, only spoke to it on condition of strict anonymity. Many Tamil victims of and witnesses to human rights abuses have fled the country and been granted asylum in countries such as the UK and Canada because of the fate they suffered in Sri Lanka. They would fear returning to Sri Lanka to participate in a tribunal where the prosecutors and indeed the witness protection, if there was any, were to be provided by the Sri Lankan Government.

Moreover, international human rights groups and charities have recently published reports detailing worrying ongoing human rights abuses in Sri Lanka. A number of these groups and charities exist in the UK. Freedom from Torture, a British charity, produced a report in August that cited evidence of human rights abuses since

[James Berry]

the ceasefire. So, between May 2009 and this year, there is evidence that the Sri Lankan military, police and intelligence services have practised torture, including rape and extensive burning. So, what confidence can witnesses have in coming forward in a perceived climate of fear, especially when it is believed that witnesses who have come forward previously have suffered as a result?

I recognise that there appears to be little appetite among the UNHRC members at its current summit for a fully independent justice mechanism. That is obviously disappointing, but perhaps it is unsurprising given how tight the vote was back in 2014 for an independent investigation. If it really is the case that there is no international appetite for an independent inquiry, it is probably right that there is little to be gained by Britain going out on a limb. Nevertheless, I ask the Minister to do what he can to ensure that the justice mechanism is a robust one, preferably with UN involvement both in the prosecution and the judicial tribunal.

Mr Ranil Jayawardena (North East Hampshire) (Con): Does my hon. Friend agree that Britain can add a lot of value to this process, even if it is at arm's length, because of our experience in Northern Ireland, which is a similar conflict between two sides that hold different views but whose views must be equally and fairly taken on board in any resolution ahead? Such a process should come from within a political process, as has been the case in the past in Northern Ireland and as seems to be happening in Sri Lanka, in terms of a unity Government.

James Berry: I thank my hon. Friend for that intervention. During a number of years, there have been repeated failures by the Sri Lankan Government to put in place a credible process. That is why it is important that, whatever comes out of the current UNHRC session, robust procedures are put in place, so that whatever system is arrived at the UN strictly monitors it and can return to the UNHRC if the stages, expectations and benchmarks are not met. Simply leaving matters to the Sri Lankan Government after this long history of, frankly, their taking no action whatsoever is not an acceptable way forward.

Andrew Stephenson (Pendle) (Con): I commend my hon. Friend on securing this very important and timely debate. I share his support for an international process, but does he share my view that, in addition to what the Government can do, we in the British Parliament have a role to play by working with our Sri Lankan counterparts from all political parties, to ensure that they themselves can play an active part in any reconciliation process? Also, will he join me in commending the work of the Commonwealth Parliamentary Association and of the Westminster Foundation for Democracy, which are trying to establish active schemes in Sri Lanka at this time?

James Berry: I thank my hon. Friend for that intervention and I certainly commend the work that has been done by British parliamentarians to help to support parliamentarians in Sri Lanka; long may that work continue.

Sri Lanka's track record on accountability is summed up by the fact that not a single prosecution has yet taken place, which I consider an absolute disgrace. Given that, it is my firm submission that whatever

mechanism is put in place, it should be very much under the supervision of the UN, so that if the safeguards that the UN puts in place are not met, the matter will come back before the UNHRC.

I turn to the wider issues in the north and east of Sri Lanka. Even if there is not to be an international judicial mechanism, there is much else that Britain can achieve, by leading the international community in ensuring that the Sri Lankan Government delivers. I will focus briefly on four points.

First, there should be demilitarisation of the north and east, which are effectively still under military lockdown. Secondly, there must be swift progress on the disappeared. Many thousands of Tamils remain unaccounted for, including the relatives of a number of my own constituents. Indeed, there are still more people unaccounted for in Sri Lanka than in any other country in the world outside Iraq. Thirdly, there must be swift progress with the resettlement of the tens of thousands, if not hundreds of thousands, of Tamil civilians who were displaced by the civil war, many of whom had their lands, and therefore their livelihoods, seized by the military. Fourthly, there must be reconstruction of the north and east.

There are many steps that the Sri Lankan Government could take to improve reconstruction in the north and the east. These include freeing up the way for inward investment directly into the region, rather than processing it through Colombo, which is something the non-resident Tamil community in the UK is keen to do. My own constituency sits in the borough of Kingston, as does that of my hon. Friend the Member for Richmond Park (Zac Goldsmith), and the borough is looking to twin with the city of Jaffna, in order to promote economic, cultural and social advancement, and to assist in that regard.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I commend the hon. Gentleman on his speech and I very much share his view that there should be an independent UN investigation. He said that he thought there were four specific things that the British Government could do. May I suggest to him that there is a fifth? It is that the British Government, perhaps through some of their funding from the Foreign Office to human rights organisations, could continue to shine a light on the human rights abuses that are still ongoing in the north and east of Sri Lanka. And in that regard, I draw his attention to a report by the Colin Powell School for Civic and Global Leadership in the US on the situation that Tamil women face. There continues to be a huge problem in terms of sexual harassment and, as the hon. Gentleman alluded to, rape, as much now as there has been in the past.

James Berry: I mentioned just one of the recent reports—the one from Freedom from Torture—but a number of them show ongoing and serious human rights violations that must be dealt with at the Human Rights Council. A credible system must be in place for investigating this issue. It cannot simply be swept under the carpet because we are considering something that happened at the beginning of 2009. I thank the hon. Gentleman for his intervention.

Siobhain McDonagh (Mitcham and Morden) (Lab): On that point, the evidence given to the Freedom from Torture report and to the UNHRC—the hon. Gentleman

has referred to it—showed 148 post-conflict incidents of torture. A third were from voluntary returners from the UK to Sri Lanka. Worryingly, in 11 of those cases, the Sri Lankan army and police had surveillance information available on their involvement in politics in the UK. Eight of those cases were since January, with one as late as June. The idea that the problem is historical is clearly not the case. I suggest that Home Office policy on asylum for Tamils should take that on board.

James Berry: The hon. Lady is noted for her work in this area. I have read the report, and it is worrying. What is most worrying about it is that human rights abuses are continuing, with two as recent as June. The problem has not been solved by the change in presidency in January. I urge the Minister to ensure that that is considered at the Human Rights Council as well.

Zac Goldsmith (Richmond Park) (Con): My hon. Friend is being very generous, and he is giving a splendid and powerful speech. He has laid out the arguments extraordinarily well. He has mentioned the progress being made by our borough, the Royal Borough of Kingston upon Thames, and Jaffna district, which are in the process of organising twinning. In addition to the obvious benefits of commercial co-operation around governance and so on, does he believe that twinning will also provide another layer of protection for the people who live in and residents of Jaffna district, on the basis that it will be more eyes, more scrutiny and more transparency? Is peace part of the value in the twinning process in his view?

James Berry: Peace is certainly part of the value in the twinning process that we are planning in Kingston. Whether my hon. Friend is in place in Richmond Park in north Kingston or in the wider London area, I am sure that the scrutiny he will bring to bear on the issue will be of great benefit to those involved in the twinning process.

Other examples of economic progress that could be made to improve the situation in the north and east include: repairing infrastructure damaged by the years of war, including opening Jaffna airport to international flights, and giving the go-ahead to India's proposal for a bridge over the short gap between India and the island of Sri Lanka, which would boost trade between the two countries.

President Sirisena has spoken warm words on some of these topics, and I do not dispute that some progress has been made, but progress since his election in January has not been quick enough, and some measurable benchmarks need to be put in place. Warm words are not enough.

In conclusion, the international community failed to act in 2009 when 40,000 Sri Lankan citizens, mainly Tamil, were slaughtered. Now is not the time for the world to look away again simply because there are other crises, such as that in Syria, and because the new President of Sri Lanka is making more positive noises about reconciliation.

Joan Ryan (Enfield North) (Lab): The hon. Gentleman is right that the international community substantially looked the other way, but we were also proud that our Prime Minister, Gordon Brown, was the first Prime

Minister to go to the Dispatch Box and call for a ceasefire, and that our Foreign Secretary at the time, David Miliband, visited Sri Lanka. That was a dangerous situation to walk into. Although we did not get a ceasefire from that, it did bear witness and let the world know about the slaughter that was happening.

James Berry: I certainly was not trying to make a party political point. My experience of our APG so far is that this is one issue on which our two parties are *ad idem*, and long may that continue.

The Tamil people in Sri Lanka want reconciliation, but reconciliation cannot take place without proper accountability. I close with a quote from the Prime Minister at the time of the 2014 UNHRC session. He said:

“Ultimately all of this is about reconciliation...It is about bringing justice and closure and healing to this country which now has a chance of a much brighter future. That will only happen by dealing with these issues and not ignoring them.”

I call on our Government once again to lead the world in seeking proper accountability for human rights abuses in Sri Lanka.

Mr Graham Brady (in the Chair): Time is quite short, so I propose moving on to the wind-ups from the three Front-Benchers at 5.10 pm. While there is no formal time limit, in order to try to accommodate the other Members who wish to speak, I suggest they try to keep their comments to closer to three minutes than four, if possible.

4.55 pm

Joan Ryan (Enfield North) (Lab): I congratulate the hon. Member for Kingston and Surbiton (James Berry) on calling this timely debate and on his recent appointment as chair of the Tamil all-party group, to which I am pleased to have been appointed vice-chair.

The Tamil cause is important to me. I am proud to have served as the chief executive of and policy adviser to the Global Tamil Forum, an organisation that is passionately committed to human rights, accountability, reconciliation and lasting peace in Sri Lanka. I am also pleased to support the British Tamils Forum. Many members from the Tamil community have made representations to me. They have suffered terrible human rights violations, both during the armed conflict and in its aftermath. I remain deeply concerned about the ongoing treatment of the Tamil people on the island.

I was delighted to see the back of Mahinda Rajapaksa's regime. His authoritarian Government did so much to undermine the rule of law and repress the rights of Tamils and other communities. It is to President Sirisena's credit that he has sought to reduce the powers of the presidency, appointed civilian rather than military governors to the Tamil-majority Northern and Eastern provinces and released some Tamil political prisoners and land.

However, as the compelling report by the International Truth and Justice Project Sri Lanka pointed out, “systematic and widespread crimes against humanity have not ceased with the change of government.”

We have heard that today. Tamil families continue to report being at the mercy of the draconian Prevention of Terrorism Act, which allows for arbitrary arrest and prolonged detention without charge. In the north and

[Joan Ryan]

east of Sri Lanka, the Tamil National Alliance has expressed particular concern about the return of Tamil internally displaced people and refugees. Gender-based violence continues to be committed by members of the military against Tamil war widows, and the militarisation of Tamil areas over the past six years and the commercial exploitation of Tamil lands by the armed forces are hindering economic recovery and entrenching poverty.

After suffering repression and marginalisation for decades, what confidence can the Tamil people have that genuine change will be effected? Where is the Government's commitment to a comprehensive political settlement that addresses the issue of Tamil self-determination? Can the Tamil people have any confidence that the human rights violations committed against them during and since the armed conflict will finally be addressed? The answer to that question is of particular importance given the timing of today's debate—as we have heard, the 30th session of the UN Human Rights Council is under way.

We know from the High Commissioner for Human Rights that the forthcoming report on Sri Lanka will present

“findings of the most serious nature”.

The atrocities committed in the final months of the armed conflict were some of the worst the world has seen. Tens of thousands of Tamils were slaughtered, with many more unaccounted for. The culture of impunity that allowed terrible human rights violations and crimes against humanity to take place still exists in Sri Lanka today.

Only through a credible accountability and justice process will Sri Lanka be set on a path to genuine reconciliation and a sustainable peace. I note the statement made by Sri Lanka's Foreign Minister yesterday, in which he said that his Government would seek to establish a South African-style truth and reconciliation commission and a new office on missing persons. Those are important developments, but as the Tamil National Alliance MP, Mr Sumanthiran, has said:

“Whatever procedures are instituted...the international community must get the Government of Sri Lanka to agree to full international participation, because the process must have credibility”.

As the democratically elected voice of the Tamil people in Sri Lanka, the TNA must be listened to.

Tamils are right to have serious misgivings about any notion of domestic inquiries: let us not forget that Sri Lanka has an appalling record of either whitewashing or failing to investigate human rights abuses. The state has been complicit in the alleged perpetration of war crimes and crimes against humanity during the conflict. President Sirisena was a Government Minister in the final years of the war and has rejected outright the evidence of serious human rights abuses uncovered by Callum Macrae's groundbreaking “Sri Lanka's Killing Fields” documentary. Domestic processes without full international involvement will be neither durable nor credible.

Along with many Tamils in the UK, Sri Lanka and around the world, I want to know what pressure the Government will bring to bear to ensure that any resolution relating to Sri Lanka at the UN Human Rights Council includes cast-iron guarantees of international involvement.

As Mr Sumanthiran says, more than anything else, the process must have credibility in the minds of victims. That is the least we can expect after so many promises of an independent international inquiry. The next few weeks will have such an important bearing on the future of Sri Lanka in terms of its past, its future and its current human rights situation, so it is vital that the Minister takes all those points on board when considering the UK's position. I look forward to hearing his response.

5.1 pm

Mr Ranil Jayawardena (North East Hampshire) (Con): I do not suggest for a minute that it is not right to learn lessons. It is right to learn lessons from anyone's experience in business, in one's personal life and, indeed, in government. That is why I referred earlier to the British Government's experience in Northern Ireland. There are many things that they might have done differently or, in hindsight, might never have done. Importantly, the peace process in Northern Ireland came from within.

Wes Streeting (Ilford North) (Lab): Will the hon. Gentleman give way?

Mr Jayawardena: Let me make a little progress and then I certainly will. It is important that the unity Government has been formed in Sri Lanka, because it allows for a sense of everyone having a seat at the table and the opportunity to have their say. Importantly, it allows everyone to be heard. I do not believe that anyone present is saying that war is pretty. It certainly was war, and things might well have been done differently on both sides.

I welcome what my hon. Friend the Member for Kingston and Surbiton (James Berry) said about the importance of keeping distinct the work that his all-party group is doing to champion the rights of Tamil people and its opposition to the terrorism of the Liberation Tigers of Tamil Eelam. Let us not forget that it was the LTTE, which I accept no one here supports, who perfected the suicide belt and were the first to use women as suicide bombers. Those are disgusting acts that no one present would support; indeed, I am sure that everyone would condemn them.

The vast majority of people in Sri Lanka, on both sides, wanted peace. They never wanted the war, so it is important that we move forward and learn the lessons of the past in whatever way we can. It is important to be fair to both sides.

Wes Streeting: I have family who suffered at the hands of the Royal Ulster Constabulary and through the misconducts and misdeeds of the British Government over many years, but is the hon. Gentleman seriously comparing the British Government's involvement in Northern Ireland with the appalling acts of brutality and war crimes committed by the Sri Lankan Government? I find that unbelievable.

Mr Jayawardena: I am making the point that it is possible to learn lessons. It is possible for the British Government to have learned lessons, and it is right that the Sri Lankan Government learn lessons about their past. The hon. Gentleman is right to make that point,

but I am not suggesting that the two are one and the same. Nevertheless, the point about learning lessons is important.

In the interests of time, I will say very briefly that it is important that any future work is fair to both sides, and that there is not a witch hunt on either side. People in Northern Ireland have entered into the democratic process, which is absolutely right; that is the direction in which I believe Sri Lanka needs to go. There is a part to play for the Foreign Office in ensuring more trade and investment between our country and Sri Lanka, because as the latter becomes a more prosperous nation, it is possible—indeed, it becomes easier—for everyone to work together and share in prosperity. That is the way to make sure that Sri Lanka goes from strength to strength while ensuring that lessons are learned from the years that have passed.

5.5 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I want very briefly to make some constructive suggestions on how the international component of any mechanism looking into what went on in Sri Lanka could work. It is crucial that tomorrow's report represents the beginning of international action on behalf of Sri Lanka's victims, not the conclusion of the issue. If the international community, including the UK, fails to fulfil its role in providing international oversight, perpetrators of war crimes and continued human rights abuses will never be brought to justice.

Such international pressure could include the following recommendations, all made by the International Truth and Justice Project Sri Lanka. First, a special envoy for human rights in Sri Lanka should be appointed to go beyond the offering of technical assistance alone. Secondly, the protection of witnesses must be ensured to internationally accepted standards. Thirdly, the forthcoming Office of the UN High Commissioner for Human Rights report should be referred to the prosecutor of the International Criminal Court for further action. Fourthly, the Secretary-General's special representative on sexual violence in conflict and the special rapporteur on torture should be pushed to visit Sri Lanka and initiate a special inquiry into rape and sexual violence. Finally, Sri Lankan police and military involvement in UN peacekeeping missions should be suspended.

We cannot let limited national mechanisms fail to provide the victims of inhumanity with the fairness and justice that they truly deserve. As a silent war against historical and ongoing human rights abuses continues, the international community can and must do more.

Wes Streeting *rose*—

Mr Graham Brady (in the Chair): Order. I remind you, Mr Streeting, that I am hoping to move on to the wind-ups at 10 past.

5.7 pm

Wes Streeting (Ilford North) (Lab): Thank you, Mr Brady. I will keep my eye on the clock and, with the limited time I have, build on the points made by others, rather than repeating them.

I thank the hon. Member for Kingston and Surbiton (James Berry) for securing this debate and for the energetic way he has taken up his role as chair of the

all-party group on Tamils. I am proud to be one of his vice-chairs. In the detailed speech he gave to introduce the debate, we heard an indication of the crimes that were committed during the civil war. When it is published tomorrow, I hope that the report begins to build even greater international attention and focus not only on what took place but on what continues to happen in Sri Lanka, and the effect on its population, particularly the Tamil community who still reside in the north of the country, as well as the Tamils around the world, including in our constituencies, who feel that they cannot return home for fear of further persecution.

I agree with my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) that tomorrow really must be the start and not the conclusion. The level of independent international accountability—accountability that many have campaigned for—does not go far enough. The Sri Lankan Government have obfuscated and stalled every step of the way. I welcome the work done by Gordon Brown's Government, and successive Governments since, to put the issue on the agenda. There can be no justice without accountability. We cannot trust the domestic structures in Sri Lanka to ensure genuine accountability for the crimes that took place, which is why independent international mechanisms will be so important.

In the limited time remaining, I want to add to the Minister's list of things to respond to by asking about how the Home Office responds to asylum applications. To give a recent example, a constituent of mine, a victim of torture in Sri Lanka, who has been here for years and has demonstrable evidence of torture—not just mental torture, but the physical scars of torture—has seen his case continually delayed. After the suffering that he has experienced, he should not have to experience further suffering at the hands of our broken immigration system. I hope that those in the Foreign Office can relay that to their colleagues in the Home Office. On that point, Mr Brady, not wanting to draw your ire, I will take my seat.

Mr Graham Brady (in the Chair): We have up to 20 minutes for three Front-Bench wind-ups. I suspect that all Members present want the Minister to be able to respond to the points.

5.10 pm

Anne McLaughlin (Glasgow North East) (SNP): I congratulate the hon. Member for Kingston and Surbiton (James Berry) on securing this debate. I am glad to have the opportunity to discuss something that is close to my heart and about which I feel passionately: the rights and experiences of Tamils in Sri Lanka.

I lived and worked in Sri Lanka for a few months in 2008, and I have been back several times since. I left many friends behind: Sinhalese and Tamil, as well as Scottish and English, all of whom I have kept in touch with. As a Member of the Scottish Parliament for two years from 2009, I represented much of the Tamil diaspora in Glasgow in the aftermath of the civil war. Indeed, I met former President Rajapaksa in 2009, who was charm personified until I mentioned my constituents, at which point I became invisible. I do not think for a second that I am an expert on Sri Lanka as a result, but I hope that my personal experience will allow me to make a useful contribution to the debate.

[Anne McLaughlin]

I share the scepticism of the hon. Member for Kingston and Surbiton about new President Sirisena. He appears to take seriously his commitment to unify Sri Lanka, but we should never forget, as many have said, that he was in government when entire Tamil areas were bombed and thousands of people who posed no threat to anyone were killed. Progress has been made, however. In January, for example, the new Government said that the ban on the Tamil diaspora would continue, but by June they spoke of a diaspora festival. In the President's inaugural address on 1 September, he called on the diaspora to

"use your expertise and skills to develop the motherland in this consensual political environment."

I am deeply suspicious of politicians who make changes not because it is the right thing to do, but in order to win a power battle, so I remain cautious but optimistic. I will remain cautious about someone who has just increased their Cabinet from 30 to 48 Cabinet Secretaries, but optimistic about someone who has just returned presidential powers to the Parliament. While life remains hard for Tamils, both here and in Sri Lanka, we must keep the issue alive. Land has been returned to Tamils this year, but only after all the buildings had been destroyed. While people are still living in internally displaced person camps in Jaffna, we must keep a watching brief.

Finally, I want to draw attention to the fact that psychosocial therapy to help people deal with trauma was banned in Sri Lanka. That ban has now been lifted, but it comes too late for some who have fallen into alcoholism, drug addiction and sexual abuse. The world must keep an eye on Sri Lanka. I congratulate the hon. Gentleman again on bringing this fantastic, important debate to the House. The British Government often talk of their influence on the world stage. They must use it, and I look forward to hearing to how they plan to do so.

5.13 pm

Kerry McCarthy (Bristol East) (Lab): It is a pleasure, as ever, to serve under your chairmanship, Mr Brady. I congratulate the hon. Member for Kingston and Surbiton (James Berry) on securing this afternoon's debate. As he says, there has been cross-party work on the issue, and I hope that it continues. I will try to keep my remarks brief, because while it is always important to hear what the Minister has to say, I understand that he has just returned from Geneva, so he may have some particularly useful information for us.

Despite encouraging signs since the defeat of President Rajapaksa in last month's parliamentary elections—President Sirisena naming an ethnic Tamil Leader of the Opposition and asking the new Parliament to draft reforms to promote ethnic reconciliation; the appointment of a Tamil chief justice; and some of the military administrations in the north being replaced with civilian ones—it would be wrong to suggest that it is possible to draw a line under what has happened in Sri Lanka's recent history, which the hon. Gentleman eloquently outlined.

Some people will argue that it is time to move on, and that a new dawn is on the horizon, but that would not give justice to the Tamil community, which has endured terrible human rights abuses. That legacy must be addressed

by President Sirisena with the support of the international community and with an independent international mechanism. The abuses include the many thousands of enforced disappearances. Too many families are still waiting for answers, and I hope that the Minister regularly discusses that with the Sri Lankan Government. Freedom from Torture's "Tainted Peace" report on torture in Sri Lanka since the end of the civil war states that last year, for the third consecutive year, Sri Lanka accounted for the most cases referred to its clinical services, including cases that have happened since the election of President Sirisena. That underlines that we cannot be complacent about the direction or pace of reform in Sri Lanka.

As has been mentioned, there is also the question of what happens when we send back to Sri Lanka people who have had applications for asylum here rejected. Freedom from Torture reports that more than a third of cases reviewed for the study involved people who were detained after returning from the UK. The previous Foreign Secretary, William Hague, undertook last year to investigate reports that Tamil asylum seekers deported by the Home Office had been subjected to sexual violence on their return to Sri Lanka. Like previous speakers, I ask the Minister to update us on the outcome of those investigations, and on the conversations he is having with the Home Office.

Previously, the Foreign and Commonwealth Office was unable to tell the Select Committee on Foreign Affairs whether the human rights defenders, journalists and others who met the Prime Minister during the 2013 Commonwealth Heads of Government meeting had been subjected to any intimidation or harassment as a result. A report by the International Truth and Justice Project Sri Lanka has alleged that Tamils organising demonstrations for the Prime Minister's CHOGM visit were threatened by the security and intelligence services, and that some were subsequently tortured. I hope that the Minister agrees that we have a special responsibility to look into the situation and the safety of those human rights defenders who met our Prime Minister, and that he can update us on that.

As we have heard, the United Nations Human Rights Council inquiry's report and the recommendations of the United Nations High Commissioner for Human Rights will be published tomorrow. The high commissioner has already warned that the

"findings are of the most serious nature"

and rightly concluded that the UNHRC

"owes it to Sri Lankans—and to its own credibility—to ensure an accountability process that produces results, decisively moves beyond the failures of the past, and brings the deep institutional changes needed to guarantee non-recurrence".

President Rajapaksa notoriously refused to co-operate with the inquiry. The Sri Lankan Foreign Minister's address to the UNHRC this week recognised the need for change and accountability, and committed to repealing the Prevention of Terrorism Act. Sri Lanka intends to establish a commission for truth, justice, reconciliation and non-recurrence, in consultation with South Africa. I hope that the Minister can update us on his discussions on that with his Sri Lankan counterparts, and on how the Sri Lankan Government can guarantee that the commission is credible, effective and unquestionably independent. We had a long wait for the for the Lessons Learnt and Reconciliation Commission's report, which, as everyone will agree, did not resolve any issues. We

need an inquiry that commands the confidence of the Tamil community, which has been let down so much in the past. It remains imperative that Sri Lanka work with the UN to deliver accountability and justice, and to secure Sri Lanka on the path to peace and reconciliation.

I look forward to hearing what the Minister has to say. I think that we are all united in urging the Sri Lankan Government to engage constructively with the high commissioner's recommendations. I hope that the UK can play a constructive role in ensuring that they do so.

5.18 pm

The Minister of State, Foreign and Commonwealth Office (Mr Hugo Swire): I congratulate my hon. Friend the Member for Kingston and Surbiton (James Berry) on securing this debate and commend the valuable work that he has already done in the short time that he has been chairman of the all-party parliamentary group for Tamils. He continues to raise the important issue of Tamil rights. I also congratulate the hon. Member for Bristol East (Kerry McCarthy), with whom I have jousted across this room and the Chamber for some years now, on her promotion to shadow Secretary of State in the new Labour shadow Front-Bench team.

As several Members have said, the debate comes at a crucial juncture for all Sri Lankans, not only those from the Tamil community. Parliamentary elections last month were the freest, fairest and least violent in living memory. We were pleased to have played a role through support to the European Union and Commonwealth observer missions and by funding domestic election observers. The elections resulted in the formation of a new Government of national unity committed to reconciliation and peace building, so some of the criticisms and observations by both Government and Opposition Members in the debate might have been better directed at the former Government, that of Mahinda Rajapaksa, rather than at the new Administration.

Andrew Stephenson: I welcome the Minister's comments. I draw Members' attention to my entry in the Register of Members' Financial Interests. Does the Minister agree that President Sirisena's first few months in office have opened up an important political space, with robust debate and important governance changes, such as the 19th amendment to the constitution? There is clearly a lot more to do, but progress is heading in the right direction.

Mr Swire: I utterly concur with my hon. Friend. For example, there is now a Tamil leader of the opposition for the first time in more than 30 years. We have a real window of opportunity for all Sri Lankans to work together to secure a stable, secure and prosperous future.

Tomorrow the report of the international investigation by the office of the High Commissioner for Human Rights will be published. I am proud, as my hon. Friend the Member for Kingston and Surbiton is, of the leading role that the British Government played in calling for that investigation. The report and its recommendations will make a significant contribution to Sri Lanka's efforts to establish truth and deliver justice, as the country seeks to address the legacy of the civil war, which continues to have a profound impact on many Sri Lankans.

The debate is also particularly timely because I attended the opening session of the Human Rights Council in Geneva yesterday. I thanked the High Commissioner for Human Rights for the work of his office in producing the report. I agreed with him that the process had been not only invaluable, but I am sure difficult for the many brave witnesses who came forward to give evidence.

As I discussed yesterday with High Commissioner Zeid, and separately with the Sri Lankan Foreign Minister Mangala Samaraweera and with Tamil National Alliance spokesperson Sumanthiran, our expectation is that Sri Lanka will now take forward the report's recommendations and deliver the required processes and mechanisms to implement them. I also made those points when I addressed the Human Rights Council. I recognise that much remains to be done, but in stark contrast to previous years, I was delighted that I could speak positively about the steps that Sri Lanka's new leadership has taken to begin to address post-conflict accountability and reconciliation.

The report has a vital role to play in understanding the events that took place during and after the conflict, but it is not an end in itself. I agree with hon. Members who said that this is the start of the process and in no way the end. I am sure that all in this House who have followed developments in Sri Lanka closely now want, as I do, to see Sri Lanka move towards meaningful reconciliation, long-term stability and prosperity for all parties.

Mr Steve Baker (Wycombe) (Con): The Minister makes an encouraging case. Will he say something about the consequences for the Administration were there not meaningful progress?

Mr Swire: I tend to look at things more positively. If I may continue, my hon. Friend will hear some of my points in support of what the Government in Sri Lanka are seeking to do. They have our full confidence.

Mr Jayawardena: I thank the Minister for what he has said. I, too, should draw Members' attention to my entry in the Register of Members' Financial Interests. On trade and investment, to which my right hon. Friend referred, does he agree that prosperity will bring the country together as one? We should ensure that everyone has opportunity in Sri Lanka.

Mr Swire: My hon. Friend is entirely right. I very much welcome the plans to twin with Jaffna and so forth. When I was up there, it was clear that, rather than the diaspora returning funds to the Northern Province, Jaffna or the Tamil areas, they should make micro-investments and create businesses. Tamils are fantastic businessmen. The diaspora should invest back into their own country, in the safe knowledge that they will be secure to grow businesses there. There need not be dependence on remittances, but on the micro-economy, growth and jobs. That is what we want.

A vital part of the reconciliation process must be credible proposals that meet international standards to address the four key principles of transitional justice, namely, truth, justice, reparations, and guarantees of non-recurrence. I was therefore pleased that Foreign Minister Mangala's address to the Human Rights Council included such plans. We now need to work with the Sri

[Mr Swire]

Lankan Government and our partners in the Human Rights Council to understand Sri Lanka's plans in more detail and to agree a consensual resolution that sets out a clear framework for delivery. That will of course include plans for delivering justice and accountability.

I appreciate why many in the Tamil community have called for a purely international accountability mechanism, but we have been clear for a long time that a credible domestic mechanism that meets international standards is the best way to build a stronger, more inclusive and prosperous society. In practice, that means: an appropriate legislative and judicial framework for prosecutions to take place; an international element that enables it to meet international standards; guarantees of effective protection of witnesses; and an agreed follow-up mechanism to monitor progress. That is the only way in which any process will gain credibility, critically with all Sri Lankan people and with the international community.

My hon. Friend the Member for Kingston and Surbiton referred to allegations against senior public figures in Sri Lanka. As I have stated previously, we should not pre-judge the conclusions of the UN report. Once the report is published, however, it will be important that its findings are acted on in full, in a credible manner and in line with international standards.

My hon. Friend also referred to recent allegations of human rights violations. We take such allegations extremely seriously. We have repeatedly lobbied the Sri Lankan Government about human rights violations in the past and continue to do so. I discussed the issue of disappearances with Foreign Minister Mangala and with the head of the International Committee of the Red Cross, Peter Maurer, in Geneva yesterday. I am pleased that they have agreed to work together to establish an office on missing persons, in line with internationally accepted standards. I am also pleased that the Foreign Minister committed to begin issuing certificates of absence to the families of those who have disappeared, which is an important first step towards dealing with the terrible situation of the missing, which my hon. Friend described.

As regards asylum and human rights applications from Sri Lankan nationals, together with my colleagues at the Home Office, we keep our asylum policy for all countries under regular review, taking into account all available evidence. Applications are carefully considered on their individual merits in accordance with our international obligations. Individuals who can demonstrate that they face a genuine risk of persecution or ill-treatment

in Sri Lanka are granted protection. In an individual case, when people raise material issues about the safety of their return, the Home Office will review it.

Anne McLaughlin: What about cases in which people cannot prove that they would be in imminent danger, but are so terrified by their experiences in Sri Lanka over many years that they cannot bear to go back? I have constituents in such circumstances. Would the Home Office consider granting them asylum even though they might not face danger, but perceive that they do?

Mr Swire: If the Home Office gave asylum to everyone who perceived danger, the asylum policy would be in a mess, as the hon. Member for Ilford North (Wes Streeting) said it was—which it is not. We have to make judgments case by case. We have been reviewed regularly and withstood such reviews, so our policy is robust. Incidentally, as I discussed again in Geneva yesterday, there are of course still problems in the police and the armed forces, and the new Government need to come to terms with that, but I genuinely believe that they will stamp out any human rights abuses. We need to understand that there has been a sea change in Sri Lanka. We need to get behind the new Administration.

Siobhain McDonagh: Will the Minister give way?

Mr Swire: No, I will continue, if I may, for the last minute or so.

My hon. Friend the Member for Kingston and Surbiton correctly pointed out the significant social and economic challenges in Sri Lanka. I saw those at first hand when I visited in January. I reiterated to the Government of Sri Lanka our commitment to help in tackling those challenges.

Fundamental to helping ordinary people get back to normal lives are demilitarisation and the return of military-occupied land in the north and east, which I discussed with Minister for Resettlement Swaminathan and President Sirisena during my visit to Sri Lanka in January; with the Chief Minister of the Northern Province, Justice Wigneswaran, most recently during his visit to London in July, when I met him for the second time; and with Governor Fernando of the Eastern Province yesterday in Geneva.

Given the importance of those issues, I was encouraged by the replacement of military governors in the north and east with civilians, by the return of land to a number of war-displaced Tamil families, including by President Sirisena last month, which—

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

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