

Tuesday
20 October 2015

Volume 600
No. 53



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 20 October 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

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Mass Migration

1. **Rishi Sunak** (Richmond (Yorks)) (Con): What assessment he has made of the likely long-term effects of the current refugee crisis on efforts to address mass migration into and within the EU. [901647]

11. **Sir Simon Burns** (Chelmsford) (Con): What (a) assessment he has made and (b) discussions he has had with his EU counterparts on the likely long-term effects of the current refugee crisis on efforts to address mass migration into and within the EU. [901657]

15. **Wendy Morton** (Aldridge-Brownhills) (Con): What assessment he has made of the likely long-term effects of the current refugee crisis on efforts to address mass migration into and within the EU. [901661]

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): I discussed the migration crisis with my counterparts at the EU Foreign Affairs Council earlier this month. There is rising recognition among EU member states that Europe cannot continue indefinitely to absorb very large numbers of migrants and that a comprehensive approach is needed, with much greater focus on tackling the root causes of migration as the UK has long advocated. On the issue of mass migration within the EU, my right hon. Friend the Prime Minister has made it clear that we are focused on reforming migrant access to welfare to reduce the artificial pull factors that draw migrants to the UK.

Rishi Sunak: I thank the Secretary of State for that answer. Does he agree that the best long-term solution to tackling the migration crisis is to improve the living conditions of people in major source countries and that this Government's commitment on international aid is a tangible example of our leadership in that area?

Mr Hammond: I agree with my hon. Friend. There are two distinct groups. There are those who are displaced by war and conflict, and for the period of their displacement we have to ensure they have the resources they need, usually through the United Nations, to feed themselves and to be able to educate their children and to access

healthcare. Then there are those who are coming from countries where, frankly, life is very hard, and we have to work with those countries of origin to ensure economic development that gives everybody a chance to do something that gives them an incentive and a reason to want to stay.

Sir Simon Burns: Does my right hon. Friend agree that, important as it is to address the long-term causes of mass migration from outside the EU, it is equally critical to address the problems of mass migration within the EU caused by the artificial pull factor of our welfare system?

Mr Hammond: I agree. As I said in my opening response, that is where we are focused—dealing with the very generous access to benefits and public services that acts as a distortion in the labour market, and which encourages people to come to the UK in anticipation of net earnings far higher than the wages they could otherwise earn.

Wendy Morton: Does my right hon. Friend agree that the UK's position outside the Schengen area is a great advantage in addressing the causes and consequences of the ongoing migration crisis?

Mr Hammond: Again, I agree. Being outside the Schengen area has allowed us to stand back from the immediate pressure of this migration crisis and take a slightly more detached view, where we have focused on helping in the upstream areas with very generous humanitarian support to the Syrian region. It is not only being outside the Schengen area; it is having the justice and home affairs opt-out that allows us to say very clearly that we will not share in any compulsory reallocation of migrants within the EU.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): How will the Government ensure that the 20,000 refugees they have agreed to take from the region include some of the most vulnerable—children, disabled people, women who may have faced sexual violence—and how many of those refugees does the right hon. Gentleman expect to be here by Christmas?

Mr Hammond: The hon. Gentleman makes an excellent point. This is exactly the Prime Minister's point: many of the people we see on our television screens walking down railway lines are fit young men coming to Europe to look for work—and that's fine—but there are also many extraordinarily vulnerable individuals in displaced persons camps who are simply not able to try to make that difficult and dangerous crossing into Europe, and we will take those people, asking the UN to prioritise the most vulnerable.

Mary Creagh (Wakefield) (Lab): Some of those fit young men are fleeing the conscription of Assad's regime because they do not want to kill their own people. Turkey and Lebanon cannot continue indefinitely to absorb the millions of refugees from Syria's crisis. What is the right hon. Gentleman going to do to respond with compassion and competence in the European Union? Will he reconsider his decision not to participate in the resettlement from within the EU, as Ireland and Denmark have done?

Mr Hammond: No, we will not reconsider that decision. We judge that the best contribution we can make is to take some of the most vulnerable. I am not saying that the fit young men do not have a reason for fleeing. I am saying that we must focus on the most vulnerable people, who do not have the option to flee. While I am on my feet, I would like to pay tribute to Turkey, Lebanon and Jordan, who have borne an extraordinary burden over many years, absorbing refugees and displaced people from Syria.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): Why do the Secretary of State and the Government continue to conflate those important but separate issues? The refugee crisis—it is not a migrant crisis—is an exceptional circumstance. Those individuals and families are fleeing the region first and foremost for their own safety, but they want to go home. Does he not agree that a humanitarian plan for long-term peace in Syria would do far more to address the crisis than these short-term measures, which appear to have been designed to curry favour with the right-wing press?

Mr Hammond: I do not know where the hon. Lady has got that from. Of course we agree that addressing the upstream problem by getting a political settlement in Syria and defeating ISIL so that it cannot carry out its barbarous activities is the right way to go. I also agree with her that, when we come to build the new Syria, post-Assad, we will need those engineers, doctors and teachers who are now being encouraged to resettle in Europe. We have a responsibility to ensure that the new Syria has access to those qualified and educated people.

Nadhim Zahawi (Stratford-on-Avon) (Con): Is my right hon. Friend aware of the first robust piece of research undertaken among refugees in Germany, which shows that 70% of them blame Assad and his barrel bombs for their predicament? The rest blame the murderous ISIL group. Only 8% of them want to remain in Europe, with 92% wanting to return home, which speaks directly to this Government's policy of focusing on the camps in Jordan, Lebanon and Turkey and helping people to stay there before they return to their country.

Mr Hammond: There has been a lot of focus on ISIL, but it is important to remember that it is Assad's persistent indiscriminate attacks on his own civilian population with chlorine gas and barrel bombs that have been the principal driver of this mass migration.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Prime Minister said in his conference speech that the problem with the EU was that it was "too big" and "too bossy". Looking at the refugee crisis, however, we can see that his rhetoric was simply wrong. Does the Foreign Secretary not agree that the problem for the refugee crisis has not been a European Union that is too strong and overbearing, but rather one that has been too weak, too unco-ordinated and too ready to fall back into the old habit of nationalism? Do not the desperate scenes that we have witnessed all summer demand more co-operation between states rather than a retreat into the use of barbed wire and nationalism and a failure of collective, co-ordinated leadership precisely when it is needed most?

Mr Hammond: I am happy to agree with the right hon. Gentleman that co-operation between states is the right answer. Unfortunately, however, that is not what happens when competences are ceded to the EU, which results in dictation to states by the European Union. That is a distinction that he would be well advised to study.

Paris Climate Change Conference

2. **Patrick Grady** (Glasgow North) (SNP): If the Government will invite a Minister of the Scottish Government to join the UK delegation to the Paris climate change conference in December 2015. [901648]

The Minister for Europe (Mr David Lidington): Yes, my right hon. Friend the Secretary of State for Energy and Climate Change wrote to all three devolved Administrations last month to invite the relevant Ministers to join the UK delegation in Paris.

Patrick Grady: That is welcome news, as it will give the Scottish Government Minister a chance to speak about Scotland's ambition to tackle climate change. Does the right hon. Gentleman agree that that is particularly important, given the criticisms that the UK Government are facing today from the United Nations environment programme, which has stated that their cuts to renewables are completely at odds with the pledges being made by 150 other countries ahead of the Paris summit?

Mr Lidington: I obviously welcome the participation of Scottish and other devolved Ministers in the UK delegation, but I really think that the hon. Gentleman should do a bit of homework and remind himself that the UK is well on track to achieve its emissions reduction targets by 2020, en route to the 80% reduction by 2050. And I am sorry that he did not even mention the Prime Minister's commitment of a further nearly £6 billion in additional climate finance to help the poorest countries to adapt to the challenge of climate change.

Andrew Rosindell (Romford) (Con): Does the Secretary of State agree that if the devolved Assemblies are being represented at the conference in Paris, the British overseas territories should also be given representation? They are not part of the British Isles and could therefore be affected by climate change in lots of ways. Surely they should also have a voice at this important conference.

Mr Lidington: The Foreign Office will, of course, be very much involved in the UK delegation at the Paris climate change conference, and every Foreign Office Minister always keeps the interests of the British overseas territories closely in mind. We know that my hon. Friend will always make sure that we continue to do so.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): At this rate, it will not matter who gets on the plane to Paris, because when they get there the UK will be a laughing stock as a result of this Government's lack of commitment to tackling climate change. We are haemorrhaging jobs in the solar industry and in the insulation sector, and all because of a lack of Government policy. How can Foreign Office Ministers do their job if we are not taking the right action at home?

Mr Lidington: I am sorry that the hon. Gentleman did not revise his question after hearing my previous answer. I remind him that not only are we on track to meet the climate change targets we have set, but we are setting a lead by committing large sums of additional British taxpayers' money to help the poorest countries adapt to climate change. This country is the world's sixth largest green exporter, and the record is one of which we can be proud.

Catherine West (Hornsey and Wood Green) (Lab): Perhaps the Minister would like to revise his answer, given that Al Gore has said:

"It is time for the UK government to honour and live up to that legacy, and return to its global leadership position, domestically and abroad, by supporting an ambitious international agreement in Paris".

It appears the Prime Minister may have lost interest in the subject, and the solar industry is in crisis domestically.

Mr Lidington: First, may I welcome the hon. Lady to her new responsibilities on the Opposition Front Bench?

For the reasons I have already given, I think that this Government continue to have a good record on climate change, and my right hon. Friend the Prime Minister takes a very close interest in this in all the international discussions. This was a major item he discussed with President Hollande during the President's recent visit to Chequers. We are very committed to helping the French Government to deliver an ambitious outcome at Paris which commits all countries to significant emissions reductions, and to targets binding in international law and help for the poorest countries, which will struggle most to make the change.

India (Outstanding Payments to British Companies)

3. **Mr Laurence Robertson** (Tewkesbury) (Con): What recent discussions he has had with the Government of India on outstanding payments due to British companies for work carried out during the 2010 Commonwealth games. [901649]

The Minister of State, Foreign and Commonwealth Office (Mr Hugo Swire): In the case of SIS Live, the British high commission in New Delhi has provided consistent support to the company and urged the Government of India to resolve the dispute over payment. I personally raised this issue with the Indian high commissioner just yesterday, and we will continue to press for a satisfactory settlement.

Mr Robertson: I thank the Minister for that response and for the work he has carried out on this issue. SIS Live is a perfectly respectable British company which fully delivered on its commitments in the 2010 Delhi Commonwealth games. Does he agree that the outstanding debt of £29 million should be paid to SIS Live in advance of the Indian Prime Minister's visit to this country later this year?

Mr Swire: Yes, we very much hope this will be resolved before Prime Minister Modi comes here shortly. The visit will be an opportunity for us to discuss a wide range of issues. Bilateral trade with India is extremely good, but what is important is the signal this matter sends to other potential British companies looking to invest in India, so we do want it resolved.

Keith Vaz (Leicester East) (Lab): While of course accepting the need for British companies to be paid and for Indian companies to be paid by British companies with which they are doing business, may I join the Minister in welcoming the visit of Narendra Modi, which has caused huge excitement among the British Indian community in places such as London and Leicester? Will it enable the Government to send out a message that it is not just learning Chinese that is important and that a bit of Hindi will go down well in our bilateral relations?

Mr Swire: I very much hope the right hon. Gentleman is not going to test me on my Hindi now. Of course we are all looking forward to the visit of Prime Minister Modi. Quite apart from the Government-arranged events, there is going to be a huge diaspora event, in which the Prime Minister will be able to speak—I am sure the right hon. Gentleman is closely involved in organising it. Clearly, we want more British students to study in India, but the opportunities for the provision of English language teaching in India are the ones on which we should concentrate.

Mr Speaker: Of course the Indian Prime Minister is the representative of a great democracy.

Japanese Foreign Policy

4. **Paul Scully** (Sutton and Cheam) (Con): What discussions he has had with his Japanese counterpart on that country's constitutional constraints on foreign policy initiatives. [901650]

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): I have congratulated the Japanese Diet on passing security legislation that will allow Japan to play a greater role in maintaining international peace and security. When I visited Tokyo in August, I discussed with Foreign Minister Kishida how the UK and Japan can work together to uphold the rules-based international system, once these changes have been introduced.

Paul Scully: Following the Prime Minister's announcement in New York that the UK will make a greater contribution to UN peacekeeping operations, does my right hon. Friend agree that we should encourage Japan to use its special defence forces to contribute to UN peacekeeping as well?

Mr Hammond: Yes, I do. By passing this legislation, the Japanese have allowed themselves more freedom to co-operate with international partners in preserving international peace, and we are very keen that that includes more Japanese peacekeepers on UN peacekeeping operations as well as Japanese logistic support to other operations carried out by partners and allies around the world.

Andrew Gwynne (Denton and Reddish) (Lab): Some of the concerns of the Japanese have centred around the activity of the People's Republic of China in the East China sea and the South China sea regions, particularly the recent dispute with Japan over the Diaoyu-Senkaku islands. When the Foreign Secretary is in discussions with the Japanese and the Chinese, will he try to build

some sense of peace and stability in that region to try to allay the concerns not just of Japan but of other countries in the region?

Mr Hammond: First, let me congratulate the hon. Gentleman on his very good pronunciation of those particular islands. Our position on this is clear: we do not take a position on the different claims to sovereignty over disputed territory in the East China or the South China seas. What we are clear about is two things: first, these disputes must be resolved in accordance with international law and peacefully; and secondly, the international right to freedom of navigation and freedom of overflight must be preserved. That is the position that we consistently take and that we consistently make to Japanese, Chinese and other south-east Asian interlocutors.

European Union Reform (Negotiations)

5. **Chris Davies** (Brecon and Radnorshire) (Con): What assessment he has made of the progress of negotiations to reform (a) the EU and (b) the UK's relationship with the EU. [901651]

14. **Andrea Jenkyns** (Morley and Outwood) (Con): What assessment he has made of the progress of negotiations to reform (a) the EU and (b) the UK's relationship with the EU. [901660]

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): We are making good progress in our discussions on reform of the EU at both a political and technical level. We will continue discussions with our EU colleagues as well as with the European Parliament and Commission ahead of the December European Council. As the Prime Minister said last week, he will also be writing to the president of the European Council in early November to set out the areas of change that we wish to achieve.

Chris Davies: Does the Minister share my concern that economic and monetary union states could force new legislation on non-EMU states by commanding a majority in the EU? What measures can be put in place to ensure that a country not in the eurozone, as Britain is proud to be, can guarantee that their voice is heard in the EU equally as loudly as those inside the eurozone, particularly on policy relating to the single market?

Mr Hammond: My hon. Friend is right to point out that concern. It is the case that the eurozone states will have a qualified majority between them in due course. That is why part of this negotiation is about putting in place a framework to govern relationships and decision making between eurozone and non-eurozone states so that the interests of the non-eurozone states are protected as the eurozone proceeds with the closer integration that—in our judgment—will be necessary to ensure that the euro is a successful currency. That is something that is greatly in the interests of the United Kingdom.

Andrea Jenkyns: For the past two years, the residents of Morley and Outwood have been telling me of their concerns about EU migration, free movement of people and access to our NHS benefits and other services. What assurances can my right hon. Friend give them that those concerns will be addressed in the renegotiations?

Mr Hammond: I can assure my hon. Friend that those issues are right up there at the front of our renegotiation strategy. Whether they like it or not, our partners across Europe understand that those are the primary concerns that the British people are expressing in opinion poll after opinion poll and during the recent general election campaign. If Britain is to be able to embrace a reformed European Union, those issues will have to be addressed in the settlement.

Emma Reynolds (Wolverhampton North East) (Lab): If progress is made in all of the four areas that the Prime Minister has put forward, is the Foreign Secretary minded to vote for our EU membership?

Mr Hammond: Clearly, what I seek is a package of reform that will allow me and the British people to embrace enthusiastically Britain's future in the European Union. The British people will, however, approach this process with a sceptical frame of mind. They will be looking for real and substantial reform, which is binding and enforceable and irreversible in the future. That is what we are seeking.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): What legal advice has the Foreign Secretary had that would give him reason to believe that he can get these substantial changes that would allow non-euro countries fair representation within the architecture without treaty changes being required?

Mr Hammond: We expect that some of the changes that we are seeking—by no means all, but some—will require treaty change. We are exploring in technical discussions with the Commission's lawyers how we might enter into binding arrangements ahead of treaty change that will have the effect of binding our partners into the agreements they have made.

17. [901663] **Mr David Nuttall** (Bury North) (Con): Can the Foreign Secretary confirm that apart from some technical changes relating to the right of EU citizens to claim welfare payments, the basic principle of free movement of people is not going to change in the renegotiations?

Mr Hammond: The basic principle of freedom of movement to work is not being challenged, but I disagree with my hon. Friend that changes to access to welfare are merely technical. The point was made very well that access to extraordinarily generous in-work benefits effectively distort the labour market and create a pull factor towards working in the UK that we need to reverse.

Stephen Gethins (North East Fife) (SNP): The Foreign Secretary has made it clear that any changes will require treaty change. Can he tell us one member state that backs treaty change?

Mr Hammond: To be clear, I did not say that any changes will require treaty change; I said that we expect that some of the changes we are seeking will require treaty change. It is perfectly true—I do not know why the hon. Gentleman finds it so amusing, and I have said it in this House many times before—that none of our partners welcomes the idea of treaty change, but all of them accept that this is something we have to do if we are going to carry the British people with us.

21. [901667] **Mr John Baron** (Basildon and Billericay) (Con): What progress is being made to ensure that this Parliament, by itself if necessary, can say no to any unwanted EU directives, tax or regulations?

Mr Hammond: Part of our reform strategy is to look for a greater role for national Parliaments working together to block unwanted legislation so that we, the people of Europe, cannot have imposed on us by the Commission something that the majority of us do not want. But my hon. Friend knows that it is completely unrealistic to seek an individual national veto in all areas. A European Union of 28 member states with individual national vetoes simply would not work.

Tom Brake (Carshalton and Wallington) (LD): Will the Foreign Secretary comment on the solid progress being made on one of the five principles for the Prime Minister's vision for a new European Union—that is, the competitiveness agenda and specifically, for instance, delivery charges for items posted within the EU, or trade deals with the US?

Mr Hammond: I do not know whether the right hon. Gentleman is privy to some information that I am not, but last time I checked with the Prime Minister he had four categories in which he was pursuing the negotiation. On competitiveness, it is true that the mood in the European Union has changed. Since the financial and economic crisis, more and more member states are focused on the need for Europe to be able to compete in the global economy, and the Juncker Commission is focused on an agenda. We think it could go further, we would like it to be more ambitious, but it is pointing in the right direction. Our challenge is to institutionalise that change and make sure that the European Union is firmly pointed in that direction as a matter of institutional structure, not of individual Commission choice.

23. [901669] **Andrew Bridgen** (North West Leicestershire) (Con): The Foreign Secretary said that our renegotiation will require a treaty change. Does he see that occurring before or after the proposed EU referendum, and will that treaty change trigger a second referendum?

Mr Hammond: We are exploring with the Commission legal services and others the possibility of binding legal commitments like the protocols that were entered into by Denmark and Ireland that will be incorporated into the treaties at the next available treaty change. That will give us what the British people need, which is assurance that the agreements that have been entered into will be complied with by the other member states.

Somalia

6. **Chris Heaton-Harris** (Daventry) (Con): What recent diplomatic steps he has taken to promote peace and security in Somalia. [901652]

16. **Jeremy Lefroy** (Stafford) (Con): What recent diplomatic steps he has taken to promote peace and security in Somalia. [901662]

The Minister of State, Department for International Development (Grant Shapps): As my right hon. Friend the Prime Minister announced at the UN General Assembly

last month, we are deploying up to 70 UK military personnel to assist the UN Support Office for AMISOM—the African Union Mission to Somalia.

Chris Heaton-Harris: Much of the rebuilding work in Somalia has been undertaken by Britain and led by the British Government. Will my right hon. Friend confirm that economic and infrastructure development in Somalia go hand in hand with peace and security?

Grant Shapps: My hon. Friend is absolutely right. I was in Mogadishu in July and saw some of that work taking place. Britain's influence there should not be underestimated. America has its embassy in Nairobi, and no other EU state has a presence in Somalia, so Britain is the only EU country with an embassy in Mogadishu. From there we give technical, logistical and planning assistance, which the Government there very much welcome.

Jeremy Lefroy: May I pay tribute to the work of the African Union peacekeeping forces from Uganda, Burundi, Djibouti, Kenya, Ethiopia and Sierra Leone, who have lost more than 1,000 lives in returning Mogadishu and much of the rest of Somalia to a form of peace? What does the United Kingdom propose to do to continue to support these brave men and women?

Grant Shapps: My hon. Friend is absolutely right. The brave troops of the AMISOM command have been doing an incredible job, and I pay tribute to all the countries he mentioned for their involvement. When our military personnel turn up, they will be helping with engineering and logistical support. I have discussed that with our embassy and with UNSOA, the co-ordination force on the ground. It is absolutely right to pay tribute to the very brave work being done by all involved.

Israel and Palestine

7. **Oliver Dowden** (Hertsmere) (Con): What assessment he has made of the implications for his policies of recent violence in Israel and the Palestinian territories. [901653]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): We are deeply concerned by the recent violence and terrorist attacks across the occupied Palestinian territories and Israel. Our immediate focus is on urging all sides to encourage calm, take steps to de-escalate and avoid any measures that could further inflame the situation.

Oliver Dowden: Does the Minister agree that there can be no justification whatsoever for random terror attacks on Israelis in the streets of Israel? They are just like us: normal people trying to go about their ordinary lives. We should be absolutely clear in condemning that sort of activity.

Mr Ellwood: I absolutely concur with my hon. Friend and condemn the violence that has taken place across Israel and the occupied Palestinian territories. There is no place for the sorts of terrorist attacks we have seen, and the effect they are having on innocent civilians' sense of safety is appalling.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Are not the deaths of an Eritrean immigrant who was just murdered in Beersheba by Israeli thugs, the deaths of seven Israelis and the deaths of 40 Palestinians the direct consequence of Netanyahu's refusal to grant freedom to Palestine, the illegal wall, the illegal settlements, the 500 check points and the persistent desecration of the al-Aqsa mosque by Israeli settlers? Will the Government take action to get Netanyahu to the conference table?

Mr Ellwood: We recognise that there are frustrations due to the lack of progress towards peace, and we share those frustrations. The peace process was launched more than two decades ago, yet we still have not achieved the two-state solution that was envisaged, but there is absolutely no justification for the sorts of attacks we have seen.

25. [901671] **Mr Peter Bone** (Wellingborough) (Con): Does the Minister agree that it certainly does not help that the Palestinian Authority encourages incitement against Israel?

Mr Ellwood: President Abbas has condemned the use of violence and reiterated the Palestinian Authority's commitment to reaching a political solution by peaceful means. We have seen tensions spike in the past, but it does seem different this time, with young people seemingly unafraid of death and brandishing knives, knowing what the consequences will be. The pattern so far has been one of lone wolf, low-tech attacks, but the escalation and the tensions are certainly worrying.

13. [901659] **Mr Jim Cunningham** (Coventry South) (Lab): What discussions has the Minister had with the Israeli Prime Minister regarding the Gaza reconstruction mechanism? One hundred thousand people have been displaced, and no homes have been built since July. What are we doing about that?

Mr Ellwood: The hon. Gentleman will be aware that Prime Minister Netanyahu visited recently. We have been making every effort to promote calm. The Prime Minister and the Foreign Secretary have spoken to key regional leaders over the recent weeks, and British officials have been pressing both sides to take steps to de-escalate the situation.

22. [901668] **John Howell** (Henley) (Con): What assessment has the Minister made about the significant damage to the holy site of Joseph's tomb at Nablus, which was destroyed by up to 100 Palestinian rioters?

Mr Ellwood: I strongly condemn the burning of the tomb of Joseph in Nablus. The basic right of freedom to worship in safety and security should be protected for all. We have called for a swift and transparent investigation into the incident and for those responsible to be brought to justice.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): As Israeli civilians are being stabbed and murdered by Palestinians on virtually a daily basis, a Rafah cleric, in his sermon on 9 October, brandished a knife and called for Palestinians to slaughter Jews in a holy war. Is it not

time that the nature of this incitement was recognised and combated if there is ever going to be hope for peace and justice?

Mr Ellwood: As I say, the Foreign Secretary spoke to President Abbas last week. We are encouraging him to work with Prime Minister Netanyahu. We are also aware that the US is looking at the situation very closely, and Secretary Kerry is ready to visit the region when appropriate.

20. [901666] **Neil Parish** (Tiverton and Honiton) (Con): Earlier this month, Palestinian Authority President Mahmoud Abbas proclaimed:

"We welcome every drop of blood spilled in Jerusalem...With the help of Allah, every martyr will be in heaven, and every wounded will get his reward."

Does my right hon. Friend the Foreign Secretary share my concern that such provocative remarks have fuelled the recent wave of deadly attacks on Israel? What more can we do to help?

Mr Ellwood: There has been too much provocation on both sides. The current violence underlines the fact that a lasting resolution that ends the occupation and delivers peace for Israelis and Palestinians is long overdue. We have been round this buoy many times. The Oslo accords seem in the far distant past, and the tensions are ratcheting up again. We call on both sides to come together.

Richard Burden (Birmingham, Northfield) (Lab): Does the Minister agree that all murders and attacks on civilians are unacceptable? That includes knife attacks on Israeli civilians and also settler attacks on Palestinian civilians that have been running into the hundreds for several years now. Will he join Amnesty International, Israeli human rights organisations and the United Nations in expressing concern at the increasing use of live ammunition by Israeli troops and police, even when life and limb are not immediately under threat, because that fuels a lot of the tension that we are seeing now?

Mr Ellwood: We can recall what has happened in the past when the violence has ratcheted up to the levels that we are seeing today. That is why we are urging all sides to come together to avoid what we have seen in the past.

Sir Eric Pickles (Brentwood and Ongar) (Con): Does my hon. Friend recall the words of our right hon. Friend the Prime Minister in his speech to the Knesset last year, when he said,

"I will always stand up for the right of Israel to defend its citizens. A right enshrined in international law, in natural justice and fundamental morality"?

Does my hon. Friend believe that it is now time for us to review our relationship with the Palestinian authorities? Would it not be better to pay directly to the projects themselves rather than through the Palestinian authorities so that British taxpayers could have a better assurance that the money is going to Palestinians rather than being siphoned off as a stipend to terrorists?

Mr Ellwood: My right hon. Friend articulates the strength of the tensions and the need for us to come together. As I say, peace has eluded that country and

the Palestinian authorities for years now. It is important that we take advantage of John Kerry's offer to visit the region in the very near future.

Libya

8. **Royston Smith** (Southampton, Itchen) (Con): What diplomatic steps his Department is taking to secure a stable Government in Libya. [901654]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): On 8 October, UN special representative Bernardino León announced details of the political settlement in Libya, urging Libyan parties to agree the deal before 21 October. Yesterday I attended a meeting of international partners hosted in the Foreign and Commonwealth Office to discuss robust support for a Government of national accord.

Royston Smith: Everyone in this Chamber will welcome the progress towards a new national Government in Libya. However, we have been here before, so will the Minister commit to reviewing our approach to Libya in the event that the timeline for a national Government is breached?

Mr Ellwood: If I may correct my hon. Friend, we have not quite been at this point before. We are on the eve of signing a peace document to get a Government of unity, but we are not there yet. That will happen next week. If it does not happen, the difficulties faced by Libya—including not only the current migration patterns, but, most importantly, ISIL developing a foothold there—will continue.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Prime Minister used to be so proud of this country's intervention in Libya. Surely we should be seen as taking a much stronger role in trying to bring all the parties together so that Libya can have some sort of future and its people can live in peace.

Mr Ellwood: I am slightly puzzled by the hon. Gentleman's question, because we have been at the forefront of engaging with the parties in the very difficult aftermath of Gaddafi's fall. We offered to assist back in 2012 and 2013. We were invited to leave the country, along with other UN organisations. We have encouraged, through the UN and working with Bernardino León and the Prime Minister's envoy, Jonathan Powell, the bringing of the parties together. No country could have done more.

Michael Fabricant (Lichfield) (Con): Although I would not dare to try to emulate Sir Peter Tapsell, does my hon. Friend recall that originally Libya was made up of Tripolitania and Cyrenaica? Does he not believe that if the worst comes to the worst, it may be necessary, because they are two very different peoples, to divide Libya?

Mr Ellwood: My hon. Friend is correct, although he misses out a third region, namely Fezzan, and it was the Italians who brought the country together. As well as those three regions, there are more than 135 tribes, including 35 main tribes. They have been sat on by a

dictator for 40 years, and lifting the lid off that results in society trying to flex its muscles. That is the difficulty and challenge we face.

Refugee Camps (Syria-Turkey Border)

9. **Kirsten Oswald** (East Renfrewshire) (SNP): What support his Department is providing for refugees in camps along the Syria-Turkey border. [901655]

The Minister for Europe (Mr David Lidington): We have pledged more than £1.1 billion for humanitarian relief in Syria and neighbouring countries. Roughly half of that sum goes towards helping people inside Syria, and the other half is provided to refugees in the neighbouring countries in the region.

Kirsten Oswald: Does the Minister agree that the Prime Minister's commitment for the UK to take 1,000 refugees before Christmas—which equates roughly to two refugees per constituency—is simply not good enough and represents a missed opportunity to do the right thing?

Mr Lidington: No, I do not. The hon. Lady underestimates the important fact that we shall be offering a home to people who are among the most vulnerable and traumatised as a result of the conflict. We need to ensure that they are given a proper reception and the full package of support from the national health service and, in many cases, local authority social services. They have to be properly provided for.

Kwasi Kwarteng (Spelthorne) (Con): Given the increased terrorist activity in Turkey, what assurances can the Minister give on the support the British Government are specifically giving Turkey with respect to the migrant question?

Mr Lidington: We have made very clear to the Turkish Government that we stand with them in resisting terrorism. We have a history of good counter-terrorist co-operation with the Turkish authorities, and we have told Turkey that we are willing to explore how we can further strengthen that.

Second Gulf War

10. **Mr Graham Allen** (Nottingham North) (Lab): What discussions he has had with his international counterparts on establishing an authoritative figure for the number of people killed in the second Gulf war and its aftermath; and if he will make a statement. [901656]

Mr Ellwood: I frequently discuss Iraq with my international counterparts. The Government have not produced any estimate for the number of Iraqis killed as a result of terrorism and war-related violence since 2003, although we are aware that others do so. Our focus today is on supporting the Government of Iraq in their efforts to build a more stable and secure future for their people.

Mr Allen: It is amazing that the British Government do not have a clue how many people have been killed by the British and American forces' adventure in Iraq; I hope the Minister will find an accurate figure for Parliament. Does he regard the invasion of Iraq as a success?

Mr Ellwood: I did say that there are others, including the Iraqis themselves, who have put together those numbers, and I am more than happy to share those with the hon. Gentleman if he wants to see them. With regard to the decision to invade Iraq, lessons have certainly been learned. We await the Chilcot inquiry, but I recall that after the invasion a diktat went around the Department for International Development saying that the war was illegal, so in Basra we went from being liberators to occupiers. That is not the way to do it. There are lessons to be learned, and we are learning such lessons and applying them in Iraq today.

Syria

12. **Graham Jones** (Hyndburn) (Lab): What recent assessment he has made of the situation in Syria.

[901658]

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): Syria is facing a humanitarian crisis as a result of the continued assault by the Assad regime on the civilian population and the brutal occupation of a significant part of the country by ISIL. The Russian intervention—purportedly to join the fight against ISIL, but in fact targeting principally non-ISIL opposition positions—is complicating the situation and risks driving much of the opposition into the arms of ISIL.

Graham Jones: The *Financial Times* reported on Thursday that ISIS is making \$1.5 million a day, plus racketeering, plus ransom money, plus proceeds stolen from the banks. It is a \$1 billion organisation now. Where is that money going? It is not kept in shoeboxes under beds. What are the British Government doing to pursue the financial interests of ISIS?

Mr Hammond: The UK is heavily involved in that particular strand of coalition activity—intercepting financial streams—and, of course, the coalition is also taking kinetic action to try to disrupt ISIL's revenue-generating activities. However, because we target cautiously, to avoid collateral damage and civilian casualties, there is a limit to the kinetic action that we can take.

Crispin Blunt (Reigate) (Con): While the Russian intervention has complicated the military situation, might the actuality of Russian and Iranian practical military support for the regime somewhat simplify the politics of this situation? They now need a solution; otherwise they will be in an indefinite war supporting the regime. Is this not now the moment to invest in a serious diplomatic effort to bring all the parties together?

Mr Hammond: It is probably too early to judge whether or not my hon. Friend's point is valid. Let me say again that the British Government believe that we must have political engagement to find a solution to the Syrian civil war, while we certainly need a military solution to the challenge of ISIL. We are ready to engage with anyone who is willing to talk about what that political transition in Syria might look like, but we are very clear that, from our point of view, it must at some point involve the departure of Bashar al-Assad.

Alex Salmond (Gordon) (SNP): The Foreign Secretary clearly has his itchy fingers on the trigger of military intervention, as indeed do the Defence Secretary and the Prime Minister. With 12 other countries already bombing in Syria, what analysis has been done of what additionality or what further sorties would be flown by RAF Tornados, and what possible difference could they make to the military situation?

Mr Hammond: My right hon. Friend the Defence Secretary has already made it clear—I remember saying the same, when I performed that role, more than a year ago—that the point is one of military efficiency. We are already flying reconnaissance missions over Syria, but our Reapers now have to fly over Syria unarmed looking for situations, which they then relay back to call in other allies to carry out strikes. That is not the most efficient way to carry out operations.

Alex Salmond: We could drop a few bombs from our reconnaissance aircraft, but what difference would that make to the military situation? Why does the Foreign Secretary not listen to his own Back Benchers? As a non-combatant nation, there are certain advantages in being able to make diplomatic initiatives. Given that the Prime Minister is meeting the President of China—another non-combatant nation and a permanent member of the Security Council—why not discuss a joint diplomatic initiative, instead of just thinking that additional bombing is the answer?

Mr Hammond: I have discussed the situation in Syria with my Chinese counterparts on several occasions. At the moment, I judge that the Chinese are not willing to take a diplomatic initiative that would separate them from the Russians. Let me be clear that we are part of coalition activities in Syria. We are not carrying out kinetic actions, but we are flying reconnaissance and surveillance missions and feeding back the output of those missions to the coalition.

Hilary Benn (Leeds Central) (Lab): Russia's military intervention has certainly changed things, but one thing that remains unchanged is the suffering and agony of the Syrian people. Given that we can now expect more people to flee their homes, and recognising, as we heard earlier, that the neighbouring countries are almost at bursting point, will the Foreign Secretary tell the House what discussions he has had with Foreign Ministers about the possibility of establishing safe zones for people in Syria?

Mr Hammond: As the right hon. Gentleman will know, there have been extensive discussions about safe zones, which were originally a Turkish idea, over many months. At the moment, we judge the creation of safe zones to be impractical and impossible to enforce. We are acutely conscious that if we create something called a safe zone, it must be safe. There must be someone who is willing to enforce the safety of that zone. We judge that that means boots on the ground, and we and the United States are certainly not prepared to put boots on the ground in northern Syria.

Hilary Benn: I take the point that the Foreign Secretary makes, but that does not mean that we should not try. The boots could be those of neighbouring countries.

Something that there is widespread agreement on, as we have just heard, is the threat from ISIL/Daesh, with over 60 countries now being part of the coalition that opposes it. What steps are the Government taking to secure a UN Security Council resolution to authorise effective action to end the threat from this murderous organisation, including disrupting the huge flow of funds from its oil extraction and trading operations, which was revealed by the *Financial Times* last week and referred to by my hon. Friend the Member for Hyndburn (Graham Jones) today?

Mr Hammond: In response to the right hon. Gentleman's response to my comments, I say that it is easy to volunteer others to put boots on the ground, but it is pretty difficult to tell people to do what we are not prepared to do ourselves.

UN Security Council resolutions are already in place and we will continue to test the appetite of the permanent five for going further, but the Russian intervention in Syria complicates matters not only on the ground, but in the Security Council.

Topical Questions

T1. [901637] **James Cleverly** (Braintree) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): The Foreign Office is focused on protecting Britain's security, promoting Britain's prosperity and projecting Britain's values around the world. My priorities remain the struggle against violent extremist Islamism in all its forms, the containment of Russian actions that threaten the international rules-based system, and the renegotiation of Britain's relationship with the European Union.

James Cleverly: I thank the Foreign Secretary for that answer. The Chancellor is right to say that China is vital to our future, but in the light of its recent economic slowdown, what are the Government doing to enhance our trading relationships with the high growth-potential economies of our Commonwealth partners?

The Minister of State, Foreign and Commonwealth Office (Mr Hugo Swire): My hon. Friend is absolutely right. We very much welcome the state visit by the President of China and Madame Peng, which starts today. Of course, China is hugely important to us in terms of bilateral trade, but so is the Commonwealth.

This Government have unashamedly put the Commonwealth back into the Foreign and Commonwealth Office. We have reinvigorated our network within the Commonwealth and look forward to the upcoming Commonwealth Heads of Government meeting in Malta. We are an early investor in the Commonwealth Enterprise and Investment Council. Trade between two Commonwealth countries is much cheaper than trade by one Commonwealth country outside the Commonwealth. This is an area that we are concentrating on and we want to see far greater trade within the Commonwealth.

Hilary Benn (Leeds Central) (Lab): It was reported yesterday that 14 cleaners who work at the FCO were called to an investigatory meeting by the Department's

contractor, Interserve, because they had the temerity to write to the Foreign Secretary to congratulate him on his reappointment and ask to discuss the living wage. Given that a basic freedom is the right of any individual to contact us as elected representatives, without fear or favour, will the right hon. Gentleman join me in condemning this attempt to intimidate staff for having exercised that right?

Mr Philip Hammond: The right hon. Gentleman wrote to me about that matter last night and I have investigated it. I have confirmation from Interserve that although a review meeting was held, no disciplinary action was taken against any cleaner as a result of their writing that letter. It has been reported that some of the people involved in writing the letter were the subjects of redundancies. Redundancies were unfortunately necessary because the Foreign Office is surrendering the Old Admiralty building as part of the campaign to reduce the estate footprint of Government Departments and save the taxpayer money. He will be pleased to know that all the redundancies announced by Interserve in connection with the Foreign Office contract were carried out in consultation with the Public and Commercial Services Union.

Hilary Benn: I am sorry that the Foreign Secretary did not feel able even to condemn the calling of those cleaners to a meeting—it seems to me that people should be able to write to whoever they want. One cleaner who works full time said that they want to be paid the living wage for cleaning offices in the right hon. Gentleman's Department because they cannot afford to pay their rent without claiming housing benefit. The letter states:

"I really don't want to receive any benefits, but at the moment I have no choice."

Given that other Whitehall Departments currently pay the London living wage of £9.15 an hour, why are staff cleaning the offices of the right hon. Gentleman paid so much less?

Mr Hammond: The good news is that from next April all cleaners working for Interserve, including those on the Foreign Office contract, will receive the nation living wage when it is introduced.

T2. [901638] **James Berry** (Kingston and Surbiton) (Con): Does my right hon. Friend agree that the UN Human Rights Council resolution on Sri Lanka achieved an historic opportunity for justice for the victims of grave human rights abuses in that country? Will his Department continue to scrutinise the implementation of that resolution?

Mr Swire: Yes we will. We see the resolution as the start of a process, not as its end, and we withstood criticism from the Opposition Benches on our whole policy towards Sri Lanka. We have been at the forefront of getting this resolution, and we are in the right place. I met Foreign Minister Mangala Samaraweera a couple of weeks ago in New York, and Prince Zeid more recently in London. We stand ready to help and assist in the implementation of this resolution.

T3. [901639] **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): Turkey is currently hosting 2.5 million refugees, including 2.2 million Syrians, and organisations

based in Turkey are struggling to alleviate the rank poverty and conditions affecting those refugees. Does the Secretary of State agree that the UK should play its part in helping to co-ordinate a new response to take appropriate action to help those affected?

The Minister for Europe (Mr David Lidington): Yes, I do. My right hon. Friend the Foreign Secretary and I raised that matter with our European counterparts, and we urged other countries to commit themselves to the levels of support that the United Kingdom has already led in providing.

T5. [901641] **Neil Carmichael** (Stroud) (Con): Does the Foreign Secretary agree that the best way of bringing a long-term solution to the migration crisis is to work with our partners to ensure good governance and economic growth in the middle east?

Mr Philip Hammond: Yes. Not only in the middle east but in all countries of origin, the long-term solution is to improve conditions and seek stability, security, good governance, the rule of law and economic growth.

T4. [901640] **Mr Jim Cunningham** (Coventry South) (Lab): When was the last time that the Foreign Secretary spoke to the Russians about the situation—particularly the military situation—in Syria?

Mr Hammond: I spoke informally to the Russian Foreign Minister when we were together in New York for the UN General Assembly at the end of last month. That was the last time that I discussed the situation with the Russians.

T6. [901643] **Robert Jenrick** (Newark) (Con): Since September there has been a worrying resurgence in intercommunal fighting in the Central African Republic after the reported beheading of a young Muslim taxi driver. Hundreds of people have been killed and thousands displaced, and there is now genuine concern that the conflict will descend into genocide, and worse. Will my right hon. Friend reassure the House that the British Government are providing political and humanitarian support to the President of the Central African Republic?

The Minister of State, Department for International Development (Grant Shapps): My hon. Friend is right and we fully support President Catherine Samba-Panza and her interim Government. It is striking to note that a country the size of France has a population of just 4.6 million, meaning that there is little infrastructure and almost no state outside the capital. None the less, the UK is leading with £58 million of contributions to date.

Ms Harriet Harman (Camberwell and Peckham) (Lab): May I draw the Foreign Secretary's attention to the worrying situation of my constituent Rebecca Prosser? She was working in the Strait of Malacca on a documentary about piracy for Wall to Wall productions. She had the right visa for Singapore and Malaysia, but it had not yet been authorised for Indonesia. She was arrested in May and has been detained there ever since. I am grateful for the opportunity to meet the Minister and I have met the Indonesian ambassador, but my constituent is on trial right now. She is a hard-working, law-abiding young

woman who has committed a visa breach. Will the Foreign Office do everything it can to support her, and at least have a consular presence in the courtroom where she is on trial?

Mr Swire: The right hon. and learned Lady came to see me about this matter, and quite rightly so. I personally raised their case with the Indonesian Foreign Minister at the UN General Assembly in September. She knows that immigration offences are taken very seriously in Indonesia. The trial is progressing at the moment. As I said to her at the time, their lawyers judge that a low media profile is the best way of bringing this immigration case to a conclusion, so it is probably better not to say more than that at the moment.

T7. [901644] **Andrew Bridgen** (North West Leicestershire) (Con): Will the Minister update the House on progress on the issue of the *lettori* in Italy, following the recent Pontignano conference?

Mr Lidington: I discussed this issue in the margins of the Pontignano conference, and we continue to press Italian Ministers to take action to remedy this injustice that has persisted for far too long.

Phil Wilson (Sedgefield) (Lab): Can the Minister guarantee that in the EU negotiations there will be no dilution of employment laws?

Mr Philip Hammond: In the negotiations, we are seeking to ensure that the EU is focused on greater competitiveness, but we also recognise the EU's important role in protecting employment rights.

T8. [901645] **Dr Phillip Lee** (Bracknell) (Con): Will the Foreign Secretary outline how many ISIL fighters remain in Iraq, and what would be required to remove that murderous organisation from that country?

Mr Hammond: It is estimated that there are 10,000 to 13,000 active ISIL fighters in Iraq. We always said, at the beginning of the intervention last summer, that it would probably take three years to defeat ISIL militarily. I spoke to General John Allen, the US President's special envoy on this subject, just a few weeks ago. His view is that that remains correct, and we still have another two years to go to a military solution in Iraq.

Andy Slaughter (Hammersmith) (Lab): Will the Foreign Secretary update the House on the case of Karl Andree and what representations have been made since the cancellation of the Saudi prison contract last week; and perhaps also on the case of Ali Mohammed al-Nimr, about whom the Leader of the Opposition has again written to the Prime Minister?

Mr Hammond: As I have said on many occasions previously when I have been asked to comment in the House on these judicial matters in Saudi Arabia, our judgment is that we achieve most by speaking privately but regularly to our Saudi interlocutors. Let me say to the hon. Gentleman that I do not expect Mr Andree to receive the lashings that he has been sentenced to, and I do not expect Mr al-Nimr to be executed.

T9. [901646] **Fiona Bruce** (Congleton) (Con): What representations have been made by Ministers to the Government of China and to the Chinese ambassador

in London on the human rights situation there, particularly with regard to the recent arrest and detention of a substantial number of lawyers and rights campaigners?

Mr Hammond: The Minister of State, Foreign and Commonwealth Office, my right hon. Friend the Member for East Devon (Mr Swire), met human rights defenders last week to discuss these specific issues. We raise human rights issues regularly in our meetings with our Chinese counterparts. We also have a formal UK-China human rights dialogue—twice a year, with formal meetings—committed to nothing but the discussion of human rights issues of concern.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Vice is an online news service based in Shoreditch. Recently, three of its journalists were arrested in Turkey. Thanks partly to the intervention of the Foreign Office, the two British citizens were released from jail, but Mohammed Rasool, an Iraqi citizen, is still in jail 50 days later. Will the Foreign Secretary undertake to take this matter up with the Turkish Government, and, generally, the press freedom needed in that country?

Mr Lidington: We do, as the hon. Lady knows, regularly discuss with Turkish Ministers concerns about human rights, including freedom of the press. She will also know that we, like other countries, do not lobby on behalf of citizens who are nationals of other states. It is for their Governments to take the lead in doing that.

Sir Alan Duncan (Rutland and Melton) (Con): We have today seen the well-worn exchange of differing opinions on Israel and Palestine. Whatever the tit-for-tat arguments might be, does the Foreign Secretary accept that the fundamental moral principle beneath all this is that Israel's annexation of its neighbours' land through settlement building is illegal, and that there is no place, either in this argument or in this House, for those who will not publicly admit to that principle?

Mr Philip Hammond: I am not going to define who can and who cannot take part in the argument, but we believe that settlement building breaches international law and that it is essential that we do not allow the facts on the ground to make impossible a two-state solution, which we all fervently hope will be the ultimate solution to the Palestine question.

Ms Margaret Ritchie (South Down) (SDLP): As part of ongoing discussions and negotiations with the European Commission, will the Foreign Secretary and the Secretary

of State for Environment, Food and Rural Affairs ensure that the European maritime and fisheries fund is approved as quickly as possible in order to underpin fishing communities throughout the UK?

Mr Lidington: I know how important this issue is to the hon. Lady's constituents, and I shall make sure I discuss it with my opposite number in the Department for Environment, Food and Rural Affairs so that we can continue to make those representations.

Mr David Burrowes (Enfield, Southgate) (Con): Given the momentum for Turkish accession to the EU, will the Foreign Secretary confirm that the reunification of Cyprus will be a significant condition? Amid all the other challenges, this one is surmountable, given the increasing confidence and wider benefits, not just for Cyprus but for the wider region.

Mr Philip Hammond: I visited Cyprus a couple of months ago, and I am committed to going there again next month. I have been keeping in touch with both the Greek Cypriots and Mr Akinci, the Turkish Cypriot leader, whom I spoke to a couple of weeks ago. I am cautiously optimistic that we are seeing an alignment in Cyprus that may make a settlement possible—I do not want to over-enthusiast about this, but many people think we now have a chance, the like of which we have not seen for decades.

Mr Speaker: Last, but not least, I call Mr Hendrick.

Mr Mark Hendrick (Preston) (Lab/Co-op): Will the Foreign Secretary give us his assessment of the current strength, effectiveness and numbers of the Free Syrian Army, a subject on which he has been very quiet recently? We want to get rid of ISIL and Assad, but there has been no mention of the FSA.

Mr Hammond: There are many groups, running into the thousands, operating in Syria, and they form together in various alliances and umbrella organisations. The non-ISIL, non-al-Nusra part of the opposition probably has a fighting strength of about 80,000 soldiers deployed across the country. That is my latest estimate.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry to disappoint remaining colleagues, but as usual demand has outstripped supply.

Steel Industry

12.37 pm

Kevin Brennan (Cardiff West) (Lab) (*Urgent Question*): To ask the Secretary of State for Business, Innovation and Skills if he will make a statement on the action the Government are taking to secure the future of the steel industry.

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): The steel industry across Europe and around the world is facing challenges on a scale unprecedented in recent history, and today we have had further devastating news of redundancies, this time at Tata. So let me begin by saying something to the people of Scunthorpe, Redcar and anyone else living in a community where the local economy is built on steel. I know that the current situation is unbearably difficult and that you are deeply worried about your future and the future of your families, but I assure you that the Government are doing and will continue to do everything within their power to support you in the weeks, months and years ahead. For decades, the United Kingdom has prospered on the back of your industry. We will not abandon you now, in your time of greatest need.

There is no straightforward solution to any of the complex issues involved, but the Government have no intention of simply standing by. We have already announced a package worth up to £80 million to support people who have lost their jobs as a result of SSI's liquidation and to mitigate the impacts on the local economy; we have asked Amanda Skelton, chief executive of Redcar and Cleveland Council, to chair a local taskforce; we have ensured that money reaches workers' pockets quickly via the redundancy payments service; we have brought workers and opportunities together at a jobs fair at which more than 1,000 vacancies were showcased by more than 50 local employers; we have provided additional flexibilities to local further education colleges to allow people to take up training to enhance their job prospects; and we have set aside money to fund those proposals from the taskforce that will make an immediate and lasting impact on the local economy.

We will do what we can to soften the blow of any further redundancies among steelworkers—including, of course, those in Scunthorpe. Jobcentre Plus and rapid response support will naturally be available, and we are setting up a taskforce that Liz Redfern of North Lincolnshire council has agreed to chair. I will carefully consider what the taskforce proposes by way of additional support that may be necessary.

Alongside our immediate help for individuals who are laid off, we are taking steps to ensure a future for Britain's steel industry in an exceptionally difficult market. Excess capacity in global steel is enormous—more than 570 million tonnes last year, almost 50 times the UK's annual production. The price of steel slab has halved in the past year alone. In the three years since SSI restarted production at Redcar, the plant has lost more than £600 million.

There are limits to what the Government can do in response. No Government can change the price of steel in the global market; no Government can dictate foreign exchange rates; and no Government can simply disregard

international regulations on free trade and state aid—regulations that are regularly used to protect British workers and British industry.

To identify where progress can be made, I hosted on Friday a top-level summit with key players from the UK steel industry. Bringing together industry leaders, trade unions, Members of Parliament and senior figures from government, the summit created a framework for action that will help us to support steelworkers now and in the future.

First, we will drive up the number of public procurement contracts won by UK steel manufacturers and their partners through fair and open competition. This Government are committed to a major programme of infrastructure spending. I am determined that the UK steel industry should play a central role in its delivery. The new public contracts regulations give us more scope to offer greater flexibility around how we include social and environmental considerations in our procurement activities. We intend to help other departments and business to take full advantage of these flexibilities, building on what we learned from projects such as Crossrail.

Secondly, we will consider what lessons can be learned from other countries in the EU and beyond. This will include the resilience of the steel sector in competitor countries and market share of national manufacturers.

Thirdly, we will look at what government can do to boost productivity and cut production costs. This includes addressing energy and environmental costs, regulation, skills and training. An extensive review of business rates is already under way, and the Government will look very closely at all proposals.

These steps will come on top of the action we have already taken. For example, we have paid out more than £50 million in compensation to energy-intensive industries in the steel sector. We also plan to offer further compensation in respect of feed-in tariffs and the renewables obligation. This constitutes state aid, which must be approved by the European Commission. The approval process is under way, but it is taking longer than anticipated, and longer than I would like. My Department is working closely with the Commission to answer its concerns and impress upon it the importance of prompt approval. I also plan to meet European Commissioners next week to reinforce our concerns about unfair trade issues and gain their support for urgent action. We have already voted to support extensions of duties on wire rod. We will demand action wherever there is evidence of unfair trade.

Since Victorian times, British steel has helped to make Britain great. In 2015, it is vital that all of Britain comes together to forge a stronger future for the men and women to whom this country owes so much.

Several hon. Members rose—

Mr Speaker: Order. Before we proceed, let me gently say to the Secretary of State that although on a one-to-one basis I always think him a very civil fellow, it is a considerable discourtesy or incompetence—or both—for a Secretary of State to take twice the length of time allocated for answering an urgent question. If the right hon. Gentleman judges that he has more material that he wishes to share with the House, which of itself could

be very helpful, that is fine—but the implication of that is blindingly obvious: the right hon. Gentleman should offer to deliver an oral statement of up to 10 minutes. What he should not do is fail to communicate with me in advance, ignore the convention and greatly exceed his allotted time. It is, I am afraid, discourteous and incompetent—and it must not happen again.

Kevin Brennan (Cardiff West) (Lab): We would have welcomed a statement from the Secretary of State. Today he has brought more devastating news for British steelworkers at Cambuslang, Motherwell and Scunthorpe and concerns for workers employed by Caparo, following the devastating news of the hard closure of the Redcar plant last week. May I, on behalf of the Opposition, convey our solidarity with those who have been affected—the individuals concerned, their trade unions, their families and their communities—and ask the Government to do all they can to work with every agency and jurisdiction to support them?

Let me say first to the Secretary of State that it does not help him to continue the spin about the £80 million. The Minister for Small Business, Industry and Enterprise admitted last week that it was £50 million, and even that is questionable. Spinning does not help the workers one little bit.

Let me further say to the Secretary of State that all Opposition Members understand the real and difficult problems facing the steel industry. Some of us have worked in the industry ourselves, or have family members involved in it. We know about the heat of the steel plant and the whiff of the coke ovens. We understand all too well that the industry faces huge challenges, not least as a result of not being allowed to operate on a level playing field. No one is trying to minimise those challenges. What we cannot understand is why Ministers do not appear even to have a view on what represents a minimum credible steelmaking capacity in Britain's long-term strategic interests.

The overwhelming impression given by the Secretary of State and his colleagues is that, despite their high-flown rhetoric about northern powerhouses and the march of the makers, they seem content to allow Britain's entire steelmaking capacity to disappear in the face of blatant Chinese dumping. Will the Secretary of State tell the House—and we need a direct answer to this, so I hope the Minister will stop chuntering—whether he believes that the price of the Chinese steel that is being dumped on our shores reflects the true cost of producing it? If not, what is he doing about it? Even if the workers producing steel plate at Scunthorpe offered to work for nothing, that Chinese price could not be matched.

While the Chinese President is riding down the Mall in a gilded state coach, British workers are being laid off because our Government are not standing up for them. What is the Secretary of State doing to ensure a level playing field so that the British steel industry can have a future? Will he immediately carry out the five emergency actions for which the industry called at the steel summit? He mentioned three actions in his statement, but I fear that they may be too little, too late. Why has he so far been so reluctant to defend the British steel industry during this crisis, when it is so important to our strategic national interests? Will he tell us now whether the

Government even have a position on what represents the minimum credible steelmaking capacity in Britain's strategic interests? If they do, what is it?

Notwithstanding the Secretary of State's well-advertised laissez-faire views, will he now reverse his refusal even to accept that the Government need an industrial strategy, and stand up for Britain?

Sajid Javid: It is a shame that the shadow Minister has taken this attitude. He has decided that he wants to play politics with a very, very serious situation, and that is a real shame. I could stand here and talk about the massive job losses—thousands—during Labour's time in government. I could talk about the decline in manufacturing. But that would be wrong, because now is a time when people in the industry—producers, manufacturers, trade unions and others—want to see politicians come together and deal with long-standing challenges to the industry.

The shadow Minister asked a number of questions. First, he asked whether we would do everything we could for the workers and their families who are affected. Of course we will. We have already announced a support package for the workers in Redcar, and I have talked about the taskforce that is being set up in Scunthorpe. We will listen to local people and locally led taskforces who come forward with proposals and ideas about what more we can do to support those areas, and any other area that may be affected.

The shadow Minister talked about China, and I referred to overcapacity. China is obviously one of the main countries with overcapacity in the market, but there are others. A recession in Brazil is leading to more steel in the market and there is overcapacity in Russia, Turkey and many other countries. The problem goes much wider than just China and requires EU-wide action. We have already voted for action and we will do so again whenever we are presented with evidence. As I said earlier, next week I will go to Brussels to meet the relevant Commissioners and push for much quicker urgent action. I am sure that the shadow Minister supports that.

The hon. Gentleman also talked about the industry's suggested actions. UK Steel has five key suggestions and when we had the summit on Friday with many members of the industry—producers, manufacturers, trade unions, Members of Parliament, local leaders and others—we went through each of the actions one by one and set out exactly what we can do. I hope that the shadow Minister can take the same attitude that people took in the summit and understand that although there are some things that the British Government can do, and that where we can we are doing them right away, there are other things, such as action against unfair trade, state aid issues and so on, on which we must work with our partners in the EU. We cannot be a country that sets out to break the rules. I know that the shadow Minister is not suggesting that we break international obligations and rules, but I hope that he has had an opportunity to reflect on his attitude so that he can work much more constructively.

Michael Fabricant (Lichfield) (Con): What consideration is my right hon. Friend giving to the creation of jobs in areas that have been struck by the closure of steelworks? In particular, I am thinking of the creation of new

[*Michael Fabricant*]

enterprise zones with capital allowances such as the Teesside advanced manufacturing park, which could create 2,000 new jobs near Redcar.

Sajid Javid: My hon. Friend is absolutely right. That is exactly the kind of response that can help with the impact on the ground in the affected areas. Part of the support package for Redcar is about ensuring that there are funds available to help local businesses that come forward with plans to create jobs.

Marion Fellows (Motherwell and Wishaw) (SNP): It is absolutely disgraceful that the Secretary of State did not mention Dalzell works or Clydebridge in his opening remarks as steelmaking is iconic in Lanarkshire, but I will move on.

Today's news is not unexpected, but the announcement by Tata will affect people across my constituency, not just the steelworkers but the local newsagents, crane drivers, lorry drivers, caterers and cleaners. Although Lanarkshire has seen grave blows to steelmaking over the years, I must tell the House that we are not finished yet. The Scottish Government have already set up a taskforce to help and the First Minister has pledged to leave no stone unturned in her efforts to keep these plants open. We need more action from the UK Government. Will the Secretary of State please speak to the Prime Minister, especially after the summit on Friday attended by my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier), and ask him to speak to China and to address energy prices now, not in April? Will he ask the Prime Minister why he did not address the issue of steel with the European Council? Finally, to echo what has already been said, when will we have an industrial strategy to move things forward?

Sajid Javid: I am pleased to tell the hon. Lady that, as the Prime Minister confirmed in the House yesterday, we will raise the question of steel with Chinese counterparts during the state visit. Understandably, she talked about the impact in Scotland of the job losses and concerns about the industry. She is right to do so. She will know that these issues are UK-wide, including high energy costs and unfair trade, and we will work with the Scottish Government on any of those issues if they come forward with proposals or ideas. She rightly refers to the taskforce being set up in Scotland, which is very good, and the Secretary of State for Scotland has offered to join it, which could be a step forward.

Mr Alan Mak (Havant) (Con): Will the Secretary of State confirm that although restrictive EU state aid rules prevent the Government from intervening directly in the steel industry, the Government's efforts to support communities such as Redcar at this difficult time represent strong and decisive action?

Sajid Javid: Yes. My hon. Friend will be aware of the action we have announced to help workers and their families in Redcar with the job losses that have been announced. If there are any more, we will look into taking similar supportive action.

Mr Iain Wright (Hartlepool) (Lab): Caparo Industries' entering administration is another major blow for the steel industry on top of the blow after blow it has

sustained daily. That will be particularly felt in Hartlepool, where 200 people are employed by the company, which pumps millions of pounds into the local economy. Yesterday, the Minister for Small Business, Industry and Enterprise launched the metals strategy with the vision of increasing gross value added by 50% and making the steel industry the principal supplier to the UK's infrastructure projects by 2030. What is the Secretary of State doing to bridge the gap between the short-term existential threat to the industry, with companies, skills and jobs dropping like ninepins day after day, and that long-term vision? Frankly, if he does not take urgent action now—within days—there will not be a British steel industry left by the end of the year, let alone 2030.

Sajid Javid: The hon. Gentleman is quite right to mention Caparo Industries and the news that came out in the past 24 hours about its administration. That could clearly have a significant impact on communities in West Bromwich, Wolverhampton and elsewhere. As for having a longer term focus, the metals strategy—I believe that the hon. Gentleman was at the launch yesterday—is just one of our responses. We are ensuring that we listen to industry, work with the relevant sector councils and get full support not only for the large companies but for companies all the way down the supply chain as regards steel and other British manufactured products.

David Mowat (Warrington South) (Con): This morning, according to the Department of Energy and Climate Change website, the price of electricity for large industrial users in the UK was 9p per kWh. In France and Germany, that price is 4p per kWh. That differential is such that the blast furnaces in France and Germany are not under the same pressure as those in this country. Does the Secretary of State agree that we must breach that gap and will he further agree that Labour needs to consider the fact that at every vote on differential energy prices in the last Parliament it was on the wrong side of the argument?

Sajid Javid: My hon. Friend highlights that there have been some long-running challenges not just for the steel industry but for industries that are large users of electricity. The challenge has happened under successive Governments, but he is absolutely right to raise the question of competitiveness. He will know that £50 million of compensation has already been paid directly to such industries as a result of some of the action we have taken, and once we get EU approval, which I hope will be very soon, we can pay for a lot more compensation and help.

Nic Dakin (Scunthorpe) (Lab): I thank the Secretary of State for his warm words of support for the steelworkers and their families in my constituency who are coming to grips with this dreadful news today. However, we have been having warm words from this Government for more than four years while we have been saying that action is needed. We need action from the Government now on business rates, on energy costs, as the hon. Member for Warrington South (David Mowat) has just pointed out, and on Chinese dumping. Will the Secretary of State act? By requesting urgent action, I mean action before Christmas.

Sajid Javid: I thank the hon. Gentleman for joining the summit on Friday. By being there, I hope he now realises that there are areas where action can be, and is being, taken, but I hope he will appreciate that some of the areas we have talked about today, such as further energy compensation and unfair trade, require working with our EU partners. I know he understands that and I am more than happy to reassure him, and will continue to show him directly, just how seriously we are taking this issue by making sure we respond as quickly as possible.

Martin Vickers (Cleethorpes) (Con): I echo the words of my neighbour, the hon. Member for Scunthorpe (Nic Dakin). The news this morning is a hammer blow to the economy of northern Lincolnshire and many of my constituents will be affected by it. Can the Secretary of State elaborate a little more on the taskforce that has been established under North Lincolnshire council's leadership? What Government resources will be made available to it? Echoing the earlier words about enterprise zones, an application, sponsored by both North and North East Lincolnshire councils and the LEP, is already in for enterprise zones in the area. An early decision would be helpful.

Sajid Javid: I will speak to my colleagues and push for an early decision, as my hon. Friend has suggested. On the taskforce, as he will appreciate, it has just been set up. The chair has been appointed. I want to make sure we listen to the taskforce and local leaders about what is required and how we can help. I understand that the first taskforce meeting is taking place tomorrow, so no time is being lost. We will be represented on that taskforce and listening carefully.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Secretary of State has referred on a number of occasions to the state aid situation. I do not understand why, as a BIS official admitted at the steel summit on Friday, this was not a top priority for UK state aid clearance with the European Commission. The official also admitted that it would not make any difference now because we were so close to getting a decision. Why was it not at the top of our priorities, and why does the Secretary of State not get on a train to Brussels and stand over officials until they approve it and get the money out to the industry that needs it?

Sajid Javid: The hon. Gentleman raises an important issue about state aid, but he knows as well as anyone else that this process is not under the complete control of the UK Government. We of course made it a priority, and we made that clear in the summit. It is a priority, it remains a priority and we are making progress, but I am the first to admit that the process is too slow. We are doing everything we can to speed it up, including meeting commissioners directly.

Stephen Hammond (Wimbledon) (Con): In a world of excess supply, it is understandable that there is real concern about dumping and other restrictive practices. What steps is the Secretary of State taking to ensure that those practices do not become endemic in this market?

Sajid Javid: My hon. Friend is absolutely right to emphasise this. We have already taken a lead on this in the European Union. In recent votes we have voted for action wherever evidence has come forward, and I am glad action that has been taken, but clearly there is more to do. That is one reason why I will be visiting commissioners in Brussels next week to push for that action much more promptly.

Anna Turley (Redcar) (Lab/Co-op): One of the many insults the Redcar workforce have had to endure recently is the theft of their pension payments. Following action by the Community union, I understand that the issue of missing employee pension contributions is being tackled. What are the Government doing to ensure that the workers receive the missing employer contributions, and will the Secretary of State promise me here today that this will not be yet another entitlement that is disgracefully pinched from the £80 million support package, like the redundancy payments?

Sajid Javid: I thank the hon. Lady for her question, for taking part in the steel summit on Friday, and for the constructive way in which she has helped workers in her constituency and highlighted wider issues around the steel sector.

I know the hon. Lady welcomes the support we have already provided. I am happy to repeat that at the moment the advice is that the £80 million of support for Redcar workers and their families who are affected by this will go a long way to help the local community and local economy, but if more is required and the taskforce comes forward with a proposal, we will look at that.

On employer contributions to pension plans, we are happy to try to help in any way we can. I know the hon. Lady has provided some information on this and I think there is more coming. We will take a close look at that.

Mark Spencer (Sherwood) (Con): I thank the Secretary of State for the efforts he is making along with the Minister for Small Business, Industry and Enterprise. Can he give us an idea of the size and scale of Government procurement of UK steel over the coming months and how rapidly that will be rolled out?

Sajid Javid: The Government have already identified in their national infrastructure pipeline over 500 major infrastructure projects, some of them very large, such as HS2. We are the first country in the EU to change the rules on procurement to allow us to take social and environmental issues into account, which I think ultimately gives us more flexibility. We can start to take immediate advantage of that, and my right hon. Friend the Minister for the Cabinet Office and Paymaster General will help to take that forward.

Neil Gray (Airdrie and Shotts) (SNP): My heart goes out to the steelworkers and their families both north and south of the border impacted by this announcement. I welcome the establishment of the Scottish steel taskforce this morning to address these issues, but it is a disgrace that the Business Secretary did not once mention Scotland in his reply to the urgent question.

[Neil Gray]

May I ask the Business Secretary why the Prime Minister did not raise the steel issue at the European Council last week—the Business Secretary did not answer the question from my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows)? Would the Prime Minister not be better served working with our partners in Europe to save jobs, rather than falling out with them to save his own?

Sajid Javid: I am sure the hon. Gentleman has heard me talk about the challenges facing the industry; these are UK-wide challenges and of course that includes Scotland. When it comes to us—whether the Prime Minister, me or other Ministers—talking to our EU partners, we have had a number of conversations and taken action, for example by voting in the EU and the relevant EU Councils for action on unfair trade. We will, of course, continue working with the EU, because that is what is required, and when the EU does take action, it will be a lot more meaningful than if individual countries try to take action.

Tom Pursglove (Corby) (Con): We need a steel industry in this country not least because it is imperative for our national security and I am grateful to Ministers for the interest they have shown in this issue. At the steel summit the Secretary of State committed to setting up three working groups. When will those groups first meet and how quickly will they report? On the additional energy compensation to which he referred, I urge him to shoot first and ask questions later.

Sajid Javid: I thank my hon. Friend for taking part in the steel summit and his contributions. These working groups have already been set up and each and every one of them has begun work. In fact, I can announce which Ministers will be chairing and leading the work for each group: it is the Minister for the Cabinet Office and Paymaster General on public procurement, the Minister for Small Business, Industry and Enterprise on international comparisons, and the Commercial Secretary on competitiveness and productivity. All these working groups will have their first meetings later this week.

Andy McDonald (Middlesbrough) (Lab): It is good to see the Secretary of State here on this occasion. Has he initiated an anti-dumping investigation pursuant to the World Trade Organisation agreement, and if so, what stage is it at? If he has not, why not, and when is he going to start to stand up for Britain?

Sajid Javid: The hon. Gentleman knows that we have already started taking action. As I have said, we have voted for action at the EU. We have in fact led the way on certain products. He will also know that the process is EU-led in terms of investigations. We have provided evidence where we found it. If he is aware of any stakeholders that have evidence that he thinks we may not have, I would like to see it.

Bob Blackman (Harrow East) (Con): I congratulate my right hon. Friend and his team on their prompt and compassionate action on this problem and on dealing

with this challenge. What consideration has he given to potentially pre-ordering steel for infrastructure projects, particularly on issues of national security?

Sajid Javid: My hon. Friend makes a good suggestion. As part of our approach to procurement, that is exactly what we are looking at. One thing that came out of the summit was that the industry understandably wants certainty about future demand. There is a commitment from the Government on major infrastructure projects involving HS2, aviation capacity, civil nuclear power and Trident, and if that kind of commitment could be more cross-party, it would help to provide that certainty.

Sammy Wilson (East Antrim) (DUP): The crisis in the steel industry has been caused not only by the fall in world demand but by the increase in the costs imposed on producers in the UK because of green energy policies that have put electricity prices up by twice those of our competitors. Can the Minister really justify fiscal policies such as the carbon floor price, which are designed to cut carbon dioxide emissions, while we are exporting jobs to countries that are more interested in the health of their economy than in King Canute's attempts to change the world's climate?

Sajid Javid: The hon. Gentleman is absolutely right to raise this matter, which goes to the heart of one of the competitiveness issues facing the industry—namely, the relatively high energy costs. Some of those costs are imposed here domestically, and some are imposed directly through EU policies. Where we can take action, such as through the compensation package, we are doing so. I hope I can assure him that we want to pay more of the compensation that we have already announced as quickly as possible. That is why we want to get EU approval as quickly as possible.

Mr Peter Bone (Wellingborough) (Con): I really do not think that this is a party political issue, as illustrated by the fact that we have had a Backbench Business Committee debate on the matter, which led to the steel summit in Rotherham. Will the Secretary of State answer the question put to him by my hon. Friend the Member for Corby (Tom Pursglove)? He urged him to shoot first and ask questions later. Let us put in place what we think is right, and worry about whether the EU agrees with it afterwards. We need to do this now; otherwise, there might not be a steel industry left to worry about.

Sajid Javid: I understand my hon. Friend's point, but he will know that the rules on state aid, unfair trade and compensation exist to protect British industry as well. Indeed, British industry, including steel manufacturers, would be the first to complain if other countries were violating those rules. Frankly, if we are going to complain about others violating the rules, we need to have clean hands ourselves.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): If the Secretary of State really believed what he was saying today, he would have made an oral statement instead of having to be dragged here yet again to answer an urgent question from the Opposition Benches. Why is he again raising the issue of £80 million for Redcar? It is not £80 million, as he knows all too well, because his own Prime Minister has blocked access

for the entire sector to get hold of EU globalisation adjustment funding, of which £5 million could have been accessed by the sector to help the 5,200 workers who are directly affected. More than that, the Secretary of State knows that our EU and US allies have personally taken action against Chinese dumping. Act now, or we might not have an industry left!

Sajid Javid: I hope that the hon. Gentleman has welcomed the written ministerial statement that we issued today. Coming to the House to respond to this urgent question gives us a further opportunity to debate the matter, as we have done here before. What matters most, however, is action, as he suggests. *[Interruption.]* When it comes to action, he will know that for the first time ever, a British Government have taken action in terms of supporting duties by the EU. As I have said, we will take further action, and we will not hesitate to do so once the evidence is there.

Jeremy Lefroy (Stafford) (Con): The steel industry is a vital national interest. It is also vital for many of our communities around the country, and I encourage the Secretary of State to maintain a laser-like focus on it throughout the coming years. Will he also look at another issue that the steel industry has raised—namely, the quality of the steel, particularly structural steel? There is no point in buying cheap steel and putting it into buildings, only for them to develop problems in 20 years' time. Let us buy British steel of the right quality.

Sajid Javid: My hon. Friend is absolutely right to raise that point. I agree with him wholeheartedly about the importance of the steel industry to the economy as a whole and to our manufacturing base. It is without question a vital national asset, as he says. The important issue of quality must be considered alongside the question of markings and of ensuring that the quality is properly tested. Those issues came up in the taskforce, and we will be looking at them very closely.

Tristram Hunt (Stoke-on-Trent Central) (Lab): I welcome today's announcement of the £100 million Chinese investment by SinoFortone into the London Paramount theme park, but our Chinese partners need to know that this country is more than just a theme park. We need a steel industry and a manufacturing strategy. Will the Secretary of State explain what talks he is having this week with visiting Chinese officials on dumping, on state aid and on environmental regulation? When will he stand up for Britain?

Sajid Javid: This week, there will also be announcements on further incoming business from China into Britain, and on opportunities for British companies to export to China, worth a total of more than £25 billion to the British economy. That will help to sustain thousands and thousands of jobs throughout the country, including in the hon. Gentleman's own constituency. The Prime Minister said yesterday that, when he sits down with Chinese Ministers, officials and others, the issue of unfair trade will be discussed.

Paul Flynn (Newport West) (Lab): As a former steelworker of 31 years' standing, may I say that Chinese dumping and Government neglect are killing the British

steel industry while the Government are simultaneously gifting future nuclear jobs to China? Is not the posture of this Government towards China today that of a supplicant fawning spaniel licking the hand that beats it?

Sajid Javid: I am sure that the hon. Gentleman wants to be reassured that we will bring up the issue of unfair trade with China. We will do so.

Mr Dennis Skinner (Bolsover) (Lab): Is not the Minister one of the people who, at the general election a few months ago, campaigned as a representative of the workers? Well, now he has got a job and he has to prove that. The closures are spreading like wildfire across the United Kingdom. It started at Redcar and we thought it was a little disturbance, but over the past 10 days more and more closures have been forecast. He is now in the Government, and it is his job either to stop this carnage or to give way to someone who can make a fist of it.

Sajid Javid: I hope that, when the hon. Gentleman was sitting on these Benches supporting a Labour Government, he made similar noises about the halving of our manufacturing base. I hope that it was made clear in the statement today, and in my answers to other questions, that we are taking action where we can and that we will not hesitate to do so.

Mr Speaker: The hon. Member for Bolsover (Mr Skinner) is many things, but he has never been accused of being what might be called a silent lamb. I think we are clear about that.

Alex Cunningham (Stockton North) (Lab): Steel is one of our foundation industries, and it can still be saved. Will the Minister examine the European material from the North East of England Member of the European Parliament, Judith Kirton-Darling, to see just how the state can properly intervene? Will he do that before Teesside and other parts of the UK follow the same path to ruin as Ravenscraig in central Scotland, where the community has still not recovered, 25 years later?

Sajid Javid: That is a good suggestion, and we would be quite happy to meet her.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): It is with a sad heart that I have to stand here today and talk about possible closures at the Clydebridge works in my constituency and the Dalzell works in the constituency of my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows). My thoughts are with all the steelworkers throughout the UK. We must do everything we can for the workers. There is never a good time for job losses; that is especially true so close to Christmas. We welcome the Scottish Government's action to set up a Scottish steel taskforce, but we need to know what the UK Government are going to do. For months on end, MPs on both sides of the Chamber have been asking for action to save the steel industry in the UK. I am glad to hear that the three working groups are up and running, but what are the Government going to do about the dumping and about the high energy costs? When are they going to start listening to the Members in this Chamber?

Sajid Javid: May I thank the hon. Lady for taking part in the steel summit on Friday? She will know that one thing we talked about was support for workers, and I welcome the creation of a taskforce in Scotland. As I said, we will support that and help in any way we can. She is absolutely right to emphasise that we must do everything we can for the workers who have been affected and their families, and that is certainly the way that we will move forward.

Angela Smith (Penistone and Stocksbridge) (Lab): Clearly, urgent action is needed to stem the flow of job losses in the steel industry, and what the Business Secretary has had to say today is woefully inadequate. What is even more inexplicable is his refusal to commit to a long-term strategy for the future of the industry. Elsewhere in government there has been a commitment to a 25-year strategy to secure the future of food and farming, so why can he not do the same for steel?

Sajid Javid: I thank the hon. Lady for joining the steel summit on Friday. We collectively discussed the issue of strategies, procurement and pipeline, and the whole supply chain. I hope she will be reassured that since that meeting we have already, for example, set out a metal strategy, which has steel as a very important part of it.

Jenny Chapman (Darlington) (Lab): The Minister has used many words about action, getting things done and taskforces, but from my constituents' point of view this does not look like action at all—it looks like disinterest. Five asks came out of the steel summit. Does he even know what they were? What is his response to those asks?

Sajid Javid: This is an opportunity to remind the hon. Lady of action that has already been taken—for example, the compensation of more than £50 million already provided to the steel industry for higher energy costs, and our becoming the first of all 28 EU member states to adopt new procurement rules, which will give us the kind of flexibility that I know she wants to see.

Stephen Kinnock (Aberavon) (Lab): The Secretary of State will be aware that the hard closure of the Redcar steelworks will cost hundreds of millions of pounds to secure the assets that are there, and the continued bad news on closures will cost hundreds of millions of pounds more, potentially running into billions. Has he shared this information with the Chancellor of the Exchequer? Does the Chancellor understand the impact this will have on his much-vaunted deficit reduction plans?

Sajid Javid: Of course the sad closure of the steelworks—the coking facilities—at Redcar is well known and understood throughout the Government, and every Department that needs to be involved in providing support and help is involved.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The steel industry is a key strategic sector for the Welsh economy—indeed, Tata Steel is considered by the Welsh Government to be an anchor company. What representations has the Secretary of State received from

Welsh Ministers on the current crisis? What discussions are planned to co-ordinate Government action to ensure that all levers are used to preserve Welsh jobs?

Sajid Javid: The hon. Gentleman makes a very important point, and steel is obviously hugely important to Wales in so many ways. Edwina Hart, the Minister from the Welsh Government, was at the steel summit and played a very constructive role, and she will be working with us going forward.

Phil Wilson (Sedgefield) (Lab): Will the Secretary of State tell the House what he is doing to map out the problems facing the companies in the supply chain? Does he know who they are, where they are and how many people they employ? What more can he do to help them out?

Sajid Javid: On this issue, a number of very good suggestions were made by the industry, trade unions and others at the taskforce. One related to certain industries that are now, thankfully, going through a huge growth phase, such as the automotive industry, which is a big user of British metals, including steel. We will be working closely with each of those industries to see how we can hard-wire the requirement for British products and British steel into their products.

Ian C. Lucas (Wrexham) (Lab): Caparo Wire in Wrexham is one of the businesses threatened by the news of the past 24 hours. If the Secretary of State really believes that the UK needs a strategically based steel industry for our industry and for our defence purposes, how big should that industry be? Will he identify where and how he is going to retain capacity within the industry, which is under immediate threat?

Sajid Javid: On capacity for the British steel industry, we have, unfortunately, seen a steady decline under successive Governments. What we need now is to provide more certainty to steel producers, be it in relation to energy costs, their concerns about unfair trade or the supply chain, so that they can build their plans for the future. That is what we will be helping them to do.

Greg Mulholland (Leeds North West) (LD): The first thoughts of those of us on the Liberal Democrat Benches are of course with those affected by this devastating news. I must bring to the attention of the Secretary of State his predecessor's comments in last week's *Standard*, where he said that it is clear where the focus of Government attention is when all the focus in the Chinese visit is on currency convertability to help the banking sector and not on dealing with this problem of the dumping of Chinese steel, which is affecting British manufacturing. Will he give an assurance now that the Prime Minister will raise this specifically with the Chinese premier today?

Sajid Javid: First, let me tell the hon. Gentleman that alongside the Chinese visit this week we will have an announcement of more than £20 billion of business deals which will support jobs throughout the country, including in his constituency—I know he will welcome that. On his specific question about whether the Prime Minister will raise the issue of steel with the Chinese, the answer is yes, he will.

Paramilitary Groups (Northern Ireland)

1.26 pm

The Secretary of State for Northern Ireland (Mrs Theresa Villiers): With permission, Mr Speaker, I would like to make a statement on the assessment of the structure, roles and purpose of paramilitary organisations in Northern Ireland, which I am publishing today and copies of which I am placing in the Library. Before I turn to the assessment, it is worth reminding the House of the phenomenal progress that has been made in Northern Ireland over the past 20 years. We have moved on from a time when terrorism was an almost daily fact of life to one where the overwhelming majority have completely rejected violence as a means of trying to secure political ends. The political settlement, which sees people who were once enemies working together for the good of the whole community, has transformed life for the better. However, as the murders of Gerard Davison and Kevin McGuigan have highlighted, there are still serious legacy issues that need to be addressed, and they include the structure, role and purpose of paramilitary groups.

I commissioned an assessment of those matters following the statement in August by the Police Service of Northern Ireland that a line of inquiry in relation to the murder of Kevin McGuigan was the involvement of members of the Provisional IRA. The assessment has been jointly drafted by the PSNI and MI5, drawing on current intelligence, and has been reviewed by three independent figures, Lord Carlile, QC, Rosalie Flanagan and Stephen Shaw, QC. The three reviewers have confirmed today that the PSNI and MI5 engaged fully with them, consistent with their duties and constraints, and that the assessments are, in their words, “fair and balanced”, “evidence based” and “credible”. They state that they are “satisfied that the assessments meet all the requirements placed upon us”.

I wish to thank the PSNI, MI5, and the independent reviewers for carrying out this important work within the timeframe I gave them.

I would first like to set out the Government’s position on paramilitary organisations in Northern Ireland: paramilitary organisations have no place in a democratic society. They were never justified in the past, they are not justified today and they should disband. These organisations brought misery and suffering throughout the 30 years of the troubles. Together, they were responsible for more than 3,000 murders, and thousands more have been injured. Only last week a service was held to mark the 25th anniversary of the IRA murder of that great champion of freedom and democracy, Ian Gow. Today the thoughts of the House should be with all those who suffered directly at the hands of paramilitary organisations. We should also be mindful of the fact that, thanks in large part to the efforts of the police and our armed forces, along with the determination of the overwhelming majority of people across these islands, the future of Northern Ireland will only ever be determined by democracy and consent.

The assessment sets out the position in respect of those organisations that declared ceasefires in order to support and facilitate the political process. It does not cover in any detail the threat posed by dissident republican groupings, which is the subject of separate, regular

reports that I make to this House. The assessment does, though, confirm that dissident republicans remain a severe threat and that, at any given time, a terrorist attack from them is highly likely. For our part, the Government will always give the police and security services the fullest possible backing in their efforts to keep the people in Northern Ireland safe and secure.

The assessment confirms that all the main paramilitary groups operating during the troubles are still in existence, including the Ulster Volunteer Force, the Red Hand Commando, the Ulster Defence Association, the Provisional IRA and the Irish National Liberation Army.

On structures, the assessment finds that

“the majority of paramilitary organisations in this report still have leadership structures”—

and—

“organise themselves along militaristic lines.”

It goes on to say:

“These labels make the groups look more prepared for a campaign of violence than they are”—

and that—

“in the highly unlikely event that the groups are minded to return to terrorism, we judge they would be unable to resurrect the capability demonstrated at their peak.”

On the role of these groups, the assessment concludes that

“none of these groups is planning or conducting terrorist attacks”, although some INLA members have provided help to dissident republican terrorists.

The report also states that

“members of these paramilitary groups continue to engage in violent activity, both directed by local leadership and conducted without sanction.”

It says that

“members of all groups have carried out murders since the 1998 Belfast Agreement.”

In addition, the assessment makes it clear that

“members of these paramilitary groups, to different degrees, are also involved in other serious criminal activity.”

That includes:

“large scale smuggling operations, fuel laundering, drug dealing and extortion.”

On weapons, the report says that

“although the majority of paramilitary weapons were decommissioned, some were not.”

On the purpose of these groups, it concludes that

“it is our firm assessment that the leaderships of the main paramilitary groups are committed to peaceful means to achieve their political objectives”—

but that—

“we judge that individual members of paramilitary groups with a legacy of violent activity still represent a threat to national security.”

The report is in no doubt that these groups

“cause serious harm to the communities in which they are embedded and undermine support for policing.”

On the individual groups, the assessment confirms that the

“structures of the UVF remain in existence and that there are some indications of recruitment.”

[Mrs Theresa Villiers]

It states that

“the UVF’s leadership has attempted to steer its membership towards peaceful initiatives and to carve out a new constructive role in representing the loyalist community.”

However, the assessment goes on to confirm that

“a larger number of members, including some senior figures, are extensively involved in organised crime.”

UVF members are also involved in paramilitary assaults.

In respect of the UDA, the assessment concludes that while its structures remain in existence they have “become increasingly fragmented” and are split into “discrete geographical areas” that “act almost completely autonomously.”

The assessment states that

“with the support of some leadership figures there are UDA members who have continued attempts to steer the group into positive community based activism.”

Others, however, remain engaged in criminality and violence with individual members and some senior figures involved in organised crime, including

“drug dealing, robbery, extortion, and the distribution of counterfeit and contraband goods.”

There is also involvement in paramilitary style assaults, street disorder and violent protest.

In respect of the Provisional IRA, the assessment says:

“The structures of PIRA remain in existence in a much reduced form”—

including—

“a senior leadership, the ‘Provisional Army Council’ and some ‘departments’.”

The authors of the report do not believe that the group is actively recruiting. They state that, although decommissioning took place between 2001 and 2005, PIRA continues to have access to some weapons. However, the assessment judges

“that PIRA has not conducted organised procurement of new weaponry in the period since the last IMC report of 2011.”

While the assessment states that

“PIRA members believe that the PAC oversees both PIRA and Sinn Fein with an overarching strategy”—

it judges that—

“this has a wholly political focus.”

The report points out that

“individual PIRA members remain involved in criminal activity, such as large scale smuggling, and there have been isolated incidents of violence, including murders.”

In conclusion, the report says:

“The PIRA of the Troubles era is well beyond recall. It is our firm assessment that PIRA’s leadership remains committed to the peace process and its aim of achieving a united Ireland by political means. The group is not involved in targeting or conducting terrorist attacks against the state.”

That is a direct quote from the assessment.

I will not seek to hide from the House that much of the assessment makes uncomfortable reading. These organisations should never have existed in the first place and, 21 years after the first ceasefires, it is clearly unacceptable that they still exist today.

For all that the assessment judges the leaderships of the main paramilitary groups to be committed to peaceful

means, such groupings have no place in a democratic society. Members of those groups continue to exert a malign influence, which, as the assessment puts it

“harms communities and damages the financial prosperity and reputation of Northern Ireland.”

Inevitably, a document of this kind does not provide all the answers, but I hope that it will assist in identifying the nature and scale of the problem and in framing the debate about the way forward. Working with the main political parties, and society more broadly, we need a strategy to lead us to the point where these organisations no longer exist and their influence is removed from Northern Ireland once and for all. That is one of the two main goals of the talks that I am chairing at Stormont and it is an outcome to which all parties say they are committed.

The other goal is to secure the implementation of the Stormont House agreement. I believe that those talks represent the best chance of making progress on both these vital issues and of finding a way forward that builds a brighter, more secure future for everyone in Northern Ireland. We all now need to engage intensively in the talks in the days ahead, and I commend this statement to the House.

1.36 pm

Vernon Coaker (Gedling) (Lab): I thank the Secretary of State for advance sight of her statement and for her usual courtesy. May I also join her in thanking the members of the independent panel for their serious report, which I know will be read by the families of the victims? Those families and those victims are very much in our thoughts today.

Does the Secretary of State agree that at the heart of the undeniable progress that has been made in Northern Ireland is trust? I am talking about trust in the institutions, trust in the democratic process and, crucially, trust between parties and politicians. Above all, there is a belief in the principle of the rule of law. It is that core principle that has to be paramount. It is a principle that has to be at the centre of the continuing progress in Northern Ireland, and we should not forget that the work of the Police Service of Northern Ireland remains crucial to that.

The current political crisis in Northern Ireland was sparked by allegations surrounding the murder of Kevin McGuigan, following the murder of Gerard Davison. Will the Secretary of State tell the House what the report says about those murders and the extent of any paramilitary activity? In order to reach its conclusion, the panel will have had access to sensitive intelligence. Will she confirm that the panel has obtained all the intelligence for which it has asked? Crucially, will the Secretary of State tell us whether she believes that the assessment of the independent panel and its report today provides a basis for an end to the political crisis in Northern Ireland? If she does, what happens now and how will progress be made? Will she be convening further talks? If not, what does she expect to happen and what will she do?

Will the Secretary of State also update the House on the current situation with respect to the Stormont House agreement and when she intends to publish the Bill?

The reaction of the Northern Ireland parties to the panel’s conclusions is obviously of huge importance. Has the Secretary of State had any preliminary discussion

with the parties on this matter? It is also important to know the view of the Irish Government. Will she say what discussions she has had with them?

Paramilitary activity has no place in Northern Ireland. The vast majority of the people do not want it and neither do their politicians. Does she agree that it is for the police to enforce the law? They should, of course, be accountable, but their independence is crucial. No paramilitary activity is acceptable, whether it is carried out by remnants of the IRA or loyalist paramilitaries. Will the right hon. Lady tell us what measures, if any, she intends to take as a result of the report? Much of the media focus has been on the IRA, but what is her view is of loyalist paramilitaries? Does she believe, for example, that the establishment of the Loyalist Community Council recently was a good thing?

Is not one of the crucial conclusions of the report that

“none of these groups is planning or conducting terrorist attacks”?

Does the Secretary of State agree that, as the report states,

“the existence and cohesion of these groups since their ceasefire has played an important role in enabling the transition from extreme violence to political progress”?

If so, what does that mean for the future? Can she confirm that, as the report says, it is individual members of paramilitary groups who pose the real threat? Although much of the focus is rightly on threats to national security, is it not disgraceful and unacceptable for any individuals or groups to be involved in what the report describes as

“large scale smuggling operations, fuel laundering, drug dealing and extortion of local business”?

It is surely right, therefore, that we in this House restate our support for the work of the PSNI in tackling these issues.

There can be no doubt that once again hugely difficult issues have arisen in Northern Ireland—issues that are an immense challenge to the politicians of Northern Ireland and to all of us who seek to support them as they emerge from the horror of the past. We know that time and again politicians in Northern Ireland have risen to that challenge. They have found a way forward. They have dealt with seemingly intractable problems. Is it not time again for all of us to restate the fundamentals of the agreements that have brought us to where we are, and to reassert the principles of trust, sensitivity and mutual respect on which so much progress has been made, and the primacy of the rule of law? So many people have said to me that they do not want their children or grandchildren to suffer as they have done. Let us all find a way once again to ensure that that aspiration remains a reality.

Mrs Villiers: I agree with the shadow Secretary of State that trust between political parties is crucial in making progress in Northern Ireland and crucial to the effective functioning of devolved government. I wholeheartedly agree that belief in the rule of law and support for that concept is crucial in Northern Ireland, just as it is everywhere else in our country. Like the hon. Gentleman, I believe that the PSNI does a hugely important job in tackling not just the terrorism of the dissident republicans, but the criminality from the groupings about which I have been speaking today.

In relation to the case of Kevin McGuigan, the assessment confirms that the view of the two organisations, the PSNI and MI5, which compiled the report, is that the Chief Constable’s statement in August remains valid, so the situation in relation to the Kevin McGuigan case continues to be as set out by the PSNI in August.

On the question of access by the panel to classified and sensitive intelligence, yes, members of the panel were shown classified material and they had access to individuals from MI5 and the PSNI to challenge them on the process by which the assessment and the report had been compiled.

The shadow Secretary of State asked whether I believe the assessment can provide a basis to move forward. Yes, I do. As I said in my statement, I do not for a moment say that it answers all the questions in relation to paramilitary organisations. There is now a pressing need in the talks for the parties together to establish what is the best way to grapple with the continuing problems associated with the existence of paramilitary organisations, but I hope the publication of the assessment will inform the decisions that will need to be made in the coming days by the leaders of Northern Ireland.

In response to the question about my discussions on these matters, I have had extensive discussions with the five main parties in Northern Ireland and with the Irish Government as part of the talks process and beyond that. On the hon. Gentleman’s question about the establishment of the Loyalist Community Council, I welcome initiatives designed to move groups away from criminality, but this initiative must be judged on its results.

I echo the shadow Secretary of State. It is correct to highlight the conclusion in the assessment that none of the groups under consideration is planning terrorist attacks. He referred to the role these groups might have played in the transition of their members from a violent past to a peaceful future. I acknowledge that the picture is mixed, but there are some aspects of the assessment that are not completely negative.

That covers most of the hon. Gentleman’s questions. I close by saying that I agree with him that it is unacceptable for individuals, whether they are in paramilitary organisations or not, to be involved in disgraceful activity such as the fuel laundering and smuggling that I outlined today.

Mr Laurence Robertson (Tewkesbury) (Con): The report makes for depressing reading in some ways. Has the Secretary of State had the chance to assess whether any of the money from the fuel smuggling, extortion and so forth finds its way into the political process? Does she agree that the work of these criminals is no reason to bring the institutions down, provided that the police and the other agencies have sufficient resources to track these people down and stamp out their poisonous activities? Are sufficient resources going to these agencies so that they can do exactly that?

Mrs Villiers: Yes, in some ways the assessment makes for depressing reading but, as I said to the hon. Member for Gedling (Vernon Coaker), the assessment is that the statement of the Chief Constable remains valid. He emphasised in that statement that the criminality appears to be by members for personal gain and to pursue personal agendas, so there is no evidence of funds being

[Mrs Villiers]

diverted for political purposes. On police resources, it is important that the police have the resources they need to tackle criminality and terrorism. That is one of the reasons why the UK Government have provided additional security funding, and it is why we need to resolve the budget questions around the Northern Ireland Executive and implement welfare reform so that it has resources for its priorities, such as policing.

Deidre Brock (Edinburgh North and Leith) (SNP): I thank the Secretary of State for advance notice of her statement. That is much appreciated.

I and my party very much welcome the assessment of the review panel, showing that there is little likelihood of a return to the levels of violence that we saw during the troubles. So many people have worked on that over the years and the peace has been hard won. It is very satisfying to note that, in the main, the intent among the parties and organisations is to keep that peace.

There are, of course, the concerns already mentioned about the ongoing criminality and the damage that can be done to communities by that. The police and security services, as mentioned, will require ongoing support in addressing that. I note, though, that the report is clear that the concerns relate to both sides of the debate. We can perhaps now leave aside the idea that one side maintains readiness and the other does not. Both sides, it seems, continue to operate at a lower level than they did previously. I offer whatever help I and my party can provide in dealing with the issues outlined.

In the light of the report and the other developments, including the recent development in the investigation of the murder of Kevin McGuigan, is the Secretary of State confident that the talks to put the Stormont House agreement back on track can now succeed? Does she have any indication that all the governing parties are ready to return to their ministerial posts in Stormont? In relation to her analysis of what will be required to address the criminality mentioned in the report, does the Secretary of State believe—I realise that this question has already been raised—that sufficient resources are available to the police and the security services to tackle it?

Mrs Villiers: I, too, welcome the assessment's confirmation that the intelligence services do not believe that any of these paramilitary organisations are preparing for a return to terrorism. The hon. Lady is also right to highlight the fact that the problem of criminality is common across the different organisations. She asked whether I am confident that the talks will succeed. It is difficult to say, because there are still some significant gaps between the parties, and the debate over the financial sustainability measures, which are crucial if we are to return to successful devolved government, continues to be difficult to resolve. However, I believe that all five parties participating in the talks want to find a way through and to make devolution work, so I have some hope that we might have a successful outcome, although it is not guaranteed.

Mr Owen Paterson (North Shropshire) (Con): I thank the Secretary of State for her statement, particularly her tribute to our military and security forces, who defended

the rule of law through some very difficult decades and created the conditions in which the talks could take place. Does she agree that we cannot have a normal political process in Northern Ireland while those engaged in political activity have links to shadowy organisations that might either go to the grotesque end of murdering Kevin McGuigan, or indulge in money-raising activity that is wholly illegal, such as racketeering, money laundering and fuel smuggling? The answer is absolutely to bear down on every one of those criminal activities, regardless of where that might lead and any potential political embarrassment.

Mrs Villiers: I agree that it is vital that Northern Ireland moves to a situation in which paramilitary groups are part of its past, not its present or its future. It is entirely unacceptable for those organisations still to exist, and the involvement of their members in such serious criminal acts must be a matter of grave concern. It is vital that the police follow the evidence wherever it leads them. Bearing down on the criminal activities of those individuals is how we will help Northern Ireland to move forward.

Mr Nigel Dodds (Belfast North) (DUP): Our party sought this assessment, and it comes as a result of the pressure that we were determined to exert, whatever the criticisms or brickbats that that brought us. We therefore welcome its publication today, setting out the clear, factual position regarding paramilitaries in Northern Ireland. However, the report demonstrates the scale of the work that lies ahead in the talks process. It states that the IRA is committed to the peace process, and it recognises the lack of recruitment, procurement of weapons and so on. Nevertheless, it clearly sets out the continuing existence of its paramilitary structures—that applies to all the organisations that were looked at—and illegal activity by its members. That is totally unacceptable, and it is beyond high time that it was ended in all its forms—terrorism and criminality.

With regard to the account of loyalist groups, although there are no direct implications for devolved government, it is essential that transformation takes place in that regard, too. In that context, will the Secretary of State welcome the willingness of the leadership of those groups to move forward, as publicised last week? Will she work with us, and all those committed to peaceful and democratic means, to end once and for all—this must be the outcome of the talks process—all forms of paramilitarism in Northern Ireland?

Mrs Villiers: I can give the right hon. Gentleman that commitment. I think it is vital that we find a way to end all forms of paramilitarism in Northern Ireland. I also agree that it is crucial that the talks currently underway succeed. All the parties need to engage intensively on this matter and on the Stormont House agreement, because without resolution of those questions it is difficult to see how we can have an effective and functioning Executive delivering on their priorities. It was very important that the assessment was produced and that we have further facts in the public domain, but I acknowledge his point that the scale of the task is great. We must not underestimate that, which is another reason why all the parties need to engage in the talks with determination to find a way forward.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my right hon. Friend on her statement and the panel on its assessment, which offers partial reassurance, but does she agree that that reassurance must be qualified by the fact that, unlike state actors, paramilitaries do not obligingly leave an audit trail that can easily be assessed by intelligence services, however excellent they are?

Mrs Villiers: Naturally, with criminal and paramilitary activity it is not easy to get an entirely clear picture. Of course, a key element of the talks will be deciding what further process of verification is needed. There has been considerable discussion of reviving a body similar to the Independent Monitoring Commission. I think that is a useful point for discussion, and I am sure that the parties will be considering it in the coming days.

Tom Elliott (Fermanagh and South Tyrone) (UUP): I thank the Secretary of State for her statement. I know that she has tried to put as positive a spin as possible on the report, but it confirms that the report by the Chief Constable of the PSNI two months ago was accurate, that the IRA is still in place, that IRA members murdered Kevin McGuigan and that they are still involved in paramilitary and criminal activity. It actually goes further and gives more information, indicating that the IRA army council is still in place and that it oversees the IRA and Sinn Féin's overarching strategy. Will she now indicate whether Sinn Féin accepts that the IRA is still in place, and does she accept that the IRA and Sinn Féin continue to be inextricably linked?

Mrs Villiers: It will not surprise the hon. Gentleman to hear that I am unable to speak for Sinn Féin—but no doubt it will provide its own response to the report—but I also take issue with him, because I am not trying to put any spin on the assessment. Today of all days, we need people to read the report and consider it objectively. Yes, there is a great deal in it to be very concerned about, but we need to use it as an opportunity to reflect on how we deal with the problem and on what more needs to be done to ensure that Northern Ireland makes progress. I have acknowledged that the situation is serious and that the task will not be easy, but I think that it is a task that can be achieved. Northern Ireland's leaders have shown in the past that they are capable of grappling with this very difficult kind of issue.

Bob Stewart (Beckenham) (Con): When I was the intelligence officer in Londonderry, the discipline among paramilitary groups such as the Ulster Defence Association, the Ulster Volunteer Force, the Irish National Liberation Army and the Provisional IRA was hugely effective. The independent reviewers have clearly suggested that the leadership of such organisations are not necessarily in control of what their members are doing. I suggest that our security services should be putting huge efforts into dislocating and separating these maverick members of paramilitary organisations from their leadership, who say that they have nothing to do with the upsurge in violence.

Mrs Villiers: It is certainly clear from the assessment that in many cases the leadership of the various organisations do not control or sanction what their members get up to, but I can assure my hon. Friend that

Northern Ireland has an outstanding police service, supported by the intelligence services, and they will pursue crime wherever they find it. They do a fantastic job. They will pursue the individuals responsible for the sorts of crimes outlined in the report with as much vigour and determination as they pursue anyone else involved in wrongdoing in Northern Ireland.

Lady Hermon (North Down) (Ind): I am very grateful indeed to the Secretary of State for making her statement to the House. I am relieved that, with regard to the Provisional IRA:

“The PSNI and MI5 do not believe the group is actively recruiting.”

However, what I am worried about, and very curious about, is how much seepage there is from the Provisional IRA to dissident republicans. Is there a high or low level of seepage? What is her assessment?

Mrs Villiers: I am sure that the hon. Lady will accept that these are very sensitive matters and that it is not appropriate for me to go beyond the assessment. Naturally, the risk of seepage between the Provisional IRA and dissident republican groups is always a risk about which our intelligence services and the PSNI are acutely aware. One of the reasons these groupings remain a threat to national security is the danger that their expertise might find its way into the hands of dissident republicans. That is a risk that we all need to be aware of.

Andrew Stephenson (Pendle) (Con): I welcome what my right hon. Friend has said and the work of the panel. Given the information we now have, does she believe that there should be a continuing role for such assessments going into the future?

Mrs Villiers: Almost all the parties have made it clear that part of the solution on paramilitary organisations is an ongoing process of verification that is demonstrably independent, so that is likely to be part of a successful outcome to cross-party talks.

Mark Durkan (Foyle) (SDLP): Does the Secretary of State agree that the assessment proves that there is a need for a whole community approach to making sure that we eradicate all traces of malignant paramilitarism? Does she also agree that alongside that we need a whole enforcement approach by policing and revenue channels against any level of criminality? We have to be absolutely clear that no level of crime can be treated as par for the course in a peace process. We welcome the predisposition towards peace, but we cannot accept a predilection towards crime from the members of these groups.

Mrs Villiers: I agree with all of that. We do need a whole community approach to resolving this problem, and we do need a whole enforcement approach. I pay tribute to the work of groups such as the Organised Crime Task Force, which co-ordinates all the organisations working on organised crime. I wholeheartedly agree with the hon. Gentleman that there is no tolerable level of criminality. Anyone responsible for criminal activity should be pursued by the police and brought to justice.

Tom Tugendhat (Tonbridge and Malling) (Con): May I remind my right hon. Friend that this is not a Northern Ireland problem but a UK problem? The offence of

[Tom Tugendhat]

paramilitary violence that has been the scourge of our lives for more than 50 years in these islands has affected some of our families directly, in all parts of the House. I urge her to maintain the pressure that she has so rightly placed on the criminal actions of a few, and to encourage the PSNI, which has been extremely courageous in its work these past years, to continue its work.

Mrs Villiers: I agree with my hon. Friend that this is a UK-wide issue. He is right to remind us all that victims and survivors of the troubles are not confined to the population of Northern Ireland; many of them live in Great Britain. Indeed, there are also people elsewhere in the world who share the pain of those who suffered directly at the hands of these terrorist organisations in their violent past.

Conor McGinn (St Helens North) (Lab): I thank the Secretary of State for her statement and commend my hon. Friend the Member for Gedling (Vernon Coaker) for his response. The Secretary of State said that she wants to see the full implementation of the Stormont House agreement, and I wholeheartedly share her sentiments and support her in that. Is it the Government's position that they wish to see agreement between all the parties before legislating on the Stormont House agreement, and how long does she anticipate it will take to get that agreement?

Mrs Villiers: We have had some good discussions in the talks on the technical aspects of the legislation needed to deliver the institutions on the past. We hope to introduce that legislation soon. It is important that the Stormont House agreement is implemented in full. The parties have the opportunity to get that process back on the road, and I hope that they will engage intensively in the talks in the days to come.

Bob Blackman (Harrow East) (Con): I congratulate my right hon. Friend on her statement. Clearly, this is a delicate balancing act. In her assessment, has she considered whether any of the parties have breached any of the commitments they made at the Good Friday agreement or at the Stormont House agreement and have, as such, vacated their position as part of the overall strategy for Northern Ireland?

Mrs Villiers: For clarification, the assessment in relation to the paramilitary organisations does not indicate that those organisations are no longer on ceasefire. However, I think that my hon. Friend's question was primarily about the Stormont House agreement. As the House will be aware, the major blockage on the Stormont House agreement is that the two nationalist parties, having signed up at Stormont castle to welfare reform with top-ups from the block grant, then withdrew their support. That is an instance where two of the parties signed up to something and are not currently supporting it, but I hope we can find a way to get their support back in the days to come.

Jim Shannon (Strangford) (DUP): As the Secretary of State has indicated, dissident republicans are very active and deadly. The PSNI is on a high alert. Army units have been sent to the Province to give assistance to the PSNI. The terrorist threat is at a severe level in

Northern Ireland. The law-abiding overwhelming majority of Northern Ireland citizens are sick to the back teeth of this cancer in our society. Does she agree that only by taking a ruthless and uncompromising approach to paramilitary activity can we have a real chance to heal the scars on the face of Northern Ireland once and for all?

Mrs Villiers: We certainly need an uncompromising approach to pursuing criminality wherever it is found. It is also important to harness the activities of wider society. One of the problems in getting convictions for things like paramilitary assaults is that people feel afraid to come forward and give evidence. We need to reflect on what more can be done to give them the confidence to confront these individuals in their communities and to come forward and give evidence in court when those individuals commit crimes.

James Cleverly (Braintree) (Con): The assessment makes it clear that the time of large-scale mass violence by paramilitaries is a thing of the past, but there is a danger, as the years from that period to now extend, that people will romanticise that period of violence and that people who formally or informally associate themselves with paramilitary groups will take independent violent action. What steps is my right hon. Friend's Department taking to ensure that this romanticisation is nipped in the bud and that people who aspire to relive what they perhaps believe to be some glorious bygone era have their minds set straight and do not embark on individual acts of violence?

Mrs Villiers: My hon. Friend makes an important point. There is a tendency among some to try to rewrite history. That is something that this Government will never support and will always firmly oppose. There is no possible means by which one could romanticise a campaign that saw thousands of people murdered. That is at the heart of our approach to the institutions on the past to be created under the Stormont House agreement. They must be balanced, objective, fair and impartial to make sure that we establish all the facts about the history of the troubles, and do not enable anyone to seek to rewrite the history of the troubles and to draw some wholly unacceptable form of equivalence between terrorism and police officers.

Sammy Wilson (East Antrim) (DUP): The report indicates that individual IRA members remain involved in criminal activity and describes a range of acts, from smuggling right up to murder. What it does not say is that those people are defended by Sinn Féin political representatives who eulogise them, discourage people from giving evidence against them, and make excuses for their activities. Does the Secretary of State agree that one of the biggest impediments to making devolution work in Northern Ireland is the ambivalence of Sinn Féin's political representatives to the criminality of their associates?

Mrs Villiers: I can provide the hon. Gentleman with at least a degree of reassurance on that. Sinn Féin has always been very clear with me that it condemns criminal acts and criminality. It has certainly done that in relation to whoever was responsible for the murder of Kevin McGuigan.

Kevin Foster (Torbay) (Con): I thank my right hon. Friend for her statement. I think it is safe to say that it would always be naive to believe that these organisations, after so many years of killing and terrorising, would just disappear. Does she agree that the biggest issue is that while they might not be planning to launch terrorist attacks against the state, they are still encouraging a culture of criminality, including murder and extortion, that terrorises local communities, and that there is no way we can have a peaceful Northern Ireland for its people if these organisations remain?

Mrs Villiers: My hon. Friend puts his points very well. It is worth recalling that some paramilitary assaults have involved teenagers—young people—and in some instances such assaults are child abuse. There is a real brutality to some of the cases we have seen in Northern Ireland in recent years. That is another reason why it is vital that we see an end to paramilitary activity in Northern Ireland.

Ms Margaret Ritchie (South Down) (SDLP): I thank the Secretary of State for her statement. Paramilitary action was never justified at any stage, whether now or in the past. All those murders and all that violence and terrorism was totally unjustified and put people in great state of peril.

Will the Secretary of State outline what the paramilitary organisations could do to assist in alleviating the problems and anguish experienced by victims, and those who have lost loved ones either through the bullet or the bomb, who are anxious that the Governments and the paramilitary organisations resolve those issues to provide full truth and accountability?

Mrs Villiers: I wholeheartedly agree that the terrorist activities of those groups was never justified, and I pay tribute to the role played by the hon. Lady's party and the other parties in Northern Ireland that stood out against terrorism throughout the 30 years of the troubles. The crucial way forward for those groupings is to cease involvement in criminality. Their members should stop their criminal activities, and it is vital that the police continue to do all they can to pursue anyone who continues to be involved in such activity.

Danny Kinahan (South Antrim) (UUP): May I thank the Secretary of State and others both for their work on the report and for all the work that goes into everything for us in Northern Ireland? On PIRA, page 11 mentions the continued existence of senior leadership, the provisional army council and some departments. I assume that similar departments—which suggest to me a department of knee-capping or of smuggling—exist in other paramilitary organisations. The Secretary of State has said that she will take an uncompromising approach in future, so will she make sure that all political parties employ no one who is linked to such organisations?

Mrs Villiers: As I have said on a number of occasions, anyone involved in criminal activity should expect to face justice, and the police will pursue anyone involved

in such activities. On the organisational structures, the assessment provides further information beyond what the Chief Constable was able to share in his statement. Parties and individuals, however, will continue to have questions about the organisations and how they are run and structured. That is another reason why a formal ongoing verification process to try to move us forward towards resolving the problems once and for all will be an important part of a successful outcome to the talks.

David Simpson (Upper Bann) (DUP): I do not think it comes as much of a surprise to any Member that structures are still in place. Security forces personnel to whom I have spoken are concerned that members of the Provisional IRA who have bomb-building experience have moved to dissident organisations and that that is why there have been a number of under-car booby trap bombs in the past few weeks and months. I am sure that the Secretary of State and the security forces are investigating that.

Mrs Villiers: The security forces have placed a huge priority on seeking to prevent the dissident republican groupings from carrying out lethal attacks. In recent days there have been two examples of attacks on the state by those groupings. It is crucial that the PSNI and its security partners both north and south of the border continue to do all they can to keep people in Northern Ireland safe from the terrorist threat from dissident republicans, and I am confident that they will do that.

Gavin Robinson (Belfast East) (DUP): Last but not least, I was very pleased to hear the Secretary of State say that the Government will always give the police and the security services the fullest possible backing in their efforts to keep the people of Northern Ireland safe and secure. On Thursday we learned of a murder attempt on a member of the armed forces in the constituency of my right hon. Friend the Member for Belfast North (Mr Dodds), and on Friday there was an attempted murder of PSNI colleagues in my constituency of Belfast East.

The Secretary of State will know that, sadly, extremism still exists on the fringes of our society, yet we discovered yesterday that Northern Ireland is specifically excluded from the Government's counter-extremism strategy. What discussions has the Secretary of State had with the Home Secretary on that, and what assistance does she believe the strategy could give to the righteous fight against extremism in Northern Ireland and across the UK?

Mrs Villiers: I have discussed this important matter with the Home Secretary on a number of occasions. I draw the hon. Gentleman's attention to the part of the report that makes it clear that the UK Government are open to extending the strategy to Northern Ireland in the future. Given the particular circumstances, we do not think that is appropriate just now, but we are happy to work with the devolved bodies to share best practice and do all we can to counter extremism in whatever form it comes.

Victims of Crime Etc (Rights, Entitlements and Related Matters)

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

2.16 pm

Keir Starmer (Holborn and St Pancras) (Lab): I beg to move,

That leave be given to bring in a Bill to make further provision about the duties and responsibilities of the Victims' Commissioner and about the Victims' Code; to require victims' services plans for each police service area; to establish a duty to report suspected child abuse by those working in regulated activities, a code of practice on the recording of allegations, a right of appeal by victims against a decision to cease a criminal investigation, and standards for the review of open or reopened homicide cases; to make provision about court procedures relating to vulnerable victims and witnesses; and for connected purposes.

Leave to introduce a similar Bill, called the Victims (Bill of Rights) Bill, was given on 4 March, but that Bill fell because of the general election. As with that Bill, I am glad to inform the House that my proposed Bill has cross-party support, for which I am very grateful. I should also indicate that the Bill does not extend to Scotland.

Although significant improvements have been made to our criminal justice system in the past 20 years, there is growing consensus that it does not serve victims well. Some of the problems are obvious. Many victims, particularly victims of personal or sexual violence, lack the confidence to come forward and report crime, lack adequate support if they do so, and face an unacceptable ordeal in the court room if their case gets that far. The idea of telling many strangers, many times, about an experience of sexual degradation and abuse causes many such victims to feel intense and understandable distress. It takes real courage to come forward. The response of those charged with delivering criminal justice to those who do come forward dictates the likelihood that other victims will report. Yet when they do come forward, victims of crime regularly complain that communication and treatment are consistently poor across all criminal justice agencies.

There are many such examples. The case of Claire Waxman, who is sitting in the Gallery, involved long-term stalking and harassment. I am grateful to her and to Harry Fletcher, who is sitting alongside her, for their help in preparing this Bill.

All involved in delivering criminal justice, including the police, prosecutors and the judiciary, agree that the situation needs to improve, but the question is: how?

There have been plenty of codes, charters and guidance, and they have moved things on, albeit painfully slowly, and without any real legal teeth the effectiveness of such changes will always be patchy.

Likewise, at a time of tight pressure on the criminal justice system, there is a danger that services to victims will come a poor second to operational priorities. Most services provided to a section of the public are regulated, quality assured and monitored, but that is not the case for victims' services. There is simply no framework around the provision of those services. As a result of the lack of overall co-ordination, the services provided are fragmented and of varying quality. Existing discrete legal protections—such as restraining orders, special measures or witness anonymity—provide essential safeguards, but there is no legal regime promoting and protecting victims' rights from the beginning to the end of their engagement with the criminal justice system.

The "Code of Practice for Victims of Crime", more generally known as the victims code, was a significant and positive development when it was first published in 2005 and it should be supported, but although its provisions remain important, they are not directly enforceable and they require clarification and strengthening in places. Similarly, the role of the Victims' Commissioner has great potential, but it has insufficient powers, has been unfilled for considerable periods in recent years and is under-resourced.

Against that background, the conclusion that victims' rights will only be taken seriously if and when they are enshrined in law is now inescapable. If the Bill is brought in, it will offer a real opportunity for change, progress and improvement. As I have said, it has received cross-party support, as evidenced by the names of the supporters to whom I hope to refer shortly. I believe that this is an issue, like the stalking and domestic violence campaigns, on which this House is united, rather than divided. We want change because victims of crime deserve better, and because such improvement will enhance our criminal justice system. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Keir Starmer, Tim Loughton, Sarah Champion, Jenny Chapman, Sir Edward Garnier, Mr Barry Sheerman, Caroline Lucas and Liz Saville Roberts present the Bill.

Keir Starmer accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 4 December, and to be printed (Bill 80).

Opposition Day

[7TH ALLOTTED DAY]

Tax Credits

2.23 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I beg to move,

That this House calls on the Government to reverse its decision to cut tax credits, which is due to come into effect in April 2016.

Today's debate is incredibly important, but it is a shame that we have to hold it at all. It is deeply disappointing for the 3 million families across the UK who are set to lose an average of £1,300 from April that the Government have not taken the opportunity to step back, do the right thing and rethink these unfair proposals. The Conservatives omitted to mention these unfair proposals in their manifesto. Indeed, given another chance today to stop the changes—in the Welfare Reform and Work Public Bill Committee—they chose to vote against doing so.

Last night, we heard the latest arguments in favour of the cuts, which are already backfiring. The Government are seeking to make this a binary choice between cutting the incomes of the working poor and funding nurses, when in fact many of those in receipt of tax credits are our nurses, teaching assistants, care workers, civil servants and so many others who work day and night to keep our public services and our economy moving.

David Rutley (Macclesfield) (Con): The decision to seek to reverse these reforms is an important one, but when was the hon. Lady made aware of it—on the Labour side? [*Interruption.*]

Hon. Members: Just ignore him.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. We will not have shouting from the Back Benches. Nobody will ignore anyone in this Chamber. We will have a measured debate on an important subject.

Seema Malhotra: I do not think I even need to respond to that intervention. The hon. Gentleman is seeking to trivialise this debate. We have been very clear about what we would do and about what we are calling on the Government and his party to do. His constituents will be watching him today and asking: who he is standing up for—his constituents or his party?

Several hon. Members *rose*—

Seema Malhotra: I will make some more progress and then give way.

These cuts will also hit the self-employed and those who run our local businesses. It is bizarre for the Government to take £1,300 off each family by highlighting how much more they have already taken in tax credits. Today, it has become even clearer that the Government have chosen to balance the books on the backs of the poor. The Chancellor has made this a debate about taking from the non-working poor or from the working

poor, rather than a choice recognising that, in tough economic times, it is fairer that those who have more should contribute more.

Andrew Gwynne (Denton and Reddish) (Lab): The £1,300 that my hon. Friend cites is of course an average. Many working people in my constituency will get clobbered by a lot more than £1,300 a year. Is not the really serious point that only in April the Prime Minister said on TV—in the studios—that he would not cut tax credits?

Seema Malhotra: My hon. Friend is absolutely right. It is not on the basis of one occasion that we are saying that the Government have changed their mind or have not told the truth; they have not told the truth on this measure step by step since it was first introduced in the Budget. They have tried to hide the impact on hard-working families across Britain. My hon. Friend is absolutely right that the £1,300 figure is an average, and many families are set to lose much more.

Chris Philp (Croydon South) (Con): The hon. Lady will be aware that the Conservative manifesto made it very clear there would be £12 billion of welfare savings, so this was clearly flagged up. Will she explain where, if she opposes the measure, she will find the savings—which other benefit would she cut, or which tax would she raise?

Seema Malhotra: Perhaps the hon. Gentleman needs to talk to the Prime Minister about why he said on “Question Time” during the election that he would not cut tax credits. That is a conversation for him to have with the Prime Minister.

Barbara Keeley (Worsley and Eccles South) (Lab): The hon. Member for Croydon South (Chris Philp) talks about the Conservative manifesto, but the manifesto cannot have outlined that 689,000 carers might be affected. Those who care 35 hours a week and then try to work 16 hours on the national minimum wage will be hit. What do Conservative Members have to say about that?

Seema Malhotra: My hon. Friend makes her point incredibly well. It is those who are working so hard to support us in every sphere—in our public services and the economy—who will be hit the hardest by this move. I hope that the Government will change their mind today. I will make some more progress before I take further interventions.

The Chancellor says that he wants a low-welfare, low-tax, high-wage economy—this may come as a surprise, but of course we all do—but what he says and what he does are two different things.

Maria Caulfield (Lewes) (Con): Will the hon. Lady give way?

Seema Malhotra: I will give way in a moment.

The Chancellor decides to cut tax credits at the same as cutting income tax and inheritance tax for some of the wealthiest in our society. His failure to grow wages in the last Parliament not only led to a drop in living standards, but meant that tax receipts were lower than they would otherwise have been. In addition, as the

[*Seema Malhotra*]

Institute for Fiscal Studies has highlighted, welfare spending was virtually unchanged during the last Parliament because of the growth in tax credit payments and the explosion in housing benefit payments caused by his low-wage economy. Indeed, the number of people earning less the living wage has risen by 45% since 2009. The Government may seek to hide what they are doing and to make this a debate about the Labour party, but it is a debate about the quality of life for millions of families who are working hard to make ends meet.

Gareth Johnson (Dartford) (Con): I will give the hon. Lady another opportunity to answer the question. If she were to reverse these reforms, how would she pay for it—would she raise taxes, cut spending or simply borrow more money?

Seema Malhotra: Perhaps the hon. Gentleman has not read any blogs or listened to any media in the last two days. We have been on the media repeatedly and have explained very clearly that we would do that through long-term growth, making sure that we invest in high skills and increased—[*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I cannot hear the hon. Lady, so I assume that nobody else can hear her. This is a debate and we must be able to hear the opening speeches. Everyone will have a chance to shout in their own four or five minutes.

Seema Malhotra: Thank you, Madam Deputy Speaker. I hope that the hon. Member for Dartford (Gareth Johnson) heard my answer. Perhaps his constituents will also be asking whether he has heard them. I am sure they are wondering who he will stand up for today.

Lucy Frazer (South East Cambridgeshire) (Con): Will the hon. Lady give way?

Seema Malhotra: I will give way in a moment if I can make some more progress.

It is shocking that the Government continue to avoid telling the truth about these changes, including the Prime Minister, to whom I wrote last week, asking him to clarify his comments that after all the Government's changes a family where one earner is on the minimum wage will be £2,400 better off. He is yet to be clear about how he reached that conclusion, how many families will gain in the way he suggests or what assessment he makes of the analysis by the Institute for Fiscal Studies, the Resolution Foundation, Barnardo's and so many others who are against these changes.

The Chancellor chose either not to perform or not to publish an impact assessment of these changes for the Commons—a move that was criticised in no uncertain terms by the Social Security Advisory Committee. There are only two ways to interpret that: the Government either do not want to know or do not want to tell.

Stella Creasy (Walthamstow) (Lab/Co-op): My hon. Friend talks about the impact of these changes. Let me give her one simple example from my Walthamstow constituency of a working mum. When her tax credits were delayed, we had to refer her to a food bank

because they were literally the difference between being on the breadline and having bread. Does my hon. Friend agree that that will happen to working people across the country if these changes go ahead?

Seema Malhotra: My hon. Friend is absolutely right. She highlights, too, the impact of the Government's appalling administrative processes on our constituents. They are left trying to make ends meet and having to go to food banks. More than 60% of the use of food banks is due to issues with benefits and benefits administration.

Lucy Frazer: After an intervention, the hon. Lady asked whether Government Members had been listening to the media. I listened to an interview she gave on Radio 4 this morning. She gave only two examples of changes that she would make to the tax system. One related to inheritance tax and the other was to raise the tax threshold to 50p. In 2017-18, that would raise only £270 million. Where would she get the other £4.2 billion?

Seema Malhotra: I thank the hon. and learned Lady for her comments. Perhaps she will say what she is doing for the 6,300 families in her constituency who will be affected by these changes. Perhaps she should speak to those in her party who have raised serious concerns about the changes, including Lord Tebbit.

Before the debate on the statutory instrument in September, the Government chose either not to perform or not to publish an impact assessment of these changes, so one was not available for the debate in the Commons. The Exchequer Secretary seemed to suggest that they had done that, when clearly they had not. The distributional analysis that the Chancellor finally submitted to the Secondary Legislation Scrutiny Committee in the other place last week has been described by my right hon. Friend the Member for Birkenhead (Frank Field), the Chair of the Work and Pensions Committee, as a "sleight of hand" and an attempt to "bamboozle".

Maria Caulfield: Will the hon. Lady give way?

Seema Malhotra: I will make a little more progress first.

It is worth reminding hon. Members exactly what the Government propose to do with these changes. First, they will effectively halve the threshold at which claimants start to see their tax credits award tapered away, from £6,420 a year to £3,850. Secondly, they will increase the rate at which the award is tapered away to zero. That means that for every pound that is earned above the threshold, their award will be tapered away by 48p. Previously, the rate was 41p. House of Commons figures show that a family with two children and two parents who earn the minimum wage will see a fall in their income of more than £1,800 next year. By the end of the Parliament, that family will lose a devastating £7,700.

Catherine West (Hornsey and Wood Green) (Lab): Does my hon. Friend agree that this amounts to nothing less than a penalty for those in work? Such a work penalty is typical of this Government.

Seema Malhotra: My hon. Friend is absolutely right. The Conservative party claims to be there for the workers, but it is going against everything that hard-working

families are doing to make ends meet. It is time for the Government to rethink what they are doing and stand up for those they pretended to stand up for at the time of the election.

Mr Alan Mak (Havant) (Con) *rose*—

Graham Evans (Weaver Vale) (Con) *rose*—

Seema Malhotra: I will give way in a moment.

A family with one earner on the minimum wage will be more than £1,500 worse off next year and almost £7,000 worse off over the Parliament.

The claim that we have heard most is that working families should not be concerned because the minimum wage will see significant increases in the next few years. As the Institute for Fiscal Studies has made abundantly clear, the claim that those increases will close the gap is arithmetically impossible. Paul Johnson, the director of the IFS, summed it up:

“The key fact is that the increase in the minimum wage simply cannot provide full compensation for the majority of losses that will be experienced by tax credit recipients”.

He said:

“Unequivocally, tax credit recipients in work will be made worse off by the measures in the budget on average.”

Andy Slaughter (Hammersmith) (Lab): There are 4,200 working families in my constituency who will be affected. Given that the Prime Minister said before the election that he would not cut tax credits, does my hon. Friend think that this House and the other place would be right to vote down the proposals?

Seema Malhotra: My hon. Friend is absolutely right. I hope that Government Members will make that decision today.

The IFS has found that, as a result of all the tax and benefit changes in the summer Budget, by 2020, households with incomes in the second, third and fourth deciles will be worse off by £1,250, £860 and £530 respectively. Indeed, the Resolution Foundation's recent report showed that the changes are likely to result in 200,000 more children being pushed into poverty at a time when the Welfare and Work Bill is effectively erasing Labour's Child Poverty Act 2010, the duty in it to eradicate child poverty by 2020 and the measures to monitor child poverty. Perhaps a Government Member would like to ask their own Front Benchers a question about that.

Mr Mak *rose*—

Seema Malhotra: I give way to the hon. Gentleman. He has been very patient.

Mr Mak: The hon. Lady will know that when the tax credit system was created it cost £4.4 billion to administer, whereas this year it will cost £30 billion. Will she admit that the only credible welfare system is an affordable welfare system?

Seema Malhotra: Perhaps the hon. Gentleman should ask what will happen to the 4,500 working families in his constituency who are set to see an average cut in their household income of more than £1,300. What impact will that have on whether they can keep their

home, put food on the table or afford clothes for their children? I suspect that he will have a lot to answer for in his constituency.

A million single parents who are in work are set to be £1,000 a year worse off and 1.5 million married women will be £600 poorer.

Kwasi Kwarteng (Spelthorne) (Con): Will the hon. Lady give way?

Seema Malhotra: I will in a moment.

These cuts will also hit the self-employed who are on tax credits. Since 2010, self-employment has grown at twice the rate of overall employment. We know that, on average, self-employed people earn 40% to 50% less than those who are in regular employment.

Kwasi Kwarteng: Will the hon. Lady give way?

Seema Malhotra: I will in a moment.

This weekend, *The Observer* included the case of somebody in Manchester who is self-employed. He expects his tax credits to be reduced to virtually nothing from next April. I hope that in his response, the Exchequer Secretary will be straight about what these changes mean for the self-employed.

Kwasi Kwarteng: I thank my constituency neighbour for giving way. We have heard an impressive array of statistics, but does the hon. Lady have one proposal for reducing the deficit?

Seema Malhotra: That is absolutely incredible. We have answered that point in the media and in articles, and I do not need to keep going over that ground. The hon. Gentleman might want to respond to the 3,000 families in his constituency who will be hit by these changes, and say how he will reply to institutions that have done hard research into these matters. The Government have chosen to carry out no impact assessment for what has been described as an “array of statistics”. This debate is about people's lives, and the hon. Gentleman should stand up for his constituents, just as Labour Members will do when voting in the Lobby tonight—[*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The hon. Lady is clearly not giving way and hon. Members are wasting time in the debate.

Seema Malhotra: It is clear that the Conservative party is in disarray. Lord Tebbit, the hon. Members for Uxbridge and South Ruislip (Boris Johnson) and for Telford (Lucy Allan), and others, are calling for reforms, or for the Chancellor to think again.

Lucy Allan (Telford) (Con): Does the hon. Lady agree that taxpayers' money should be targeted at those most in need, and not used routinely to top up low pay?

Seema Malhotra: I think that comment represents a misunderstanding about what tax credits are supposed to help with. I hope that the hon. Lady's Government will be more successful this Parliament in increasing wages—hopefully to a level where people start to come off tax credits—but they do not have a very good record

[Seema Malhotra]

to date. As I said, the number of people earning less than the living wage has risen by more than 45% since 2009.

Clive Efford (Eltham) (Lab): In their interventions so far, Conservative Members have already conceded the argument. They started by saying that low-paid workers were going to be better off, and that Britain needs a pay rise and will get one. They have conceded that argument, but now it is all about choices and how tough it will be to balance the books. They have lost the argument.

Seema Malhotra: My hon. Friend is right, and as far as the public are concerned Conservative Members have lost the argument. It is now time for their constituents to ensure that they support the changes that we propose, and that they hold the Government to account at the next election.

The right hon. Member for Haltemprice and Howden (Mr Davis) has described the use of a statutory instrument as an attempt to avoid scrutiny, and on 6 October he said:

“The Government has to balance the books, but the burden shouldn’t be on the poorest...I hope this doesn’t turn out to be our poll tax.”

Even the Bow Group, which perhaps speaks for several Conservative Members who may not be able to speak today, has said:

“Tax Credit cuts could damage Britain’s entrepreneurial economy and the Conservative Party’s claim to be the workers party”.

Caroline Lucas (Brighton, Pavilion) (Green): The hon. Lady is making a powerful case. In my constituency more than 4,500 families will be affected, in particular because of sky-high private sector rents. Does she agree that people will be hit particularly hard when cuts combine with the fact that Governments have not taken action to bring down rents in the private sector?

Seema Malhotra: The hon. Lady is right, and cuts are being made without any recognition of rising rents and the cost of living that affects household budgets. We cannot make such a move without thinking about the impact on family budgets, particularly of rents.

Several hon. Members *rose*—

Seema Malhotra: I will continue for a moment and then I will give way.

New House of Commons Library analysis that we have published today shows that at least £0.5 billion will be lost to the London economy if cuts to tax credits come into effect, and that will hit nearly 410,000 low and middle-income working families in London. In my borough of Hounslow, 13,500 working families will be affected, and the local economy will be hit by about £17.5 million of reduced purchasing power if the cuts come into effect.

Angela Rayner (Ashton-under-Lyne) (Lab): I know from many conversations that I have held with Conservative Members that they agree that aspiration is key. I was on tax credits before coming to this place, and I also benefited from further education, so I plead with

hon. Members to consider that. Does my hon. Friend agree that by cutting tax credits and further education the Government are preventing people like me from having those aspirations?

Seema Malhotra: My hon. Friend makes a powerful point and indicates through her own story how this anti-aspiration measure will hit families that are working hard not just for themselves, but to give their children a chance in the future. As they continue to struggle, these cuts will impact on those children, and it is projected that 200,000 more children will be moved into poverty.

I am conscious that many Members want to speak, so in conclusion I will say that this measure is set to hit the poorest the hardest. The Prime Minister is fond of saying that he supports those who work hard and do the right thing. His Conservative election manifesto stated:

“The British character is renewed every day by the millions who work hard, raise their families and care for those who need help, do the right thing and make this country what it is.”

He also said:

“We are fixing the economy so that everyone feels the benefit”, but at the moment that could not be further from the truth. Far from being the party of the common ground or of workers, this move shows that the Government are no longer interested even in knowing how families are set to be hit by the choices they make. This decision is not just poor politics but poor economics, and families are concerned about what the impact will be as they struggle with paying the rent or their mortgage, and with putting food on the table at a time when food bank use continues to rise. The problem of low pay in the UK persists, and changes to tax credits are about to make things much worse. With 6 million people not earning enough to cover the basic costs of living, tackling in-work poverty is crucial, but we should not do that by making matters worse and hitting those who need help the most.

The Government have chosen to introduce these changes without even a transition plan, and when cross-Benchers and bishops start to express concern in the other place, we hear reports that No. 10 will threaten to suspend the other place if Members table and win a fatal motion. There is a chance today for every Member of the House to do the right thing and stand up for their constituents, by putting families in their constituency first and their party second. I urge Conservative Members to vote with us in the Aye Lobby today.

2.48 pm

The Exchequer Secretary to the Treasury (Damian Hinds): Protecting working people’s economic security is, and always has been, a priority for this Government. We are passionate about that, because we believe in people being allowed to meet their potential and fulfil their aspirations from wherever they come in life. Our mission is to get wages up, tax down, and welfare under control. The reforms to tax credits must be understood as part of a wider package of reforms that includes an increase to the personal allowance, increased childcare provision for working families, and of course the national living wage.

Next April the legal minimum pay for a full-time worker will be £1,300 higher than it was the year before. We have done that at a time when businesses have

created record numbers of jobs—1,000 a day and 2 million in total, and the highest rates that we have ever reached. Coupled with strongly rising wages, more hours on offer and low inflation, our policy is delivering security and prosperity for working households up and down the country. That is what the country deserves and that is what we are doing.

Helen Goodman (Bishop Auckland) (Lab): Is the Minister aware of the fact that average incomes will reach their pre-recession point only in 2017, after seven years of this vile Tory Government?

Damian Hinds: As a matter of fact, living standards have this year reached beyond their pre-crisis point, or indeed any prior year.

We can make lasting economic reforms only because we have taken the tough decisions to get this country back on its feet after the financial crisis that crashed into Labour's structural deficit, which was among the highest in the developed world. Some choose to indulge in a game of "What if we had unlimited money?" We face facts. In 2010, the Government inherited a deficit of £153 billion. That is almost £6,000 for every household in the country. Our budget deficit was 10.2% of GDP. For every £4 the Government were spending, £1 was borrowed. That could not be allowed to go on, because when Governments lose control of the national finances, those who lose the most are generally those who have the least.

Sir Edward Leigh (Gainsborough) (Con): The Minister is making some excellent points and I fully support his desire to reduce the deficit and reform tax credit. This is a listening Government, so I just wonder whether, in the coming weeks as we consider the impact of the reform and in terms of compassion, it might be worth looking at tweaking the child tax credit—or the marriage allowance, which is very low—to try to soften the blow. I do not expect the Minister to answer now, but that is surely worth considering.

Damian Hinds: As I will come on to outline, the Government are doing a number of things that have some offset against what is happening on tax credits.

Sir Oliver Heald (North East Hertfordshire) (Con): Does the Minister not agree that the Opposition have completely ignored the background, which is that at the moment wages are rising at a rate of 3.5%? We are seeing wages rising. The policy is working and it would be wrong in those circumstances to continue to subsidise and act as a drag on wages by using tax credits in the way they have been used.

Damian Hinds: As a result of this Government's strong economic management, we are indeed seeing strong wage growth coupled with strong employment growth. This is the right time to make lasting economic reform.

On the deficit, much progress has been made, but this year we are still having to borrow £3,300 for every household in the land. To tackle a deficit of that proportion requires all income groups to share the burden. I agree

with the hon. Member for Feltham and Heston (Seema Malhotra) that it is right that those with the broadest shoulders should bear the most.

Dr Liam Fox (North Somerset) (Con): To put this issue into context, will my hon. Friend confirm that the average taxpayer is paying £1,900 extra in tax this year just for the cost of Government debt interest? Is not the only way to reduce this debt tax on ordinary taxpayers to get rid of the deficit and pay down the debt, something which the Labour party seems incapable of grasping?

Damian Hinds: It is indeed an extraordinary amount. For every month we fail to deal with the deficit, not only would we be racking up more debts for all our children but we would be incurring greater interest charges in the here and now, which means money not spent on other essential services.

Lady Hermon (North Down) (Ind): I am grateful to the Minister for giving way, although I am not quite sure he will be so grateful when he hears my question. I have to admit—in fact, I am embarrassed to say—that I voted with the Government on the cut to tax credits. I did so on the clear basis and understanding that there would be mitigation in the Chancellor's autumn statement of the worst effects of the cuts to tax credits. The Minister cannot imagine my anger as I listened to his party's conference, and the Prime Minister and the Chancellor ruled out any such mitigation. I will be voting with the Opposition this evening, unless the Minister tells this House today what mitigation the Chancellor will guarantee in his autumn statement. I give the Minister the opportunity to persuade me to change my mind.

Damian Hinds: The hon. Lady, who is a veteran and very experienced in the House, will know I cannot pre-empt anything in the Chancellor's autumn statement on this or on any other subject. She was right to vote with the Government on the statutory instrument. As I will be outlining in my remarks today, this is a reform package of measures for working people. It is the right thing to do for the future of those families and the future of our country.

Frank Field (Birkenhead) (Lab): Nobody expects the Minister to be able to provide an answer on what will be in the autumn—or November—statement, but can he confirm that the figures that the Prime Minister uses to say that eight out of 10 people will be better off as a result of the Government measures include all of us and large numbers of other people, while the two out of 10 who will not be better off are all those claiming tax credits? Will he confirm that when we go into the next general election all the current 3.2 million tax credit claimants will not be better off as a result of the measures he has announced?

Damian Hinds: I hesitate to use a double negative, but I cannot say they will not be better off. Many, many people will be better off. On the specific point of the eight in 10, that refers first to financial year 2017-18, and, as the right hon. Gentleman will know, to all working families. Obviously, the precise impact of the different measures—tax credits, national living wage, income tax personal allowance, childcare, social rents

[*Damian Hinds*]

and all the other different elements—will vary with precise circumstances, but many, many families will be considerably better off. The hon. Member for Feltham and Heston herself was good enough to cite one such example of one particular type of family being £2,440 better off by 2020.

Several hon. Members *rose*—

Damian Hinds: I must make some progress.

The tax credit reforms are an important part of fiscal rebalancing, but they are only one part. On the same day that the tax credits lower threshold and higher taper rate take effect, we are reforming dividend tax and pensions relief for those on high incomes, and initiating a further clampdown on tax avoidance. Those are three measures among a set that also includes: the end of permanent non-dom status, restrictions on landlords' tax relief and the continuation of a top rate of tax that is higher than it was in 4,718 of the 4,753 days the Labour party was in office. If we look at how the burden of deficit reduction is spread through society, the simple fact is this: the distribution of spending among income groups is constant between 2010 and 2017, while the burden of tax has shifted towards the best-off.

Graham Evans (Weaver Vale) (Con): Does my hon. Friend agree with the former Labour Chancellor of the Exchequer, Alistair Darling, who said that subsidising lower wages in the way that tax credits do was never, ever the intention?

Damian Hinds: My hon. Friend brings me on, quite handily, to my very next point. When tax credits first came in, their aim was entirely noble, but they quickly soared out of control. The total cost more than trebled between 1999 and 2010, ending up costing £30 billion in 2010. Scandalously, while spending spiralled under the previous Government, in-work poverty actually rose by 20%. Now, we can kick a problem down the road or we can do something about it. We chose to do something about it. Our reforms do not abolish tax credit or anything close.

Owen Smith (Pontypridd) (Lab): Will the Minister confirm that the average tax credit bill to the Exchequer under Labour was £22 billion, whereas under the Conservative party, it has been £30 billion? So it has gone up on this Government's watch.

Damian Hinds: I heard the hon. Gentleman make this extraordinary point on "Newsnight" last night. He talks about an average. If we have an upwards curve, and we draw a line through it, of course it is going to be lower in the middle than at the end. The point is the bill kept on rising—

Owen Smith *indicated dissent.*

Damian Hinds: Will the hon. Gentleman let me answer? The point is it kept on rising, with particular spikes just before 2003 and 2010.

Chris Philp: Does the Minister share my astonishment that despite being asked four or five times, his opposite number failed to say how the Opposition would fund this £4 billion? Does that not demonstrate that Labour cannot be trusted with our public finances?

Damian Hinds: I am afraid I could not put it better than my hon. Friend, and I will not try.

Under these reforms, fully half of families will still be eligible for tax credits, and the total cost will come down only to what it was as recently as 2008. They will focus support on the lowest incomes, while taking those on higher incomes off tax credits altogether.

Catherine West: How would the Minister, on behalf of a party that says it is on the side of working families, explain this change to the 2.7 million children affected? It is a disgrace.

Damian Hinds: Today's bills will be paid at some point. We believe that the challenges for this generation should be dealt with by this generation, and we believe we need to get our finances under control and eliminate the deficit, and not just pass on the problem to our children and grandchildren.

Dawn Butler (Brent Central) (Lab): Does the Minister think that the 1% pay cap on public sector workers contradicts the Government's policy for a high-wage economy?

Damian Hinds: I do not deny that pay restraint in the public sector is difficult, but that 1% restraint has also protected 200,000 jobs in the public sector, which is an important aim. In addition, since 2007-08, pay in the public sector has risen faster than in the private.

Several hon. Members *rose*—

Damian Hinds: I keep saying I must make some progress. For the moment, I think I must mean it.

These reforms to tax credits go hand in hand with the new settlement for working Britain that my right hon. Friend the Chancellor set out in the last Budget. At the same time, we are introducing radical measures to put more cash where it belongs—in the pockets of hard-working people. Our increases to the tax-free personal allowance mean that a typical basic rate taxpayer—

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The Minister has just said he intends to make progress. Many people wish to make speeches today. If they continue to jump up and interrupt him and still wish to make a speech later, they will be disappointed.

Damian Hinds: I am grateful, Madam Deputy Speaker.

Our increases to the tax-free personal allowance mean that a typical basic rate taxpayer has seen their income tax bill cut by £825 since 2010. We are adding a further £80 next year and a further £40 the year after.

Kwasi Kwarteng: Will the Minister explain to the House how increasing the personal allowance has helped the very people the Labour party is claiming will be affected by this cut?

Damian Hinds: We believe in taking people out of tax, where possible, and enabling them to keep more of the money they have earned.

Naz Shah (Bradford West) (Lab): In my constituency, more than 31,000 children will be affected by these tax credit changes. How many more children will the Minister's cuts push into poverty?

Damian Hinds: We are making these necessary changes for the future of all sorts of families, but more than anybody for the sake of our children. The hon. Lady will know that the best way to address poverty is through work, and that is what we have been doing. She will also know the statistics—that where a child is in poverty and a parent moves into work, in 75% of cases they move out of poverty as a result, and that where a parent moves from part-time to full-time work, 75% of children also move out of poverty.

From next April, we will have the national living wage, which by 2020, when it will be worth more than £9 an hour, will mean over £5,000 more in gross full-time pay for someone on the minimum wage today.

Helen Whately (Faversham and Mid Kent) (Con): Does my hon. Friend share my frustration that the Labour party does not seem to understand that tax credits involve the taxpayer subsidising businesses paying low wages, which has to change?

Damian Hinds: As always, my hon. Friend is correct, and she brings me on to my next point. Already, more than 200 firms, including some of our biggest employers, have announced they intend to pay staff at or above the national living wage before it comes into effect, which has helped to push private sector wage growth to 4.4%, according to latest figures, at a time of low or no inflation.

Then there are the wider things we have done on living costs. We have frozen council tax and fuel duty. On childcare, we have already introduced 15 hours for the 40% most disadvantaged two-year-olds, which is just through its first full year of operation and still ramping up. From 2017, there will be 30 hours for working families with three and four-year-olds, and just the additional 15 hours will be worth £2,500 per child per year.

Andrew Gwynne: The Minister can cut the waffle. To many of my constituents, this is a matter of trust. Why does he think the Prime Minister, on 30 April, toured the television studios and told an audience at “Question Time” that he would not cut tax credits? It was seven days before the general election. Does he think that had anything to do with it?

Damian Hinds: The statutory instrument does not affect the level of child tax credits. The hon. Gentleman, being a keen student of these matters, will know about the taper for tax credit awards and the stacking effect of the different elements, but the child tax credit, as the Prime Minister said, is not being changed.

Several hon. Members *rose*—

Damian Hinds: I am conscious of time and know that many people want to speak.

Perhaps most important is the wider effect of the national living wage. The independent Office for Budget Responsibility estimates that as the national living wage imposes upward pressure further up the scale, 6 million people will get a pay rise. That effect starts now, but it will continue rising right up to the end of the decade. We are not just talking about a lower welfare, lower tax, higher wage economy; we are seeing it happen.

Owen Smith: The Minister has made the point repeatedly that the new national minimum wage is meant to offset the reduction in tax credits. What proportion of those on tax credits are currently on the national minimum wage? I suspect I will not get the answer, so I will tell him. It is 25%.

Damian Hinds: The hon. Gentleman's intervention is timely. Had he been listening—that might sound as I did not mean it to sound—he would have heard me talk about the wider effects of the national living wage. It affects not just people on the national minimum wage, but a much wider distribution. Most economists estimate that it would extend about 25% up the income scale.

Owen Smith: That does not answer my question.

Damian Hinds: It does answer the question. The hon. Gentleman was suggesting that this proportion would not benefit from a national living wage, which is incorrect. A lot of people who are not on today's minimum wage will also benefit to a sum of about—[*Interruption.*] I am asked how many—the estimate is that about 6 million people will benefit directly or indirectly.

Mr Chuka Umunna (Streatham) (Lab): Let me ask the Minister about the subsidy point. We can all agree on the context that we need to reconfigure our labour market. Almost 6 million people are not earning a wage that they can live off. Ultimately, yes, a subsidy going to employers is not desirable, but surely the issue here is the order in which we transform our economy. The fact is that through a properly prosecuted industrial strategy—something that we have obviously not seen in our steel industry—it is possible to reconfigure the labour market. That should come first—before taking away the tax credits and support from people who are not earning enough. Ultimately, that is the difference between the two sides.

Damian Hinds: The harsh reality that we face is that we have a budget deficit equivalent to £3,300 for every household in the country. We need to take firm action on that now. It is right, as I said earlier, that the burden is spread right throughout society, but it is also right to shift the burden towards the upper end, which is what has happened with the tax burden.

Andrew Percy (Brigg and Goole) (Con): The Minister will know that many Conservative Members, including myself, are concerned about these changes. I will not, however, vote with the Opposition because of the nature of the vote and its non-binding effect. However, further to the reference point—[*Interruption.*] If a few more Labour Members had turned up at the original vote, we might have won. Let me take the Minister back to the

[Andrew Percy]

point made by the hon. Member for North Down (Lady Hermon). Will he confirm that the autumn statement offers the opportunity for the Government to mitigate some of these effects, whether it be through a change to the order or through other tax changes? Can he confirm to me and many others on the Government side who are concerned that the Treasury is looking at other things that can be done to help this group of people?

Damian Hinds: There are a number of mitigating elements involved in the package. We have been talking about the national living wage, and there are major—*[Interruption.]* These things are all new. There are major extensions to childcare provision. We have reductions in social rents, and increases in the income tax personal allowance.

Several hon. Members *rose*—

Damian Hinds: Before I conclude—I am very conscious of the time—I want to address a couple of points about poverty. The best route out of poverty is employment. We have created the conditions for the private sector to create record numbers of jobs—over 2 million since 2010. The best way to target in-work poverty is, first, by helping people move up the hours scale and, secondly, by increasing wages. We are seeing wages rise strongly, and we are seeing living standards rising by 3.1%, year on year.

Several hon. Members *rose*—

Damian Hinds: I am not giving way again, as many people want to speak and I am coming towards the end of my remarks.

The number of people in in-work poverty is 200,000 lower than it was at its peak in 2008-09. Let me remind Members of the surest way to create poverty and to dash the aspirations of working families up and down the country. It is to lose control of the public finances. We are making sure that that never happens again. We are driving down the deficit; we have set out the path towards surplus; and through our Charter for Budget Responsibility, we are making sure that we insulate ourselves against any future shocks the world economy might throw at us. We do all this while delivering a new settlement for working Britain—one where decent wages are not subsidised by the public purse, but met by employers; one that says to employers, “You can have very competitive tax, but you must pay your people properly”; one that allows hard-working people to keep more of the money they earn; and one that offers a way out of reliance on benefits and top-ups through work that pays.

Those have not been easy decisions to make, but we face a £3,300 per household deficit, and if we reduce the level of state support people are inevitably affected. But tough decisions become necessary decisions when we are working towards the most important and the most progressive goal of all—economic security for working Britain in an uncertain world. Our new settlement for working Britain is an integral part of that. We will continue down the path of economic security, stability and opportunity for working Britain.

3.15 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): I am pleased to have the opportunity to debate tax credits today, particularly in light of the wholly inadequate time we had to debate tax credit changes on 15 September in connection with the statutory instrument. Would it not have been better if the proposed changes were made part of the Finance Bill so that they could have been properly scrutinised and debated and so that many Conservative MPs would not have been made deeply unhappy about what their Government have done?

During the week of the tax credit debate, a damning report from the House of Commons Library was published on the effect on many people of the changes consequential on these proposals. Let me state that the Scottish National party wholly opposes the changes to tax credits, which are nothing less than an attack on low-income families in this country.

The Prime Minister told his party conference that he wants a “war on poverty”. I would tell the Government that actions speak louder than conference rhetoric when cutting tax credits is going to increase poverty, particularly child poverty. The reality is that this is not a war on poverty, it is a war against the poor. All of us came into politics to make a difference. I say to the Government and to all Conservative Members that they should examine their consciences. Do they want to push through these cuts that will damage millions of families, increasing inequality in this country?

Chris Philp: Will the hon. Gentleman confirm that it is now the policy of the SNP to use the new tax-raising powers shortly to be introduced to increase income tax in Scotland in a year or two’s time to increase tax credits back up in Scotland?

Ian Blackford: I find that extraordinary. We fought in the general election on delivering home rule to Scotland, which meant full fiscal autonomy. Given the damage that the hon. Gentleman and the Conservatives are going to do to hundreds of thousands of families in Scotland, they should give us the power over our economy and over welfare so that we can protect people in Scotland from the damage they are going to do.

We hear that individual Tory MPs have been summoned to speak to the Prime Minister and Chancellor to be straightened out. I appeal to them not to be bought off. They should do the right thing and support today’s motion. This is a Government who cut inheritance tax for those wealthy enough to have £1 million-plus properties and punish those on low incomes. “All in this together”?—well, we can reflect on that line.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Will my hon. Friend reflect on the fact that the Government have also refused to close what is called “the Mayfair loophole”, allowing more than 8,000 people earning more than £1 million a year to pay only 28% tax, while hammering the poor?

Ian Blackford: My hon. Friend is absolutely correct. We have seen growing inequality over the course of the last few years, and the effect of the Budget will be only to increase it.

Imran Hussain (Bradford East) (Lab): Will the hon. Gentleman give way?

Ian Blackford: Let me make a little progress, and then I will.

Let us look at the facts of the matter. In Scotland, more than 500,000 children are in families that rely on tax credits, 350,000 of which are from the more than 200,000 low-income families who will be hit by these changes. If we take the UK as a whole, the Library tells us that 3.3 million in-work families received tax credits in April 2015, of whom 2.7 million had children. The Library tells us that the average negative impact in the reduction of the tax credit award in 2016-17 will be £1,300. As the Library puts it, the changes to tax credits will deliver savings of £4.4 billion in 2016-17. Of course, that is one way to put it; in reality, it is £4.4 billion that will be taken out of the pockets of the poor and the majority of working families, and £4.4 billion-worth of spending that will be taken out of local economies.

Michelle Thomson (Edinburgh West) (Ind): Do not people in lower income groups tend, in general terms, to spend money in their local communities, and will the cuts not therefore remove potential investment and growth from those communities?

Ian Blackford: Indeed, and I shall be saying more about that a little later. You do not fix the deficit by taking spending out of the economy. The point is that those hard-working families who receive tax credits tend to spend every penny that they get, injecting money into the local economy, paying tax, and so on.

Imran Hussain: The hon. Gentleman has rightly referred to inequality. Does he accept that these cuts will disproportionately affect the BME communities, thus increasing racial inequality?

Ian Blackford: That, too, is a very reasonable point. I think that what the Government are doing will pose real dangers to the cohesion of society.

Dr Andrew Murrison (South West Wiltshire) (Con): Will the hon. Gentleman give way?

Ian Blackford: I will make a little progress, but then I will happily give way again.

The House of Commons document also states:

“There is no transitional protection for existing families on tax credits.”

Let us just dwell on that statement. The harsh winds of a winter chill are brought to you by Her Majesty's Government—or, as we might put it, Ebenezer Cameron. I do not believe that any of us came into this place to put our hands on our hearts and say that we want to do this to hard-working families. We have it in our power to stop it today. Just imagine the letters dropping through constituents' letter boxes, telling them about the massive cuts that are about to afflict them, and for what purpose! We must pause, reflect, and change course. Today is the opportunity that the House needs to recognise that we have got this one wrong. We need to be brave, be bold, and collectively do the right thing.

Let us stop and think about this for a minute. Low-income families, on average, will lose £1,300 a year. Let us now look more specifically at a single-earner couple with two children, working a 35-hour week on the minimum wage. That couple will see their tax credit

award fall by £1,853 in 2016-17. The impact of the so-called national living wage will only modestly offset the impact of a fall in tax credit income, and the net family income will fall by £1,525.

James Cleverly (Braintree) (Con): Will the hon. Gentleman concede that the parties represented on his side of the House have made a series of apocalyptic predictions about the British economy since the 2010 general election, and that, one after another, those apocalyptic predictions have been proved wrong? Why should we believe your predictions now?

Ian Blackford: We are not making any apocalyptic predictions about the economy. What we are talking about is the impact on hard-working families. We want to see investment in our economy. We want to see investment in innovation and skills, improving productivity and improving the living standards of all, in Scotland and elsewhere. We want to work with you so that we can improve those things.

Patricia Gibson (North Ayrshire and Arran) (SNP): Will my hon. Friend give way?

Ian Blackford: I will give way in a second, but I want to make a little bit of progress.

Let me pose this question to Conservative Members. What will you say next year to constituents, hard-working, decent folk, many of whom will have voted for you, and who have just seen their incomes cut by more than £1,000? Are you going to tell them that their hard work is paying dividends—that for them, work is paying? You do not have an answer, because there isn't one. The policy is wrong, and you have the opportunity to change it: to do the right thing for the country, and to do the right thing for hard-working families in your constituencies.

Andrew Percy: As the hon. Gentleman knows, he is making many points with which I agree. I know that he is keen to be honest with the House, but will he be clear about one thing? Tonight's vote will not overturn the changes in tax credits, although a vote in the other place may do so at some point in the future. Today's debate is a good opportunity for us to express our concerns, but I do not want the hon. Gentleman to lead anyone who is watching it to believe that the vote will be on tax credits. Even if the motion is passed, it will make no difference. Will the hon. Gentleman be clear about that, please?

Ian Blackford *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before the hon. Member for Ross, Skye and Lochaber responds to that intervention, I must tell him that he has been talking quite a lot about “you”. I am sure that he does not mean the Chair. Perhaps it would work rather better if he addressed the Minister.

Ian Blackford: Thank you very much for those wise words, Madam Deputy Speaker.

I agree with the hon. Member for Brigg and Goole (Andrew Percy) that what the House has today is an opportunity to send a message to the Government that they ought to reflect on what has been proposed. I think that they have made an honest mistake. I hope that it is

[*Ian Blackford*]

an honest mistake, that we can reflect on it, and that we will not punish people in the way that the tax credit changes will do.

Alex Chalk (Cheltenham) (Con): Will the hon. Gentleman give way?

David T. C. Davies (Monmouth) (Con): Will the hon. Gentleman give way?

Ian Blackford: I want to make some more progress, because I know that many other Members want to speak.

I mentioned that constituents would be coming to you, and asked what answer you would give them. I think that what we must do is the right thing; the right thing for hard-working families in all our constituencies.

Several hon. Members *rose*—

Ian Blackford: I am going to make some progress.

Every Member of Parliament should look up the online House of Commons paper, which contains a link to the number of tax credit recipients by constituency. Any Members who support the Government's proposals can see exactly how many of their constituents will be affected by them. We remember Mrs Thatcher saying, back in the day, that there was no alternative. That, of course, was nonsense. We also heard that there was no such thing as society. That sort of behaviour should be a thing of the past. There has to be social cohesion. We have to demonstrate that we want to help people out of poverty, not remove a ladder that would take them out of it.

I know what people in my constituency are saying. They do not like this. It is seen as mean-spirited. It is punishing the poor: ordinary, hard-working folk. There is no excuse for it, and we can stop it. There will be a massive impact on families, and we know that the end result will push families with children into poverty. We hear—and we have heard it in the Chamber today—that many Tory Members have voiced concerns at the impact of the changes. We should say to the Government, “You need to listen to those of us on this side of the House, as well as some of your own voices that are reacting to the impact of what you are doing.”

Rebecca Pow (Taunton Deane) (Con): You asked just now—not you, Madam Deputy Speaker—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I am not having this any more. I have let a lot of people get away with it today, but this is an important debate, and we must observe the rules of the House. Just say “the honourable Gentleman”!

Rebecca Pow: Thank you so much, Madam Deputy Speaker. I remembered as soon as I had said it that I should not have said it. Apologies, Madam Deputy Speaker.

The hon. Gentleman asked just now what it was that we wanted in our constituencies. What we really want is a better future for everyone. We do not want people to be hard done by. Will the hon. Gentleman comment on

this? We want more jobs, a better future, more money and better childcare, all of which the Minister has outlined today.

Ian Blackford: We all want a better future. We all want more jobs, and better-paid jobs. But the point is—the point that we cannot get away from—that you do not do that by punishing those who are in work, and who will be pushed into poverty. As the Government have often said, work must pay. You cannot do what you are doing and be consistent with your own objectives.

Deidre Brock (Edinburgh North and Leith) (SNP): Does my hon. Friend agree that although it is of course indefensible for the Government to pick up the tab for employers who refuse to pay their staff decent wages, cutting the support from the working poor will not force wages up? A strong labour market will, as will rigorous enforcement of a genuine living wage and ending zero-hours contracts.

Ian Blackford: Absolutely. I hope that we will go on and have a robust debate about productivity in this country and about skills and innovation, because driving investment into the economy will drive wages up and negate the need for tax credits. None of us has a fundamental desire to see the long-term existence of tax credits, but they can only be removed when wages are driven up. What we cannot do is what the Government are doing and cut tax credits ahead of increases in wages.

Oliver Dowden (Hertsmere) (Con) *rose*—

Ian Blackford: I am going to make some progress, because I am aware of the time.

One has to ask about the moral compass of a Government who want to increase the inheritance tax threshold while the poorest in our society are being squeezed to such an extent. One nation, they tell us, but whose nation is that? It is not a country in which we want to live. Perhaps from an economic point of view we need to ask where the logic is in this policy. We are told that it is about getting the deficit down, but taking cash out of the pockets of the poorest means taking cash out of the economy and depressing economic activity. Those on low incomes tend to spend what money they have. This provision does not fix the deficit; it takes spending—[*Interruption.*] That is patronising? I will tell Government Members who is being patronised, and that is poor people in this country.

Let us make it clear, as we did during the election in Scotland, that we want to get the deficit down but that this is not the way to do it—[HON. MEMBERS: “How?”] Members ask how we will do that, and I am happy to give them an answer since they have given me the opportunity. I remind them that we won the election in Scotland, with 56 MPs returned for the SNP, and we had a progressive message that we delivered to the people of Scotland of investing in our country by increasing spending by a modest 0.5% per annum that would have delivered additional spending in the UK of £140 billion and would have reduced the deficit to 2% of national income by the end of the decade. That is a much more responsible way to deal with the future of our country.

There is a philosophical question of whether effective support through tax credits for employers paying low wages excuses those employers from paying a real living wage that offers dignity for work. I would argue that we all want to reach a situation in which work pays, to the extent that those in work have a decent standard of living. The SNP has been championing a real living wage as a response to dealing with poverty and that would mean that hard-working families would become financially sustainable, driving up tax revenues, reducing the deficit, enhancing economic activity and, ultimately, leading to an enhanced fiscal position. The desire to make work pay, which the SNP fully supports through the idea of the living wage—the real living wage, not the Tory construct—has to go hand in hand with an environment that encourages productivity, but we know that that has not happened for the past eight years, with productivity flatlining and even the OBR's forecast for the next four years showing only limited recovery in productivity. We cannot have sustained growth in wages unless we have growth in productivity.

Oliver Dowden: Will the hon. Gentleman give way?

Ian Blackford: No, I am going to make some progress.

We need a national debate about how we can strengthen and drive sustainable economic growth, driving up living standards and making work pay. We can only reach a high wage economy with investment in skills, innovation and business. That is not happening, and its absence is why we need the safety net of tax credits. That is why the Government must reconsider what they have voted through.

The Resolution Foundation has shown that the so-called living wage will boost wages by £4.5 billion by 2020, nowhere near the impact of the £13 billion of cuts to various working age benefits. It cannot be acceptable that working people pay such a price. We need to cut inequality, not drive it, which is what the Government are doing.

Let us come back to the example of the family losing £1,525 of their income next year. What will the Government say to such families when they are faced with difficult choices? Family budgets are already tight and something has to give.

David T. C. Davies *rose*—

Ian Blackford: I will not give way just now.

Just imagine what will happen when someone living hand to mouth faces an unexpected problem. Perhaps over the winter the central heating boiler will need to be fixed or a fridge will need to be replaced. What will Members say to their constituents when they knock on the surgery door? Where is the compassionate Conservatism we used to talk about? When their voters have their income cut by more than £1,500, all those problems will mean difficult choices. That is why this issue needs re-examining. I am appealing to the Government to listen to the many voices raising legitimate concerns.

The Government talk about being a one-nation Government, but if that is their desire they cannot square it with the rise in inequality that will be accelerated through these measures. We know that a report published by the Resolution Foundation on 7 October estimates that the tax and benefit changes will push a further

200,000 children into poverty in 2016. Is that really a price worth paying? We cannot accept that that can be right. This is not just a question of the 200,000 who will fall into poverty next year; the figure will increase to 600,000 by 2020.

Alex Chalk: The hon. Gentleman has talked four or five times about doing the right thing, but is it not important to recognise that that includes doing the right thing by the next generation, which stands to be saddled with billions of pounds of debt that cannot be paid back?

Ian Blackford: Of course we need to make sure we are doing the right thing for people today for the next generation, but that comes back to what I explained to the House: the position the SNP had at the general election—a responsible position of investing today and for tomorrow, a responsible position of dealing with the deficit but investing in the future of the country.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Does my hon. Friend agree that part of the problem in making today's children suffer in the short term is that child poverty has enormous long-term consequences?

Ian Blackford: My hon. Friend is absolutely correct. We must ensure that we deal effectively with child poverty in this country, but these measures will constrain that effort.

Paul Farrelly (Newcastle-under-Lyme) (Lab): On Friday a lady called Edith came to my surgery to complain about her daughter's situation. She is a nursery assistant earning £8 an hour. She works 30 hours a week and cannot work any longer because she has school-age children. Edith was mortified about the effect of the cut in working tax credits on her daughter and her family's welfare. What does the hon. Gentleman think the Prime Minister should say to people like Edith up and down the land as to how they can trust his word in the future?

Ian Blackford: The sad reality is that I do not think the Prime Minister has anything to say to Edith in the hon. Gentleman's constituency. That is why I am appealing to hon. Members on both sides of the House to reflect on the damage that these measures will do to Edith and others. We are having a good debate today.

Several hon. Members *rose*—

Ian Blackford: I want to finish off as I have spoken for quite some time.

Perhaps it is little wonder that the Government want to redefine poverty. The numbers being pushed into poverty are frightening. It is not a price that a civilised society can pay.

In conclusion, I am grateful that we are having this debate today, but it must not end here. I would plead with the Government to change course before it is too late. These millions of families should not be affected by these tax credit changes. I hope the Government act, but failure to do so would demonstrate yet again that we need full powers over Scotland's welfare system to be in Scottish hands, not the hands of the Chancellor and the Work and Pensions Secretary.

[*Ian Blackford*]

There is a clear contrast, with a Tory Government in Westminster attacking the poor and a Scottish Government using their powers to protect the poorest and most vulnerable in our society. The Scottish Government have invested £100 million to ensure no one pays the bedroom tax and invested £40 million to protect council tax benefit. That is a caring, compassionate Scottish Government. If Westminster wants to punish the poor, give Scotland powers over tax and spending so that we can protect our own people from this heartless Conservative Government.

3.37 pm

Mr Kenneth Clarke (Rushcliffe) (Con): I shall endeavour to give a brief speech, but I think this is a rather big occasion.

We have reached a stage six months into the new Parliament where we are defining the issues in terms of how we are going to conduct the responsible management of the economy over the rest of the Parliament and achieve the healthy, long-term recovery that, as my hon. Friend the Member for Cheltenham (Alex Chalk) has just said, we are trying to give to benefit our children and grandchildren, and not just ourselves.

We won the election because, I think, we were regarded as more credible on economic policy. People had not always agreed with what we had done, but they realised we would take the necessary difficult decisions to keep the country on course with an economy in the process of recovering.

The Labour party has still not woken up to the fact that it lost the election because it was not credible on the economy and was simply presenting an uncertain collection of rather populist proposals that did not add up to a responsible future. That has been illustrated today. Labour Members are having a very enjoyable time because at this difficult stage for them they have found something they can all oppose. They have found nothing they can all support and they can present no alternative, but they are enjoying opposing on a populist basis what has been put forward. I would exempt from that the hon. Member for Streatham (Mr Umunna), a former shadow Secretary of State and briefly a contender for the leadership of the Labour party, who has just left his seat, because he made an intervention conceding that he was against taxpayers subsidising pay, but the message was, "Make us virtuous, but not yet." He was quite happy to go along for the time-being with this flawed system until some uncertain date in the future.

The Scottish nationalists appear simply to be taking the view that this is a good popular occasion on which to give a harrowing description of the consequences of these proposals, and to imply that they are a deliberate attack on the poor that has been chosen by the class enemy on this side of the House. Fortunately, however, I see no prospect of the Scottish National party getting a UK majority—however successful it might be electorally—and of having responsibility for the economy on which my constituents are dependent.

The starting point, as usual in these debates, is that in modern Britain there is a wide community of interest in where we are all going. We all think that the economy

should be managed to boost the overall prosperity of the country. At the same time, however, we live in a society in which we have to seek to alleviate poverty, to ensure that people are helped when they work hard to help themselves and to ensure that we have a system whereby we can provide a decent income for those people who are so vulnerable or so unlucky that they are unable to support themselves without help. That is the starting point, and that is why we have a welfare state and a welfare system.

My second point is that I have always thought that tax credits were one of the most flawed innovations to be brought into our welfare system. The idea was taken from the Clinton Administration in the United States and applied slightly differently here. It might have had some worthy intentions behind it, along the lines of providing negative income tax, but I always suspected that it was in fact introduced for politically populist reasons. The new Government could be seen to be giving money to add to the pay of a wide section of the population, and we have had that system ever since.

Several hon. Members *rose*—

Mr Clarke: I will give way in a moment, but I want to make some progress. I do not want to speak for long, as lots of Members want to speak. Let me just finish my outline, then I will start to give way.

When tax credits were introduced, the then Government were confined by their election promise to stick to the spending and tax programme that they had inherited, because of the deficit. I seem to recall—I have not looked this up—that they therefore introduced them by means of a device that treated them not as public expenditure but as a tax change. Indeed, I seem to recall being assured on the Floor of the House by the then Chancellor of the Exchequer, when I expressed my disbelief, that they constituted negative expenditure.

That is why the payments became the responsibility of the Treasury and were described as tax credits. The Treasury is—or was—very good at collecting money from people who do not want to pay it, but with great respect to my old Department, which I greatly admire, it was not particularly suited to handing out benefits to people on low incomes with any degree of reliability or accuracy. I still get constituency cases relating to tax credits, because the system is based on forecasting someone's income based on the previous year, but lots of people do not notify precisely all the changes in their arrangements. Ever since the system started, one feature of it has been that perfectly ordinary working people get demands to repay thousands of pounds that have been paid to them in error. I think that the level of error has come down, but at one point it was staggering, with a very high proportion of claimants being given bills by the Treasury that they could not afford to pay.

These measures were usually introduced on the eve of an election, so that even more members of a grateful public could receive yet more money on top of their pay. More importantly, it rapidly became clear that a lot of this money was subsidising employers, who found that they could hold down incomes. This was happening at a time when the economy was coming out of a recession, and they could therefore hire all the staff they needed, with the taxpayer subsidising their pay.

Given the objectives that we are all agreed on, and that it is quite obvious that we need welfare reform—although Labour Members are unable to think of any at the moment—I cannot think of a more obvious target for such reform than the tax credit system. I approve of the Government's choice in that regard. Of course, electoral bribes are always difficult to reverse, but I shall explain in a moment why this is a good time to make substantial progress towards getting rid of this dreadful mistake, which the last Labour Government should never have introduced.

Mr David Lammy (Tottenham) (Lab): The right hon. and learned Gentleman makes an important point about the nature of the benefit and the difficulties some people experience in paying it back a year later. Does he accept, however, that the system of family credit was introduced by Margaret Thatcher, and that Eleanor Rathbone fought for family allowances back in 1929? There has broadly been a cross-party consensus that the welfare state has to deal with those on low incomes, particularly those who are working?

Mr Clarke: Of course the Government have a duty to look after those of all kinds who are below subsistence income—that is what we have the welfare state for. I used to support family allowances with some vigour, because in those days we had persuaded the then Government to pay it to the mother, and a high proportion of women—there probably are still some in this position—did not know what their husbands earned and it was right to pay a benefit for the children directly to them; it was a kind of social reform. I did agree with the current Government that the time had come to end it for higher-rate taxpayers—again, it was a general subsidy. Various attempts were made to do a negative income tax, but we never succeeded in finding one—I tried over the years, talking with Chancellors and also when I was Chancellor. What has been introduced—tax credit—was a Clinton invention, altered by the Labour Government, and it has never worked properly, for the reasons I have given.

Several hon. Members *rose*—

Mr Clarke: I do not want to take as long as the Front Benchers, so I will make a little progress.

Why do this now? There is never going to be a better time again to make more substantial progress in loosening our dependence on this subsidy to pay. I will not repeat what the Minister said admirably from the Dispatch Box about all the other things that are being done in more sensible areas, where we support the income and help with the expenditure of working families. That of course has to be key. That is the alleviation that everybody is demanding of what is bound to be difficult when we move forward. I am not naïve. Politically, I point out to my Conservative colleagues that this is early in a Parliament, six months in, and my guess is that we if we do not take this decision now, everybody will run for the hills if we decide we are going to do it in two years' time. If we are looking, as a governing party should do, to what we are going to be able to show to the public by way of a successful economy when we next face them in five years' time, we will see that now is the time to take the necessary decisions to get on with this.

More substantially, as has been mentioned by, among others, my hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald), the former Solicitor-General, the employment situation is extraordinarily strong. This is the time to do it, because we are never going to get all the full compensating reactions in the labour market if we do not get them at a time when employment is at a record-breaking high, unemployment is very low and real incomes are rising at an amazing 3% a year.

In all the figures that keep being cited about what will happen to those who lose tax credit, there is one great incalculable, although people have tried to estimate it: what will employers do as they realise that their staff are losing their tax credit? We have already seen various firms lining up to say that they are going to pay my right hon. Friend the Chancellor's living wage, some straightaway. That is because the labour market has changed, they do not want demoralised staff and they want to race ahead of the Government and say that they are giving a big pay rise. I accept that not everybody will be able to do that, but I think that employers, finding that the subsidy of tax credit is being drained away again, are in a better position now than they have been for years to say, "Perhaps we are going to have to give—perhaps we ought to give—a reasonable pay rise to the staff working for us because we can no longer rely on the Government setting in behind us." Again, if we do not do it when the employment market is so strong, we will never do it at all—now is the time.

Mr Alistair Carmichael (Orkney and Shetland) (LD): I thank the right hon. and learned Gentleman for giving way, because I agree with an awful lot of his analysis of the problems caused by the whole system of tax credits. The difficulty is that we do not start with a blank sheet of paper. The fact is that the cuts are in the here and now, whereas the possible increase in wages will come only in the future. Can he really see any employer giving somebody a wage rise because they have just had a third child who will not be eligible now for tax credits?

Mr Clarke: Quite a lot of low-paying employers will realise the effect on the morale of their staff, some of whom will tell them that they are losing their tax credits. I am not naïve and know that this will not mean that nobody loses. Not everyone will be able to do that. The downsides of the change—my hon. Friends on the Front Bench explained the upsides that will affect a lot of these working families—may not be totally eliminated, but there will be fewer problems now if we go ahead with this. I have already said that getting rid of electoral bribes, which most parties have given over the years, always proves to be terribly difficult. I have seen some dreadful things introduced and then nobody has the nerve to vote against them. Perhaps I should not worry. I receive a free bus pass, a free television on which I do not pay a licence, and a winter fuel allowance to save me from winter poverty. I know that I was meant to say to the previous Labour Government, "God bless you, Mr Brown. You are a worthy man, and I shall vote for you from now on." My political views are more complicated than that. Tax credits were about bumping up income from the Labour Government on the eve of an election.

Several hon. Members *rose*—

Mr Clarke: No, now is the time to get on.

I will conclude by turning to the rather big question of the £4 billion that will be lost by this motion. We are having a cheery knockabout argument and £4 billion is going out the window, and neither the Labour party nor the Scottish National Party can agree on any credible explanation of what they will do about that. They will borrow the money; that is what they did and that is what they will do.

I think that the right hon. Member for Birkenhead (Frank Field) is trying to catch your eye, Madam Deputy Speaker. He tried to produce some alleviation; at least he is halfway there. I think his changes save only £2 billion, so another £2 billion must be found from somewhere else. Perhaps he will address that when he speaks.

More importantly, there is talk of Labour and Liberal peers in the House of Lords voting down the measure. That is really quite a startling constitutional innovation. They use technical arguments, saying that it is a statutory instrument, and that it was not in the manifesto. Well, Budget measures are not in manifestos, so that is not a relevant argument. If the Upper House decides that it will not accept the supremacy of this House when the Government set tax and spending matters, I advise all Members in this House of all political parties to take that extremely seriously. It is irresponsible and it should not be done. We do not want a repeat of what happened in 1911. Personally, I will become a fervent advocate of reform of the House of Lords, as I always have been, all over again if they start doing that.

Pay should be set by employers once we get back to a healthy and normal world. We cannot have a system where we all have a party political argument about how much subsidy the Government will give to employers for selective members of the population. We do need welfare reform, and tax credits are one of the best candidates for such a reform. The Treasury should never have been paying out on welfare. We cannot get rid of it, but it is time to make some great progress. If this matter gets lost, the path of steady recovery that we have been on, as we lead the way in the western world towards a much more balanced, sustainable and modern economy, will be seriously damaged. I support my hon. Friend, the Exchequer Secretary to the Treasury, and I hope that we will reject the motion.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. Before I call the Chair of the Select Committee, I point out that we have less than three hours left and more than 50 Members wishing to catch my eye. Dropping the speech limit down to two or three minutes seems ridiculous at this stage. There will also be a maiden speech following the contribution of the Chair of the Select Committee, and I do not want to impose a limit until after that. Can we please keep interventions to an absolute minimum and speeches as short as possible, so that I can put the time limit on as late as possible? With that, I call Frank Field.

3.54 pm

Frank Field (Birkenhead) (Lab): I am immensely grateful, Madam Deputy Speaker. It is a pleasure to follow the right hon. and learned Member for Rushcliffe (Mr Clarke). Like him, I will set the scene, but much more briefly, I hope.

The record shows that even when it was not popular on the Labour Benches, I spoke about the need to reduce the deficit, so I do not come here as a Johnny-come-lately who has suddenly discovered when we are not in government that that is a crucial aspect of economic stability. Similarly, when I pleaded in this place, on both sides of the Chamber, not to build up the tax credit strategy, I never got one Conservative Member to help me to divide the House so that we could show our disapproval of a method which, in the long run, has the consequences that the right hon. and learned Gentleman explained to us—that if we subsidise wages by that means, there is an effect on employers in the long run. Most employers, like individuals, are rational creatures. Why should they increase the wages of the lowest paid when taxpayers will do the job for them? That is the setting.

I make three pleas to the House. Although it would be tremendous news if a large number of Conservative Members, or even if one or two, joined us in the Lobby this evening, we should not raise our hopes too high. When we were in government it was almost a capital offence to vote with the Opposition on such motions.

Wes Streeting (Ilford North) (Lab): Will my right hon. Friend give way?

Frank Field: No, I shall accept the plea of the Chair for brevity as 50 Members wish to speak.

There has been a cross-Bench appeal today to the Backbench Business Committee, which you used to chair with distinction, Madam Deputy Speaker, for a debate on this. We could soon have that debate and views could be expressed when Members were not voting on a motion from a particular party. We would then see what this House genuinely believes about these changes. For many Government Members this is a crunch point, although I would make the charge that the Government are wearing lightly the pledge that they made so much of before the election, to such good effect on our Benches during the election and immediately afterwards, that this was the party of the strivers.

The Chancellor painted the picture of people on very low wages getting up in the morning and passing the drawn curtains of families on welfare. That was a deadly campaign which had its effect. If I were a low-paid worker, I would have paid some attention to a party that was making a specific pledge to protect strivers. That is why I think there is such unease on the Government Back Benches today. Those on the Treasury Bench may now wear that pledge lightly, but a number of Conservative Members fought an election campaign believing that they were going to be the party that protects strivers.

Maybe today is not the right moment for those Conservative Members to feel able to express that view in the Lobby, but I hope that before long we will have such an opportunity, and the Government will see how seriously some of their own Back Benchers took the pledge that they would be on the side of people on very low wages who, often against their own interest, get up and make a contribution—all too often a very valuable contribution—to our society.

In a statement after the election, the same man who made the plea to the country to accept the Conservatives as the party that protects strivers introduced welfare reforms which are the largest-ever cut in provision for

any group, let alone for those in work. In a moment I will pick up the point that the right hon. and learned Member for Rushcliffe made about the timing of that. Maybe tonight will not be the point at which Members cross over, but I hope—this is my first plea—that we will soon have a motion that we own as Back Benchers, in which we can in a civilised way express our views about supporting strivers.

I want to return to the point made by the Prime Minister, which the Minister so ably defended today—an almost impossible brief. I compliment him on that, and I compliment him also on the work that he is doing in the other place with the Cross Benchers, trying to persuade people not to vote as they wish to vote. The crucial piece of information that the Government will not provide is this: of the 3.2 million tax credit claimants who will be, on average, £1,300 a year worse off as a result of these changes, how many will still be worse off at the end of this Parliament, when the Government will have to face the electorate, despite all the welcome changes they are introducing on childcare and so on? Before we have that debate, when people will vote with a seriousness of intent that they might not have today—this is my second plea—will the Government please produce those data so that we will have accuracy, rather than having to rely on the snapshot we have from the figures that they have produced?

The Government are saying that everything will change. We know that many of those who might be better off by the end of this Parliament—one hopes that they will be—might not be in the years towards 2020, but how many will, in fact, still be losing out in 2020, 2019 and 2018, despite the Government's welcome changes to the national minimum wage? I think that in the long term that has revolutionary implications for how we view welfare, because I agree with the right hon. and learned Member for Rushcliffe that we have lulled ourselves, without fully appreciating it, into using welfare as a way of compensating for the failures of capitalism, and we should not have done so. The pressure should be on employers to raise productivity and pay decent wages.

My third plea will be as brief as my first and second. The Government are holding the line at the moment. When Gordon Brown introduced that ludicrous, vicious little policy of abolishing the 10p tax rate, he did so simply to catch out the then Leader of the Opposition. He threw it in at the very end of his Budget statement so that he could then crow about it, but it would have massively affected some of the poorest people in this country, particularly women workers. The Government were going to hold the line right up until they faced a defeat of the Budget—not a debate like today's, but the Budget. At that point, all of a sudden the coffers were opened and taxpayers' money was spat out—almost vomited out—to almost every group bar the 10p group.

I can guarantee that the Government will come forward with “tweaking” measures, as we have already heard them called. I urge Tory Members not to let them get away with tweaking the national insurance or tax thresholds, because many of our constituents who will be worse off as a result of these tax credit changes will not be compensated in any way, let alone fully, if any tweaking is spread over the 30 million of us who work, compared with the 3.2 million who will be made worse off immediately as a result of this move.

I welcome today's debate and, unlike the right hon. and learned Gentleman, am rather pleased that we on the Opposition side are all together on a subject. If we are to be taken seriously, we have to say where we would like the £4.5 billion to come from if it is not to come from the very group of the electorate that we admire most: the strivers who get up every morning to work for a fraction of what we get as Members of Parliament but who still turn up, and who have been so badly treated by this Government and by this measure.

4.4 pm

Heidi Allen (South Cambridgeshire) (Con): Why today? Why have I chosen today, and this debate, to break what I hoped might be the habit of a lifetime in resisting the urge to make a maiden speech? My friends and colleagues will know that I have been trying flipping hard to avoid doing it.

It is not because I did not want to thank my predecessor for the long and dedicated service he gave to South Cambridgeshire and to the Government, though I must admit that sometimes his shoes do feel incredibly roomy for these small feet. Andrew Lansley absolutely deserves our praise, and he will be rightly rewarded next week when he takes his seat in the House of Lords. It is not because I did not want to shout from the rooftops about my constituency. I am certain that I bore everyone rigid about the economic miracle that is South Cambridgeshire; I am so, so proud to represent its people.

It is because today I can sit on my hands no longer. My decision to become an MP is a very, very recent one. It was the Tottenham riots of 2011 that shook me from my comfort zone. Night after night, my television showed me a country that was falling apart—my country—with social breakdown and an economy on the verge of collapse. I felt so strongly that I had to step forward and lend a hand. Today, I feel that way again. So I picked a team—the blue team. I believed they were the party who could bring us back from the brink, and we have started to do that. This Government have taken tough but prudent decisions and employment has reached levels never seen before. Britain is back, and I am immensely proud of this Government for their role in that. So I hope that I will see again those gems of prudence and wise judgment that drew me to the Conservative party, before it is too late.

Too late for what? Too late to stop us getting things wrong, and the timing wrong, on changes to tax credits. Believe me when I say that I entirely agree with the principle that tax credits should not be used to subsidise wages. It is not sustainable and it sends the wrong message about the kind of country and the kind of people that we want to be. Because I know that tax credits do need to change, I cannot support the black and white motion that is in front of us today. I am sorry, but I believe that the Opposition are wrong to say that we must not touch tax credits. However, a detailed debate about them does need to be had, and I am far from being the only Member on the Government Benches who recognises that. It is right that people are encouraged to strive for self-reliance and to find work that pays for their independence from the state, but I worry that our single-minded determination to reach a budget surplus is betraying who we are. I know that true Conservatives have compassion running through their veins.

[Heidi Allen]

I have refrained from making a speech so far because sadly most days I feel that Members on both sides of the House are firmly married to their positions regardless of the debate, and so, frankly, why prolong the agony? Why sit in the Chamber for hours when I know I could be concentrating on helping my constituents with immediate needs now? But today is different. Today, every Conservative Member who knows who we really are has a duty to remind those who have forgotten. We are the party of the working person—the person who leaves for work while it is still dark, who strives to provide for themselves and their family with pride: a pride that says, “I will go to work. Even though I still can’t quite make ends meet, I will still go to work, because to work is to have pride, and to have pride is to be British.”

I am not interested in the colour of the Government who created a bloated welfare state—that is in the past. I do not care whose fault it is, but I do know one thing: it is not the fault of the recipients of tax credits. It is the responsibility of Government, whoever they may be—those who set and change policy and those who set the rules by which these families live. If we want to change those rules, we have to support the people through that change. This is not a spreadsheet exercise. This is not a Budget document on a piece of paper. We are talking about real people—working people.

Yes, the income tax threshold has risen and will continue to rise, and that is fantastic. The minimum wage is increasing—brilliant! I am so proud of my Government that they have made this happen. But the timing of changes to tax credits is not concurrent. When we talk about moving towards the ideal goal of a lower-welfare, lower-tax, higher-wage economy, that is right, but I also hear us talking about the financial impact on people “over the Parliament”—that is the phrase I hear. But people on the breadline cannot wait for the Parliament to pass along. Many live hand to mouth every day.

I suspect that you and I could weather such a transition period, Madam Deputy Speaker—we could pull in our belts—but many of the families affected by the proposed changes do not have that luxury. Choosing whether to eat or heat is not a luxury. That is the reality.

Conservatives pride themselves on cutting their cloth according to their means, but what if there is no cloth left to cut? How many of us really know what it feels like? How many of us have walked in those shoes?

To expect people to immediately find more hours or better-paid work suggests, I am afraid, a level of naivety about the skills of some of our people. Also, are we out of touch with the economies and environments of some of our towns and cities? We can support people to get there, and I believe that can be done relatively quickly, but not overnight. That is the crux of the debate and the part that many of us on the Conservative Benches cannot reconcile.

I became an MP to stand up for the vulnerable, to lead the way for those too tired to find it for themselves. That is the role of Government, too. My first loyalty is to those people and it is to them that I now speak. To suggest that some Conservative Members may challenge the Government’s approach only because they fear for their seats is offensive. This is not about retaining votes.

Change is not always a sign of weakness; it can show strength. Did the British public, who were so concerned about immigration before the election, condemn us when we reacted to the photograph of that little Syrian boy? No, they told us to open our arms. When the International Monetary Fund decried our economic plan for not being fast enough and not showing enough growth, we remained steadfast in our belief that slow growth was sustainable. So too must be these changes.

Our debt has been falling consistently while those who need protection have been protected. Is now really the time to change that successful strategy? I would not be embarrassed even once—never mind five times—if we decided to review our approach.

Yes, being in government does mean making tough decisions, but tough decisions must also be strategic. One of the greatest challenges facing my South Cambridgeshire constituency is the affordability of housing. A constituency does not function—a country and its economy does not function—if the people who run the engine cannot afford to operate it. We need every teaching assistant, care worker, cleaner and shop worker to secure this economic recovery. To pull ourselves out of debt, we should not be forcing those working families into it.

The Prime Minister has asked us to ensure that everything we do passes the family test. Cutting tax credits before wages rise does not achieve that. Showing children that their parents will be better off not working at all does not achieve that. Sending a message to the poorest and most vulnerable in our society that we do not care does not achieve that, either.

I believe that the pace of these reforms is too hard and too fast. As the proposals stand, too many people will be adversely affected. Something must give. For those of us proud enough to call ourselves compassionate Conservatives, it must not be the backs of the working families we purport to serve.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. I am very sorry to say that I am going to impose a five-minute speech limit from now on.

4.13 pm

Mr Roger Godsiff (Birmingham, Hall Green) (Lab): May I first congratulate the hon. Member for South Cambridgeshire (Heidi Allen) on her remarkable, thoughtful and excellent speech? I am astonished that she will not be in the same Division Lobby as Labour Members tonight, but I congratulate her nevertheless.

A lot of my constituents are low-paid workers. Many are paid the minimum wage. They work very long hours. Some have two or even three jobs in order to have enough money to feed their families and pay the bills. Even then, some of those families cannot afford to put food on the table seven days a week and have to endure the humiliation of going to food banks with their families. These low-paid workers are not shirkers or skivers, and they are not lazy or feckless. As a matter of interest, they are not the people who caused the financial and banking crisis in 2008, which led to so much damage to the economy and cost the taxpayer billions of pounds to pay off the gambling debts. To go back to what the Conservatives said at the last election,

if the curtains of the houses of those workers are drawn at 7 or 8 o'clock in the morning, it is not because they are skiving or being lazy; it is because they only got home from work after midnight.

These are the people in my constituency who rely on working tax credits to top up their poverty pay and who will suffer if these tax credit changes go through. The only crime—I do not consider it as a crime—they have committed is that they are poor. I never thought that poverty was a crime. Most of them would like to get better jobs. Unfortunately, they cannot. These are the people that the House will penalise for working hard to try to sustain their families.

It is not just the working poor who will suffer; as has been said, so will self-employed people. I want to share with the House a constituent's letter to me, because it encapsulates the problems facing self-employed people. Let us call the lady Isabella. She says:

"I'm writing to ask you to complain as strongly as you can about the upcoming tax credit cuts and to ask what I should do. I run my own business with my husband which is growing year on year but we still only earn a small amount, our family has an income of £13,000. Last year my business turned over nearly £50,000. I receive the full amount of tax credit and it is a life saver and allows us to grow our business and become useful members of society. We have won awards for our work...and we work long hours...to try and make the business become a success."

She says she does not have a pension, but hopes the business will grow because that will be her pension. If the changes take place, her family will lose £1,700 a year, which, as a self-employed person, she says will make life virtually impossible on the income that she and her husband are making. She asks what she should do and whether the Government want her to close down her business. She says:

"Am I not exactly the sort of person this government purports to be celebrating and supporting?"

Do the Government want her to close down her business and join the ranks of the unemployed?

4.18 pm

Maggie Throup (Erewash) (Con): I am delighted to speak in this debate as it gives me the opportunity to speak up for the hard-working families I meet on the doorsteps of Erewash. My constituents tell me that they want a fair welfare system, one that is there for the most vulnerable in our society and provides a safety net when things do not work out. They tell me that when they pay their taxes, they want the money to be spent on the NHS, education and social care, not on subsidising employers who think they can get away with paying just the bare minimum wage. They also tell me they want to be paid a fair wage for the work they do and do not want to be dependent on state handouts. The people of Erewash are a proud people and I am proud of them.

That reflects the way in which I was brought up. My parents did not expect handouts from the state, but looked for ways to boost the household income. My dad worked hard during the day and took on a second job in the evening. Even when my mum was entitled to attendance allowance in her later years, she did not want to claim it because she thought that someone else would need it more.

The tax credit system is so complex that it is not fit for purpose. I am sure that my casework is no different from that of other hon. Members. Time and again,

residents who receive tax credits get a pay rise and inform HMRC, but then find that they rack up huge debts with HMRC. Those people tell me that they would much rather earn more money than have to claim tax credits. That is exactly the environment that the Government's changes are bringing about. We are introducing a national living wage between now and 2020, and are continuing to increase the income tax threshold.

Stephen Timms (East Ham) (Lab): Will the hon. Lady give way?

Maggie Throup: We are short of time, so I will move on.

When we include the extra childcare that is being provided by Government, virtually zero inflation and mortgage rates at an all-time low, it can easily be seen that we are putting families at the heart of our welfare changes. I also believe that we are putting women at the heart of our changes. The extra free childcare will allow more women to get back into work, and those who are already in work will be able to do more hours. That will definitely boost family incomes. Wrongly in my opinion, women tend to be in lower-paid jobs, partly owing to the sacrifices that they make to bring up their families. The introduction of the national living wage and the increases in the income tax threshold will disproportionately benefit working women.

I am not saying that everything is perfect. We need to continue to narrow the skills gap between men and women. That is why I am backing a project spearheaded by the Erewash Partnership in my constituency, which aims to help women to set up their own business and realise their dreams. Some may question why we need women-only support. It is well recognised that some women lack self-confidence when it comes to going it alone in business and having the self-belief that they can do it. The support is tailored to meet those specific needs and it is working.

I want to finish by reminding people of the principle that was set out by John Bird, who founded *The Big Issue*: it is far more effective to offer a hand up than a handout. The culture of tax credits has become too much of a handout, rather than a hand up. I am confident that the proposed changes will create the hand up that Erewash residents want and deserve.

4.22 pm

Stella Creasy (Walthamstow) (Lab/Co-op): I am pleased to follow the hon. Member for Erewash (Maggie Throup) because I see a very different situation. I genuinely believe that the different situations that we see and the consequences of the tax credit cuts that the Government are introducing speak volumes about the choices that the British people face.

I want to take up the challenge set by the right hon. and learned Member for Rushcliffe (Mr Clarke). He rightly said that those of us on this side of the House are not an Opposition. I agree with him: we are an alternative. I want to set out what being an alternative means and why we would take different decisions on tax credits.

First and foremost, as my hon. Friend the Member for Streatham (Mr Umunna) pointed out—I am sad he is not here—the order in which change happens is

[*Stella Creasy*]

imperative to the impact that it has. There is general agreement in the House that we all want to see a higher wage, lower welfare economy and higher productivity. Surely the test of every change the Government make should be whether it will achieve those things. The simple answer is that this change will not.

The evidence from the Institute for Fiscal Studies shows that none of the Government's changes to mitigate the impact of the cuts will raise family living standards. As the right hon. and learned Member for Rushcliffe pointed out, employers are raising wages. I am little more cynical than him and suspect that they are doing so because changes in the law are coming, rather than out of benign munificence and a recognition of the benefits to productivity of paying a higher wage.

Nevertheless, the order in which the Government are undertaking the changes will make all the difference to the people in this country. They could decide to change the order and introduce the so-called living wage first, then look at the tax credit cuts. That would make a difference because of one matter that was sorely absent from the Exchequer Secretary's contribution. I am surprised that he did not mention it, given that he used to be an expert on it. He is presiding over an economy in which personal debt is rising at an alarming rate. The Minister looks querying. He says that the burden of the Government's changes is being distributed equally, but the burden of personal debt is not equally distributed in this country, as we see at first hand in our communities. We see families for whom borrowing on a credit card or from friends and family, or taking out a payday loan, is the only way that they can make ends meet.

Louise Haigh (Sheffield, Heeley) (Lab): My hon. Friend is making a fantastic speech and I, too, am confused about why the Minister is looking so perplexed. The Office for Budget Responsibility stated that because of measures introduced in the Chancellor's Budget, unsecured borrowing will rise by £45 billion by the next election. My hon. Friend's point is pertinent to the debate.

Stella Creasy: The Minister kept talking about the amount of public debt that he wanted to attribute to each household, but average unsecured personal debt is now £10,000 per household. Given the vulnerability to which families are exposed when they have that level of unsecured debt, will the changes make it more or less likely that such personal debt will rise? No one in the House would argue that the changes as currently constituted will not lead to a rise in personal debt to families, and we know the consequences of that. I pay tribute to the hon. Member for South Cambridgeshire (Heidi Allen) who honestly and openly set out the consequences of debt. She explained the worries she has when she sees families who are struggling with debt, and Labour Members share those concerns.

Suella Fernandes (Fareham) (Con): I applaud the hon. Lady's passion but she is missing the context. The changes are part of a package that include a national minimum wage, 30 hours of free childcare, and a lock on tax rises. Taking that into account, wages and personal income will rise—does she not see that?

Stella Creasy: I beg the hon. Lady to read research from the independent Institute for Fiscal Studies that shows that none of those changes will compensate for the difference in income. I ask her to look into her heart and consider whether families in her constituency will end up borrowing because they find that there is even more month at the end of their money as a result of these changes and the way they are being introduced.

I understand the point raised by the right hon. and learned Member for Rushcliffe but there are alternative choices. We all want the deficit to go down—some of us do not want to see Governments borrowing from banks anymore—and we recognise the problems in our economy. Some of us are deeply concerned about the consequences for families of having that level of personal debt hanging over their heads. When interest rates rise—and they will—a 2% increase will lead to an extra £1,000 a year in interest payments alone that families will have to find. Families in other constituencies might have £1,000 hanging around, but not those in my constituency. With one third of people in this country having no savings at all, the changes as they stand will eat not into people's savings or borrowings, but into their debt. That is the consequence we are facing and we need alternative ways to deal with that.

Let me offer some alternative ideas for how we could cut the cake and reduce this country's debt. The Government could make changes to inheritance tax, although I recognise that Conservative Members do not like that idea. Alternatively, let us look at capital gains tax. The Chancellor made great play of putting capital gains tax on the sale of commercial property, but he left open a loophole for residential property. Were the Government to close that gap, none of these changes would need to take place.

Debt is a problem in itself. This Government are paying out £10 billion in public finance initiative debt repayments. Were they to get serious about renegotiating PFI debt—they would receive support for that from those on the Opposition Benches—we could save that money. The speech by the hon. Member for South Cambridgeshire was powerful because there are always choices to be made. Labour Members would make different choices and put first those people for whom £10,000 of unsecured personal debt means not only suffering the indignity of going to a food bank or going hungry every day, but the fact that they cannot make long-term choices for their family's future, or even entertain the idea of getting on the housing ladder. They will not be able to pay the social care costs that the hon. Member for Erewash spoke about, or let their children go into further or higher education, because they simply cannot afford it. We see the potential that will be wasted as a result.

We want to make choices that will help those families, help the economy to be more productive, and help this country truly to bounce back, but that is not the choice being made by the Government tonight. I urge Government Members who recognise the debt held in their communities and understand that this measure will make it worse not better, to think again and to work with us on when and how these changes come in and how we can make sure everyone benefits from a higher wage, higher productivity economy. I promise them that the families in trouble who are coming to them now, need and deserve nothing less.

4.29 pm

Johnny Mercer (Plymouth, Moor View) (Con): I wanted to speak in this debate because I believe it is important to add my voice, for what it is worth, from the Government Benches and from a first-time Conservative seat, on the tax credit reforms.

I represent part of the great city of Plymouth, which has for some time been a stronghold of the Opposition in recent elections. Indeed, my seat was once the domain of the Leader of the Opposition, such was the political landscape in our history. However, Plymouth is changing. We may have at times benefited from the nuances of being almost entirely state-dependent for our income, but the modernisation of the dockyard has had a profound effect on the demographics and outlook for our city. We now have second and third-order effects of long-term state dependency visible in generations of our residents.

In recent years, we have seen real benefits as the fundamentals of our local economy have changed. That resilient yet ever-evolving Janner character has seen us become a haven for marine science in the south-west, with companies such as MSubs, which was visited by the Chancellor in his last stop in the city. We have some genuine world leaders in hi-tech manufacturing and our charity sector is something that those of us who call Plymouth home are extraordinarily proud of. We have three fine higher education institutions. We are home to the world's most adaptive and resilient fighting force in 3 Commando Brigade. We are a city that cares, regardless of background, and I look forward to turbo-charging this agenda in the years ahead.

As times have changed, so has the vote. On the Government Benches, we do not think it is right that people should be better off on a life on benefits than those with young families who work hard and contribute to the system. The welfare state is a truly remarkable thing: a system that makes me proud to be British, and a system that provides a safety net to those who need it and security for those who fall. The harsh reality, however, is that the system failed in places like Plymouth. In places like Plymouth, the system offered a life on benefits with income up to £26,000 for a family of four, such as my own. We cannot blame people for one minute for seeking this way of life, but we can look at the system that encouraged it. That is what my party is rightly doing.

I must urge caution with respect to these specific changes to tax credits. We all take individual journeys to this House, but mine was very clearly to represent my constituents above all else and to do what is right by my city. If I am to truly follow through on this, it would be remiss of me not to recount the extraordinary levels of feeling in Plymouth last weekend. This bright, vibrant, exciting and predominantly blue collar city, where in the last general election we saw lots of new and first-time Conservative voters, has serious objections to the tax credit reforms. It is my duty to represent them here in the people's Parliament where they, and no one else, have sent me to work.

There is a general understanding out there for welfare reform. The policies are, in my experience, very welcome by many in a city that many people would see as entirely failed by the Labour party. Those of us at the coalface every weekend trying to help, encourage, gently persuade and even inspire a generation of young people, feel emboldened by the drive towards self-sustainability and

independence of the Government's reforms. However, my duty—again, I seek not to bang on to those far more experienced and capable in this House—and indeed our duty is to shout for our most vulnerable: the 10% I talked about the other night in the armed forces mental health debate in this House; those who, through no fault of their own, find themselves on the fringes of society, and who, for a bit of bad luck and a couple of wrong decisions, could be any one of us.

I stand here as a compassionate Conservative, and unashamedly so. There is a good reason why I was not a member of this party before I decided to stand as an MP last year, but I have no doubt at all that the party is changing. I am proud of our current Prime Minister for the direction he is taking us in. I am one of those who thought that one of the Prime Minister's bravest moves was to bring in same-sex marriage. I would have struggled to be here today without his personal stewardship, and, when we are winning in places like Plymouth, it is clear for all to see.

It is clear to me that Plymouth's view is that, while welfare, and by extension tax credits, must be reformed, these measures must be supported by mechanisms that protect our hardest hit, with precision targeting and strong messaging. I today urge the Chancellor to provide something—anything—that might mitigate the harshest effects of this policy on our most vulnerable. There are people far more intelligent than me who will provide data and statistical analyses in favour of or against the argument. Indeed, they have done just that. I seek not to go against their carefully considered arguments, but British politics is at a crossroads.

I seek not to denigrate Opposition Members, some of whom I know personally and have deep admiration and respect for, but we have an entirely chaotic Opposition who have so completely lost their roots in the traditional British left as to provide no stable for almost anyone in their right mind who has Britain's best interests at heart. We must seize the opportunity to welcome to our stable people from all previous political backgrounds. Let us look again, work harder and find a way of bringing this overdeveloped and harmful tax credits system back under control, but let us do it in a way that looks after what should be our core vote.

4.35 pm

Jim Dowd (Lewisham West and Penge) (Lab): I say to the hon. Members for Plymouth, Moor View (Johnny Mercer) and for South Cambridgeshire (Heidi Allen) that it is never easy to make a speech with which most of those on the same Benches disagree. I have been in that position myself, so I commend them on their fortitude.

I want to talk about the effect these proposals would have on my constituency. Paradoxically, 60% of my constituency is in Lewisham, one of the poorest boroughs in London, and 40% is in Bromley, one of the richest. Lewisham is not the richest, but it is not the poorest either—that honour, if an honour it be, resides elsewhere—but it does have the highest proportion of any of the 32 London boroughs of people above the benefits level but below average earnings. They are the working poor, and they will be the hardest hit, should these proposals go forward. Lewisham also has the highest proportion of people working outside their borough, so travel costs are a factor for those attempting to work their way out of dependency.

[Jim Dowd]

I do not accept the false dichotomy, which some people presented, between strivers and shirkers, but the people who will suffer the most under these proposals would fall into any category definition of “strivers”. Almost 25% of families in my constituency receive tax credits; 8,600 families will be affected, while 5,500 in-work families will lose up to £1,300 from next April, according to the Library. The total loss to some of the most vulnerable people in the constituency will be something over £7 million. Strangely enough, my constituency is better off than the other Lewisham constituencies. Those of my hon. Friends the Members for Lewisham East (Heidi Alexander) and for Lewisham, Deptford (Vicky Foxcroft) have far higher numbers than mine, so the effect across the borough as a whole can be imagined.

The Government argue that the increase in the minimum wage, which they try to describe as a living wage though it is nothing of the sort, to £9 an hour by 2020 will offset the cuts. It will do nothing of the kind. The most pernicious element of these proposals is the decision to take money away from people from next April while not paying the so-called compensation until four years later. As others have said, it is not just the nature of the proposals, but their vicious timing, that will do such damage to so many people.

The Government say, “Let us enable people to keep more of their own money, rather than taking it off them and then giving it back”. As a general proposition, I think that is fairly sound, and it is arguably a more efficient way of running the economy, but it ignores the nature and efficacy of a progressive tax system: the Government raise taxes from those who can afford it to pay for infrastructure and other schemes, but also to ensure a minimum standard of living across the country through a benefits system that is an integral part of the welfare state—although I accept that a balance will always need to be struck between taxation and expenditure.

Some Government Members, such as the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr Clarke), who is no longer in his seat, and others, almost made it sound like the tax credits system was such a liability that it should be abolished altogether. That was their import, but they are wrong. The tax credits system is not there to subsidise poor employers—we are united across the House on that point; it is a crucial taper between the world of benefits reliance and the world of work. Without it, the option would not be for people to be in better-paid employment, but to be in unemployment. That would be the reality.

There is a case for reform of the system, and my right hon. Friend the Member for Birkenhead (Frank Field) along with many others has done a great deal of work in this area. While new claimants can be treated separately, there must be transitional protections for some of the hardest-working and most vulnerable families in the country.

4.40 pm

Graham Evans (Weaver Vale) (Con): I am grateful to you, Madam Deputy Speaker, for calling me to speak in this important debate.

Britain is home to 1% of the world’s population and accounts for 4% of the world’s gross domestic product and 7% of the world’s welfare spending. Tax credit

expenditure more than trebled in real terms in the decade between 2000 and 2010. In fact, Britain has the highest expenditure on family cash benefits in the world. In 2011, we were spending twice as much as the OECD average. Without sound public finances, there can be no economic security for working families, and the country cannot pay for the hospitals and schools that people rely on.

Those who suffer most when the Government run unsustainable deficits are not the richest, but the very poorest. As the Prime Minister made clear in a speech at Ormiston Bolingbroke in Weaver Vale, there is nothing progressive about burdening our children or paying more in debt interest than we spend on schools. There is nothing progressive about debt.

George Kerevan (East Lothian) (SNP): Surely the hon. Gentleman is aware that a central portion of the national debt is owned by the Treasury and that we pay a substantial part of the interest payments to ourselves.

Graham Evans: I am grateful to the hon. Gentleman for his intervention, but I have to say that I have a vested interest as I have three young children. Is he saying that we should increase our debt? Should the debt of £1.3 trillion be £2 trillion, £3 trillion or £4 trillion? How much more debt does he think this country should leave to our children to pay back?

George Kerevan *rose*—

Graham Evans: Or should it be £5 trillion, £6 trillion or £7 trillion? I will give way again to the hon. Gentleman so he can tell me.

George Kerevan: The SNP is more than willing and happy to reduce the national debt year by year and annual borrowing year by year, but I say again that something over a third of the national debt is actually owned by the Treasury, so he cannot go on saying that interest payments go to somebody else; they go to ourselves to fund hospitals, for example.

Graham Evans: The hon. Gentleman is saying that the Scottish National party is happy to increase the national debt. That is the message: the national debt is going to go up. That is what socialism does and what socialists say. They are not concerned about the national debt, which is currently £1.4 trillion and getting higher. We can hear the message coming through loud and clear from the SNP.

Tax credits cost £1 billion in their first full year, but have since risen to an estimated £30 billion over the last year, yet over the same period in-work poverty rose by 20%. The status quo on tax credits is clearly not working. Indeed, the former Labour Chancellor of the Exchequer, Alistair Darling, said that tax credits were

“subsiding low wages in a way that was never intended.”

It is vital to address the root causes of low pay rather than simply continuing endlessly to subsidise low pay through the benefit system. Reforming tax credits is crucial to achieving a sustainable welfare system that is fair both to the most vulnerable in society and to hard-working taxpayers who have to pay for it.

These reforms do not stand in isolation, but are part of a joined-up, wider offer to working people by this Government. With the announcement of the introduction of a new living wage by my right hon. Friend the Chancellor during his summer Budget, and the strides taken to raise the personal allowance, people will be not only earn more but keep more of what they earn. It always pays to work.

On top of that, we doubled the number of free childcare hours of which parents can take advantage to 30 hours, introduced tax-free childcare and froze fuel duty, saving a family £10 every time they fill up their tank.

Melanie Onn (Great Grimsby) (Lab): The hon. Gentleman is talking about how people working on low pay should be grateful for the so-called living wage. Let me make the point again that this is not a living wage: it is not £7.85; it is not enough for people to live on. Let me provide an example. On the basis of changes to the tax credit threshold and the taper, a medical secretary with two children earning £22,236 a year can be expected to be £2,109 a year, or £40 a week, worse off in 2016 than in 2015. Will the hon. Gentleman comment on that?

Graham Evans: What I will say is that employers must step up to the plate. They must pay higher rises—rising salaries. The living wage will rise to £9 during the term of the present Parliament, and because the Government have increased the personal allowance, people will earn £12,500 before paying any tax whatsoever.

The combination of those changes will make eight out of 10 working families better off. A typical family in which someone is working full time on the minimum wage will be £2,400 a year better off by the end of this Parliament. By 2020, the annual income of a single parent with one child working 35 hours a week and receiving the current national minimum wage will have increased by more than £1,500.

Poverty can be left behind only through work. The reforms of tax credits focus support on the families on the lowest incomes, while favouring support for working families through the tax system and earnings growth rather than through benefits. They will move Britain from a high welfare, high tax, low wage economy to a lower welfare, lower tax and higher wage economy.

4.46 pm

Mhairi Black (Paisley and Renfrewshire South) (SNP): I congratulate the hon. Member for South Cambridgeshire (Heidi Allen) on her honest and, if I may say so, rather courageous maiden speech. It was a pleasure to listen to.

I will begin with a rather strange declaration, which is that I agree with the Conservatives. I, too, believe that “work should pay”. The sad reality is, however, that in Scotland, more than 60% of children in poverty come from families who are in work. We have already heard that the proposed cuts will hit those in work the hardest, with in-work families losing, on average, £1,300 in 2016-17. We have heard, multiple times, how that financial gap will be filled with the introduction of the new so-called national living wage; but it is not a living wage. It falls 65p short of the real living wage, which, outside London, sits at £7.85 per hour. It should therefore be referred to as what it is: a new minimum wage.

If we look across the board at the families, both in and out of work, who will be affected by the cuts, we see that, on average, households will lose roughly £750 as a result of social security cuts, while households that will benefit from the new minimum wage will gain only £200 from it. That means that the new minimum wage will compensate for only 26% of the total losses created by cuts in tax credits.

I know how much the Government like to talk about financial “black holes”, especially when it comes to the SNP, but the reality is that if they proceed with their proposals they will create a financial black hole of £550 for roughly 8.4 million people in this United Kingdom. It is clear from the figures that their policy serves no purpose other than to push more and more people into poverty, and, in particular, to push more children into poverty. In Scotland, more than half a million children are currently in families who rely on tax credits, and 350,000 of those children are from more than 200,000 low-income families who will be hit by these changes.

Chris Philp: I have listened carefully to what the hon. Lady has said so far. Will she answer a question that her colleague the hon. Member for Ross, Skye and Lochaber (Ian Blackford) did not answer earlier? Does she support the decision by the SNP Government in Holyrood to use their new income tax-raising powers, in the next year or so, to increase Scottish income tax and increase tax credits?

Mhairi Black: There are two points to be made in response to that intervention. First, it is worth remembering that 85% of power over welfare remains at Westminster. Tax credit is a reserved issue. Secondly, I think that the use of the income powers highlights a deficiency in the initial argument. If there is a need for the Scottish Government to top up benefits, surely there must have been a fault in the benefits to begin with.

Patricia Gibson: Does my hon. Friend agree that politics is always about choice? Notwithstanding the rhetoric from the Conservatives about balancing the books, they could choose not to spend £100 billion on Trident. They could choose not to raise the threshold of inheritance tax. They could choose to close the Mayfair tax loophole completely, rather than balancing the books on the backs of the working poor.

Mhairi Black: I completely agree with my hon. Friend.

The House of Commons Library also tells us that the proposed changes will deliver savings of £4.4 billion in 2016-17, but that means that the Government will be taking £4.4 billion out of the pockets of the poorest people in this country. If people qualify for tax credits in the first place, it is clear that their wages are considered inadequate to live on. Given that we can cite credible evidence that the new minimum wage will not compensate for the loss of income created by the cuts, we can conclude only that they exist purely for ideological purposes and to continue the madness of austerity. As was pointed out earlier, we know that when the average person has money in their pockets they spend it. By taking £4.4 billion out of their pockets, we are taking money out of local economies, further tightening the economy and increasing the pressure placed on ordinary people.

[*Mhairi Black*]

The third and final point that leads me to believe that the Government should abandon these tax credit cuts is the two child policy. Are we really saying that people should count themselves lucky if they qualify for tax credits only for their first two children? In Scotland, 54% of families have only one child and poorer families are no different, so this aspect of the policy serves only to perpetuate the myth and the stereotype that the poorest in society have lots of children that they cannot afford. Not only that, but are we really making the disgraceful proposal to our citizens that, as our Government are so compassionate, we might consider helping them if they have a third child so long as they have been raped? Is that where we are now setting the bar for providing decent opportunities for our children—only if they are the product of rape? Forget the fact that that is a moral outrage from the get go; it is also completely unsustainable. How does someone qualify? Does there have to be a conviction for rape? Or could there just be a claim? This is completely unrealistic. What further damage will it do to women who have suffered a heinous sexual attack if we make them have to relive that attack by giving evidence to ministerial bodies?

Fundamentally, this is an ill-thought-out, illogical and harmful proposal. Even the Adam Smith Institute has just this afternoon called on the Government to remove these proposals. I am therefore proud to say that I will support the motion tonight and that the Government should abandon their current course of action immediately.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. The list of speakers seems to be growing rather than shrinking and almost 40 Members still want to speak, so before I call the next speaker I shall drop the time limit down to three minutes in the hope we can get as many in as possible.

4.52 pm

Peter Aldous (Waveney) (Con): The Government are pursuing the right strategic approach by moving from supporting working families through the benefit system to encouraging earnings growth and providing support through the tax system, but they need to think carefully about how they implement the policy to ensure that working families on low wages are not hit hard and unfairly. I urge them to address these worries before the changes to working tax credits come into effect next April.

The Government are doing the right thing by putting in place policies that in the long term will enable us to move to a high-skills, high-wage and low-welfare economy that is not concentrated in one place—London and the south-east—but offers opportunities for all across the country. The decline which these policies will address has taken place in many parts of the country, including my constituency of Waveney, over the past 30 or 40 years. They will not work overnight. They will need time and they might need to be refocused, redesigned and rebooted.

In the short term, there is a need for other policy initiatives to ensure that the removal of working tax credits does not indiscriminately and punitively hit those

on low wages. My concern is that over the next four years the welcome initiatives that have been made so far will not on their own be enough to prevent working families on low incomes from facing significant reductions in income that could cause real hardship. They are the hard-working families doing the right thing that we can all say we support.

Since 2010, the coalition Government's and this Government's stewardship of the economy has helped to create a record number of jobs and has stimulated a genuine and seemingly sustainable growth in wages. That has improved the economic outlook and will enable people to increase the hours they work and move on to better paid jobs. However, such opportunities are not available evenly across the country; they are in some places, but not in others. The Government must do more to support working families as they pursue this right but difficult policy. Phasing in a reduction in employee national insurance contributions should be considered, as should changes to universal credit. Universal credit has the advantage of its simplicity, but it could be made more flexible.

The Government are doing the right thing, but this policy must be introduced with more support for those who are also doing the right thing and looking to work more. That is something that I, as a one nation Conservative, ask the Government to do.

4.55 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): The Conservative party promised no cuts to tax credits and said people should always be better off in work, and we agree with that, yet the Government are reneging on those commitments. Some 7,300 working families with children were in receipt of tax credits in my constituency at April 2015 and all will experience an income cut in April 2016. Those with more than two children will be particularly badly hit.

One couple who came to see me in my surgery on Friday will face a cut in their annual income of more than £1,500 a year, and that includes the change in the personal allowance. The couple obtained the figure from the "entitled to" calculator on the direct.gov website. He is a primary school teacher earning £26,500—well above the minimum wage—and as a public servant has little expectation of a pay rise above 1%. His partner has had pregnancy-related health complications so she is not working. They are expecting their first child. They said to me that they

"feel extremely disappointed that an honest young couple who have a child on the way and have never claimed a thing do not get any help."

It is not right that a second-year primary teacher is struggling to make ends meet and that low and middle-income earners like this man face the brunt of Government cuts yet again.

I do not dispute that employers should pay decent wages so that working families are less dependent on the taxpayer to make up the difference, and that we should strive to be a high-skill, high-wage economy, but until the wages of the lowest-paid rise, the Government should not withdraw the benefits that allow working families to feed their children and ensure that people can heat their homes and are able to afford to travel to work.

The Resolution Foundation calculates that cuts to tax credits and universal credit next April will create an “overnight shock” to family incomes, plunging around 200,000 families into poverty, mostly working households. The so-called national living wage is not a living wage and will simply not compensate these families for their loss of income. Middle and low-income families will continue to need support, not spin.

The Government justify these cuts by saying that they need to make savings in public funds, but where is the assessment of the cost to the public purse of these drastic cuts to the income of so many low-income families? What about the greater risk of people being forced into unemployment and the additional cost to the taxpayer from that? What about the additional cost to the country of children arriving at school hungry and unable to learn? What about the greater chance of long-term illness from cold homes, and the costs of increased personal debt that my hon. Friend the Member for Walthamstow (Stella Creasy) described so clearly? Where is the assessment of the impact on local economies of these changes—the loss of £4.6 billion in the next financial year? Money spent by low-income people is spent in their community, not on playing the stock market.

4.58 pm

Marcus Fysh (Yeovil) (Con): The Conservative party is the party of jobs, opportunities and higher wages, not of borrowing for ever until we go bust. There is nothing whatever compassionate about running out of money. My right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) made some very good points, not least that, given the conditions, this is a good time for employers to deal with the subsidy that has built up.

In Australia during the crisis the Government authorised the payment of \$900—about £500—as a tax credit, as an absolute emergency measure to keep the economy from going into recession, and there was an almighty argument and stink over whether that was even possible.

Gordon Brown instigated a system that spends thousands of pounds per person every year. He bumped the figure up ahead of elections time and again, and the welfare system got out of control. This was indeed a bribe, and it was made with borrowed money. That is not fair on the general taxpayer. We are the party that wants to reform this system. This is about reducing our deficit and not burdening our children. All our children will be paying for this for ever more unless we reform the system now. It is also worth remembering that the tax credit system is one of the reasons that migration from the EU has been sucked in so hard since 2005, and if we want to deal with that, we must address this issue.

This is the party of incentives. We want to make the future better and enable businesses to create jobs that will pay better wages in order to give people the opportunities they need if their families are to get on. That is why we have a major infrastructure programme in the south-west. We have heard Opposition Members ask what we are going to invest in. Well, we are investing a lot. We are going to make a major difference to people in my constituency and in the south-west. These moves will enable a much broader-based rise in wages, which I look forward to. I believe that we should incentivise people even further in the next phase, and it has been suggested a few times that we should look at the national insurance system. We could raise the national insurance

threshold much further, right up to the point at which income tax is collected. That reform would make work pay even more.

5.1 pm

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): Thank you, Mr Speaker, for giving me the opportunity to contribute to today’s debate. During the recent general election campaign, I spoke to many families across the Merthyr Tydfil and Rhymney constituency who were already struggling to make ends meet and, in some cases, struggling to put food on the table or to heat their homes. Since the election, we have heard from the Conservatives that they are on the side of working families and want to make work pay. In recent weeks, however, I have visited food banks in my constituency and seen at first hand how the demand for support from our food banks is increasing, not decreasing. It is also deeply worrying that in many cases, food bank support is reportedly being provided to people who are in work rather than out of work.

If the Government continue with their severe cuts to tax credits and do not alter course, it will cause absolute misery for many families in my constituency and many others areas across the country. These measures have been described as the largest cut to family incomes ever implemented by a Government. Is that an achievement that the Conservative party wishes to aspire to?

We are talking about working families. These are the people whom the Government say they want to help, yet the tax credit cuts would completely pull the rug out from under them, causing misery and hardship on an unprecedented scale. The cuts will mean that work pays less, which will undoubtedly lead to further debt and to families being unable to afford their basic living and housing costs. The cuts will also lead to further direct and indirect financial pressures on local authorities, which are already struggling to cope with massive cuts to budgets and services.

The changes will hit working families, with 3.2 million low-paid workers losing out next year. Information released by Barnardo’s highlights that a lone parent working full time on the minimum wage—the new so-called national living wage—for 37 hours a week will lose around £1,200 a year as a result of these changes, even after accounting for the increase in the minimum wage. That cannot be fair, and these measures will not support working families as the Government say they want to do. The combination of the Government’s public sector pay policy and the changes to the tax credit threshold and the taper will mean that hundreds of thousands of public sector workers will have less income in 2016, 2017, 2018, 2019 and 2020 than they do in 2015. Again, can that be fair?

I say to Conservative Members that these measures will hurt working people, particularly the most vulnerable across our country. That will include not only 4,900 families in my constituency but families in all constituencies, including those represented by Conservative MPs. I urge Conservative Members to support the motion, to show that they are truly on the side of working families, and not to condemn more children into poverty.

5.4 pm

Kwasi Kwarteng (Spelthorne) (Con): I am very much obliged to you, Mr Speaker, for being able to speak in this debate. We have heard lots of passionate speeches

[*Kwasi Kwarteng*]

and many well-argued speeches, but I wish to start by referring to the one made by my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). He said that when we look at the election, we see that there was a clear choice between the Conservative party and other parties on economic credibility. It is on that rock of economic credibility that this Government are doing something that is difficult but essentially the right thing. Opposition Members have to outline where they are going to find the £4.4 billion of savings, and they have not done so in any way.

Helen Goodman *rose*—

Kwasi Kwarteng: I am not going to give way. [*Interruption.*] I am not frightened of the hon. Lady, but I realise that I have limited time. I am not frightened—

Mr Speaker: Order. Let us hear the good doctor.

Kwasi Kwarteng: I am not frightened with respect to this debate, but perhaps in other ways I should be.

The Opposition parties have a number of questions to answer. Where are they going to find the savings? More broadly, most of us agree that this system of tax credits subsidises employers, so is that subsidy to them to be paid year in, year out until kingdom come? Do we want to keep doing this for the foreseeable future, perhaps in perpetuity, or should we try to reform it and impose some conditions on employers to increase wages and share general increases in prosperity? The Government are doing the right thing. Clearly, this is a difficult decision. We cannot kid ourselves that some of these choices are easy, because they are not, but that is why we have been given the mandate—to do difficult things. If it were easy, we would have done it already and we would not have a problem. This is the right thing to do.

As other Conservative Members have observed, the conditions could not be more propitious to institute a reform of this kind. We have rising incomes and rising wages, and unemployment has fallen. I recall that in the last Parliament the doomsayers were saying that we would hit 5 million unemployed, but that never happened. We have good labour conditions and this is exactly the right time to bring about a reform of this nature. The last thing I would say is that although we engage in pantomime, Punch and Judy politics, this idea that the Government have done nothing for working people is ridiculous. We have to stress the fact that the national living wage has been introduced and the personal allowance has been trebled, and we also have to consider the doubling of free childcare for working parents with three and four-year-olds. This is a good comprehensive measure that helps people.

5.7 pm

Sammy Wilson (East Antrim) (DUP): First, let me say that I do not think many people disagree with the analysis that has been made about tax credits. The question is: will the Government's approach and the timing of their reduction solve the problem and avoid the difficulties that have been identified?

Let me deal with the three arguments put forward by the hon. Member for Spelthorne (Kwasi Kwarteng), the first of which was that Government credibility is at

stake. In a democracy, it is not just the credibility of the Government that is important, but the fairness of the policies they are undertaking. They might argue that they are dealing with the deficit and taking tough action, and that those are good things, but those affected must also feel that they are being treated fairly. I do not believe there is fairness in this policy, because it does affect those people at the lower wage end of the economy. As has been said, we are talking about the strivers in society—the people who want to make a contribution and yet find themselves undermined.

Jim Shannon (Strangford) (DUP): My hon. Friend has mentioned the issue of those who are going to be hit hardest. Some 300,000 more children will be put into poverty, as has been confirmed by the children's charities. Does he share their concerns?

Sammy Wilson: My hon. Friend makes an important point. In Northern Ireland, 33,000 of those who will be affected have two or more children, and the impact is likely to be about £2,500 per year on them. The issue of fairness is therefore important.

The second point that the hon. Member for Spelthorne made was that this was the right time. The right hon. and learned Member for Rushcliffe (Mr Clarke) argued that the economy is buoyant, but that is not true in all sectors, or in all regions. There are many places where the labour market will not push up wages and where there is not the competition for employers to say, "We will have to hold on to workers by pushing up their wages to the national living wage or beyond." It is not the right time in many parts or in many sectors of the economy. As the Office for Budget Responsibility has said—as has the Adam Smith Institute, which is hardly a hotbed of left-wing subversives who want to wreck the Government's policy—the policy will price thousands of workers out of the labour market.

Finally, the safety nets that exist are not there for everybody. For example, the national living wage will not apply to a large group of people in society—to those who are under the age of 25. The new approach to housing benefit will not help those who are in the private rented sector, so they will face housing costs. The childcare costs will not apply right across the board. We will find similar things if we go through many of the other safety nets that the Government say they have put in place. For all the reasons that I have mentioned, this is an unfair change in policy.

Some Members have asked, "What is the alternative?" May I just say that I served as Finance Minister in Northern Ireland, and we had to find 5% cuts in the middle of a financial year, and then 3% cuts every year for four years? There is enough room in a budget of £400 billion to find the changes that are required to fund the phasing in of these kinds of changes. We do not have time to discuss that today, but suggestions have already been made. If this is a policy that the Government want to pursue, the real challenge is to find ways of introducing it humanely, fairly and effectively.

5.11 pm

Robert Jenrick (Newark) (Con): Much has been said today, but I wish to concentrate on two points. First, we must accept that tax credits are a failed policy. I do not think that anyone has any credibility in this debate unless they accept that the policy is a massive failure of

the previous Labour Government. Even if we are generous to Gordon Brown—and there is no reason why we should be—and we adjust for prices, this is a policy that should have cost £6 billion and has ended up costing £28 billion. No economy can afford such a bill. It is wasteful. It is a byzantine merry-go-round of recycled money that has “misdirected”—to use the jargon—at least £10 billion in fraud and error. As has been said, it has enabled many employers, including some of our largest companies, to pay their staff less in the full knowledge that the state would top up weekly incomes. In doing so, the policy has depressed wages. I know that all too well from my constituency where the toxic combination of out-of-control immigration and out-of-control welfare has meant that there has been little, if any, pressure on some of my largest employers to increase wages in the past 10 or 20 years, and it is an increase that the working people of Newark want to see and to which this Government are committed.

Several hon. Members *rose*—

Robert Jenrick: I will not give way, because time is pressing.

The second question we must ask is: are we willing to put this back in the box labelled “too difficult”, or is this generation of Members of Parliament willing to take the matter on? Do we want to kick this can down the road for future MPs and constituents to deal with, or do we have the guts to take it on? Of course it is not easy. No welfare reform is painless, and any boondoggles given away before general elections are, by their nature, the most difficult things to retract, as my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) has said. This matter is important, because it cuts to the core of what we are here for. Are we, as Members of Parliament, elected here to leave our children and grandchildren a state that is in worse repair, less competitive and more dependent on China—I have just been to hear the President of China speak a few moments ago? I want a country that can stand on its own in the world, pay its way and ensure that work pays, where millions of working people, including 4,000 or 5,000 of my constituents—

Graham Jones (Hyndburn) (Lab): Will the hon. Gentleman give way?

Robert Jenrick: I will not, as time is against me.

I want a country where 4,000 or 5,000 of my own constituents are not reliant on welfare, but have the dignity of a job that pays.

5.15 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I shall speak on behalf of more than half the population who have not yet been mentioned specifically. The cuts that we are discussing today will have a gendered impact, significantly affecting women much more than men. Capital and wealth continue to be concentrated in the hands of men, who tend to earn more. By contrast, women are most adversely affected by cuts to social security as they have to rely on it more. For instance, women are far more likely to be single parents, and 42% of single parents in the UK live in relative poverty after housing costs. Of those, 90% are women. Women also work as mothers and carers for elderly relatives, and

when in work they are more likely to work part-time in the most underpaid, undervalued but important sectors—catering, cleaning and social care.

The Fawcett Society has shown that 62% of workers paid below the living wage are women. The considerable gender pay gap of 19% stubbornly continues. Tax credits are therefore a lifeline for women in low paid work and the women’s budget group has demonstrated that these cuts will undermine advances in gender equality. Although the majority of people gaining from tax credit cuts will be men, who will benefit by £1.5 billion a year by 2020, most of those losing out from tax credits will be women, who will lose £5.8 billion a year by 2020.

The advances made in helping those on low pay are about to be rolled back by a party that claims to represent the interests of working people, but in practice does no such thing. The cuts are not inevitable. They are made off the back of tax cuts for multinational businesses and others, which overwhelmingly benefit the most affluent. May I suggest, from the party of Siobhain McDonagh, that if the Government are looking for a compensating saving for ameliorating the situation of the poorest families, they should look at the mortgage tax relief given to buy to let landlords. In the Budget the Chancellor cut it back to the basic tax rate. If the Government want £2 billion more, they should cut it a bit more, help the housing market in London and make sure that poor families and poor women do not lose out.

5.17 pm

Kevin Hollinrake (Thirsk and Malton) (Con): “We should measure welfare’s success by how many people leave welfare, not by how many are added”—so said Ronald Reagan. In 2010 nine out of 10 families in the UK were on welfare. We do not need more welfare; we need more jobs, and better jobs which will pay a national living wage of £9 by 2020, ahead of the estimated living wage at that time.

We have record employment in the UK. Britons have more opportunity and more jobs. During the last Parliament, we created more jobs than were created in the rest of the European Union combined. What we have not discussed in this debate is the effect of the whole package of these reforms—universal credit, tax thresholds, child care and the national living wage. They create an incentive, enabling people to do more work. All those estimates from the IFS and the Adam Smith Institute have not taken into account people’s potential to go out and work more.

Graham Jones: I find the hon. Gentleman’s comments bizarre. This matter is close to home for me. My son and his wife are on tax credits. He does over 40 hours a week, and she is retraining and doing 12-hour bank shifts. I have a granddaughter who is going to suffer a cut of more than £100. Can the hon. Gentleman explain to me how they can retrain any more than they are, where they are going to get extra hours when they are both doing nearly 50 hours, and the impact that that has on my granddaughter? The hon. Gentleman is out of touch.

Kevin Hollinrake: Wages have been subsidised for employers for too long. It is a crazy, convoluted system in which people pay tax and then it is returned to them

[Kevin Hollinrake]

in welfare. How can that be right? Employers should value their workforce and pay them more. Of course we need to look carefully at the consequences of these changes, but without the reforms in the previous Parliament the tax credits bill would have been £40 billion. We cannot afford that. We have to balance the books, and employers have to take up the slack.

We are still losing £73 billion a year in this country, so we must balance the books, and we can do that by building a new culture. What do I say to an employer in my constituency who employs hundreds of workers? He says that on a Friday night, when the shout for overtime goes up, it is the overseas workers who step forward. We need to build the right culture. The culture in my house was built by my parents, who worked all the hours God sent, not to line their pockets, but to benefit the next generation and set the right example for them.

Freud, distilling the learning from his life's work, said that happiness depends on two things: love and work. Over the previous Parliament, 700,000 workless families went back to work. We need better jobs, we need to balance the books, and we need to build a new aspirational culture in which work pays.

5.21 pm

Dawn Butler (Brent Central) (Lab): I congratulate the hon. Member for South Cambridgeshire (Heidi Allen) on her passionate maiden speech—Government Front Benchers were visibly cringing with each word.

Michelle Dorrell, who appeared on the BBC's "Question Time" last week, is one of the one in four people who now regret voting Tory. With tears in her eyes, she explained that she felt she had been misled by the Government. They are taking from the poor and making them suffer, and it is a false economy. On 19 April 2015 the right hon. Member for Surrey Heath (Michael Gove) said of tax credits,

"we are going to freeze them for two years; we are not going to cut them".

The spirit of deception goes on. The minimum wage has been renamed the living wage. Ministers claim that the cuts in tax credits will be offset by the increase in the minimum wage. Like all good cons, there is a grain of truth in that, because the cuts could be offset, but not until 2020. The cliché about hard-working families who did not cause the crash having to pay for it is unfortunately true. In Brent, 64% of families receive tax credits, which means 13,600 households will be affected by these changes. We know that there is a problem when *The Sun*—not a left-leaning newspaper in anyone's imagination—starts a campaign about the cuts.

Conservative MPs have an opportunity tonight to listen to their conscience, vote with us and send a message to their Front Benchers that this is not right and this is not fair. If you fail to do that, shame on you.

Several hon. Members *rose*—

Mr Speaker: Order. I gently remind the House that there is no shame on my part in these matters. Members should not keep using the word "you" as though it is somehow my policy. Neither is it my policy, nor is it not my policy; it is the Government's policy.

5.23 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 brief, because I know that a number of colleagues wish to speak.

Specific reforms announced in the Budget should be discussed in the context of the new deal announced by the Chancellor. The problem is that some Members of the House want to pick and choose the elements of that new deal, welcoming the extra spending but never endorsing any of the difficult decisions that the Government have had to take. The current situation is this: Britain is home to 1% of the world's population, generates 4% of the world's income, but pays out 7% of the world's welfare spending. We are currently spending more on family benefits than Germany, France or Sweden.

This Government were elected six months ago with a mandate—an instruction—to balance our books and to reform welfare, as stated in our manifesto. I have listened to Opposition Members, but we have to seek to avoid the mistakes of the past. Spending on tax credits more than trebled under Labour in 10 years, while in-work poverty rose by 20%. In 2010, 90% of families were eligible for tax credits—a disproportionate amount. After these budgetary changes, that will be reduced to five in 10, a much more sustainable number. Ultimately, these changes will return tax credit spending to pre-crisis levels—the level under the Labour Government in 2007-08—and deliver £4.4 billion of savings in 2016. That money can be invested in our national health service.

Graham Jones *rose*—

Luke Hall: I will not give way because time is short.

Where do we go from here? We can either run a high welfare, high tax, low pay economy or continue with the job of reforming our economy to have high pay, low tax and lower welfare. Controlling welfare spending is part of this Government's wider offer to working people. We are raising the personal allowance so that by the end of this Parliament people will not have to pay anything on the first £12,500 they earn. We are introducing 30 hours of free childcare for working parents—tax-free childcare worth another £2,000 a year. We are freezing fuel duty and introducing the new national living wage. These reforms cannot be viewed in isolation. They form part of this Government's new wider deal with the British people, supporting people into work and ensuring that we deal with our debts now rather than burdening our children, grandchildren and great-grandchildren with more debt than they can ever hope to repay. That is why I will support the Government this evening.

5.26 pm

Paula Sherriff (Dewsbury) (Lab): I look at this debate as someone who, perhaps unlike some Conservative Members who have spoken, did an ordinary job on an ordinary wage before I came to this House. Many of the people I worked alongside in the NHS relied on tax credits to make work pay and now find themselves caught in a pincer between the Government's pay cuts and the work penalty. More than 13,000 children in my constituency are in families supported by tax credits—over two thirds of all families with children in Dewsbury and Mirfield. Literally thousands of the people I represent are now fearful for their future.

Clive Lewis (Norwich South) (Lab): My hon. Friend is not alone. In my constituency, 4,000 working parents will be affected by the working tax credit cuts, as will 6,700 children. This is, in effect, a work penalty. I ask her to support me in telling Conservative Members, “You are not the party of working people, and shame on you.”

Paula Sherriff: I thank my hon. Friend for his intervention. I absolutely agree that this is clearly a work penalty—to think that the Conservatives wanted to rebrand themselves as the party of working people, but instead we have this penalty.

A cleaner in my constituency with one child earning just over £13,000 a year will now lose nearly £2,000 of it. That, quite simply, is the reality of these cuts. As for the so-called national living wage, there is one simple problem: it is not actually enough to live on. That is why we had tax credits in the first place, and why the Living Wage Foundation takes account of them when it calculates the real living wage.

If the Conservatives were serious about an economy based on fair pay for decent work, they would be doing the opposite of what they propose in the Trade Union Bill and making sure that working people genuinely get their share of the wealth they create. The real winners will be the Tories’ paymasters in big businesses, because the most profitable companies in Britain will get the cut in corporation tax—not to mention the millionaires. We know what they really think of ordinary working people in Britain because the Minister for Employment said it herself in a book called “*Britannia Unchained*”:

“the British are among the worst idlers in the world”

who

“prefer a lie-in to hard work.”

If they thought that these cuts were so necessary and so reasonable, why did they not mention them before the election? Instead, we saw exactly the opposite, with the Prime Minister categorically denying on national television that any such changes would be made. We used to say, “You can’t trust the Tories with the NHS”; now we know that you cannot trust them, full stop.

5.29 pm

Chris Philp (Croydon South) (Con): At the heart of this debate lie two different views of how we should combat poverty. The first is that the state should do so exclusively through the welfare system, and the second is that the real way out of poverty is through hard work for proper, honest, decent wages.

I agree with Alistair Darling, the former Chancellor of the Exchequer, who has said that the unintended consequence of tax credits has been to subsidise employers who do not pay their staff enough to live on. I hope that Members on both sides of the House can agree that employers and companies that do not pay their staff a decent wage and enough to live on are behaving in a deplorable and completely unfair way. I welcome the introduction of the living wage, which moves us towards a point where people can live on their wages.

As a corollary and consequence of the introduction of the national living wage, I think that productivity will increase as well, because employers who pay low wages have no incentive to invest in IT and machinery.

The proposal begins to move the balance away from a reliance on tax credits towards a reliance on fair wages. I understand the points that Members on both sides of the House have made about the effect of tax credit reductions on particular individuals, but while many of the analyses we have heard, including those by Unison and the IFS, take into account the national living wage and the tax threshold increase, they do not take into account extra childcare or the removal of the fuel duty escalator, which means it now costs £10 less every time we fill up the tank. Nor do they take into account the 1% reduction in social and council rents or the fact that wages are going up by 3% while inflation is zero.

The living wage will directly affect 3 million people and a further 3 million people on slightly higher wages will benefit from a ripple effect. In fact, 200 companies, including Morrisons and Lidl, have already adopted the national living wage.

Labour Members, particularly the shadow Chief Secretary, have completely failed to answer repeated questions about where the £4 billion would come from if not from this measure. The hon. Member for Feltham and Heston (Seema Malhotra) did not suggest a single idea. The SNP has not taken up the challenge, but it could increase income tax.

Dr Whiteford: I tabled amendments in this House to devolve universal credit, which is exactly where tax credits sit, and they were rejected by the hon. Gentleman and his colleagues.

Chris Philp: In a year or two the Scottish Government will assume powers to vary income tax and it will be entirely at their discretion to raise it to fund tax credits, so we will find out very shortly whether they really plan to use those powers.

I am conscious that time is short, so I shall conclude. The measures shift the engine of prosperity creation away from the state and towards work and pay. I welcome the proposals and will support them this evening.

5.33 pm

Neil Gray (Airdrie and Shotts) (SNP): I and my SNP colleagues oppose the UK Government’s continued attack on low-income and vulnerable working families. It will have a devastating impact on the majority of the 11,300 children from more than 6,000 families in Airdrie and Shotts who are in receipt of tax credits.

The very first lines of the July report by the Institute for Fiscal Studies state:

“A package of changes to the tax, tax credit and benefit system has been announced for implementation in the current parliament...These will reduce household incomes significantly, particularly for those towards the bottom of the income distribution.”

Alan Brown (Kilmarnock and Loudoun) (SNP): Is my hon. Friend aware that the Tory manifesto mentioned tax credits only twice and that it did not mention the scale of the proposed cuts? Conservative Members are lining up to say that they have a mandate to cut tax credits, but they have no such mandate, especially considering that fewer than one in four of the electorate voted for this Government.

Neil Gray: I agree with my hon. Friend that the Government do not have a mandate to implement these tax credit cuts. That is not what the people who voted Conservative voted for.

The changes are fundamentally regressive. They disproportionately target those in low-income households and punish them for this Government's ideological obsession with austerity, which is failing socially and economically.

Kwasi Kwarteng: Will the hon. Gentleman give way?

Neil Gray: No, I will not.

An International Monetary Fund report in June highlighted the fact that reducing income inequality not only leads to reduced poverty, but boosts growth. By extension, the policy of cutting tax credits, which will increase income inequality and drive more of our citizens into poverty, will, in fact, harm growth and therefore harm the Government's apparent aim of reducing the deficit.

I absolutely agree that we need to make work pay. I believe in a fair day's pay for a fair day's work. I also believe that work should be a means to escape poverty, but 60% of children now living in poverty in Scotland live in working households. It was puzzling to me to see how cutting tax credits could possibly achieve the goals of making work pay and eradicating poverty.

The Government have absolutely no mandate for these tax credit cuts, as I have said, but I welcome the minimum wage rise that was announced in the Budget. Why, however, are the Government attempting to sabotage and undermine the real living wage campaign by giving their minimum wage the same label, especially when the Chancellor is giving once with one hand and taking twice back with the other?

The House of Commons Library has calculated the cumulative impact of the summer Budget on a single-earner couple with two children where the single earner works 35 hours per week and earns the minimum wage. The Library's independent analysis shows that a family in that situation will be £1,500 per annum worse off in 2016-17—the year all these changes will start to take effect—and more than £2,000 per annum worse off by 2020-21. How on earth can that be described as making work pay? The Government cannot reduce the deficit by waging a war on the backs of those who are least able to pay and, as the IMF has demonstrated, it makes little economic sense to do so.

I find it morally and socially reprehensible that these tax credit changes are being forced through by the Government without a mandate to do so. I hope that Ministers will look at this matter very carefully, and that compassionate Conservative Back Benchers will keep that in mind when the Division bell goes this evening, as they consider the full consequences of these shameful tax credit cuts.

5.37 pm

Jeremy Quin (Horsham) (Con): It is a pleasure to follow the hon. Member for Airdrie and Shotts (Neil Gray). He said that the tax credits change was not why the electorate voted Conservative. I am not quite certain how he knows that.

Neil Gray: I take it that the hon. Gentleman did not watch "Question Time" the other night?

Jeremy Quin: I did indeed watch "Question Time" the other night. I sincerely hope that the reports in the press that the lady concerned had misunderstood her exact situation and will not be affected by these cuts is the case. I put it to the hon. Gentleman that Government Members have a better understanding of why people voted Conservative: they did so to sort out the mess of the past few years.

The Chancellor is right to continue the process of reform. As my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) said—this was echoed by my hon. Friend the Member for Spelthorne (Kwasi Kwarteng)—now is the optimal time to put forward sensible, necessary reforms: there is a strong economic backdrop, UK employment is at a record high and the economy is growing faster than anywhere else in Europe. These reforms are a package of measures that cannot be viewed in isolation.

Richard Graham (Gloucester) (Con): My hon. Friend is quite right to mention that the changes are part of a package, which includes higher tax-free allowances, lower social housing rents and wage rises that are significantly higher than inflation. Does he agree that we still have not seen a full assessment of the impact of all those changes or of the tax credit changes in research by either Parliament or the IFS?

Jeremy Quin: I am grateful to my hon. Friend for drawing the House's attention to the many factors that are mitigating the tax credit reforms, including the national living wage, the fuel escalator—my hon. Friend the Member for Croydon South (Chris Philp) referred to that—and the doubling of free childcare provision. As a colleague of mine on the Work and Pensions Committee, my hon. Friend the Member for Gloucester (Richard Graham) will be well aware that it is going to look at some of the detail of how the reforms may affect people. I look forward to engaging with him on that, as well as with the right hon. Member for Birkenhead (Frank Field) and others.

I recognise that there are concerns. However, I urge all hon. Members to remember that we are dealing not with a static environment, but with the most dynamic economy we have known for many years. The positive reforms that the Chancellor is making will have a pronounced ripple effect. Morrisons, Costa Coffee, Sainsbury's and Ikea are among 200 firms that have already increased pay to meet the national living wage or move above it.

Peter Grant (Glenrothes) (SNP) *rose*—

Dr Eilidh Whiteford *rose*—

Jeremy Quin: I apologise, but I have given way twice and other people want to speak.

Those pay increases are only part of the story. The ripple effect will continue as those who are on the national living wage see others coming on to it and the pay differentials kick in.

Peter Grant: Will the hon. Gentleman give way?

Jeremy Quin: I have already given way to the SNP and will not do so again.

There is currently a 4% increase in wages against a flat inflationary background. The reforms, taken overall, will deliver for working people. We will continue to deliver a vibrant economy. The Government will ensure that this generation covers the debts that have been incurred, rather than endlessly passing the buck into the future.

5.41 pm

Alex Cunningham (Stockton North) (Lab): This morning on BBC Tees, I debated the issue of tax credits with a Conservative councillor who stood unsuccessfully at the general election. He used an expression that summed up the total lack of understanding among Government Members of how people can be in work but in need of some state support. He referred to people as being “exposed” to the process, as if it was some kind of risk. I understand that that expression might be used by a City person in relation to investments or by a chief executive about a project that his company plans to undertake. In both cases, I am sure that they would develop a plan to mitigate the risk of failure. The millions of people who will be affected by the tax credit cuts are not exposed to a risk that they have the power to mitigate. Rather, they are having cuts to their income imposed on them and there is little, if anything, that most of them can do about it.

Barbara Keeley: One group that will be hit is family carers who receive carer’s allowance and work 16 hours on the minimum wage to supplement their benefit of £62. There are 689,000 carers in that position. Carers UK says that all carers who claim carer’s allowance and working tax credit will lose out under the tax credit proposals. I know that my hon. Friend cares about these things, but it seems that Government Members do not.

Alex Cunningham: I am grateful to my hon. Friend for that intervention. She does tremendous work in respect of carers and I understand exactly what she is saying.

My hon. Friend will be interested in the case of my constituent, Linda Harper, whose medical needs mean that she requires help and support in some areas of her life. Despite needing the unpaid care of her husband, who also has a job, Linda’s determination recently saw her battle against her condition to open her own craft store in the local town centre. Although the business does not yet turn a profit, she is succeeding in building a customer base and is contributing to the community by running classes, teaching others the skills of her craft and hosting social groups that add value to the lives of those who participate.

Linda represents the attitudes that the Conservative Government claim they want to promote. She is hard working, persevering and enterprising. Let us not forget that the Conservative manifesto at the general election promised to improve the lives of

“the millions who work hard, raise their families, care for those who need help, who do the right thing”.

Yet, when the Government’s changes come into effect, Linda estimates that she stands to lose £2,000 a year. Paying her mortgage and putting food on the table will become significantly harder and the viability of her businesses will be severely challenged.

The Government say that their demand for employers to pay people more and their tax cuts will help to restore the money that people lose from their tax credits. That is absolute nonsense. I put the following questions to the Minister. What will happen to public sector workers and self-employed people on low incomes? How can the employees of local authorities, health trusts and other public sector employers make up their income by increasing pay when the Government have said that they cannot give increases beyond 1%? How will a person who relies on tax credits and who earns less than £10,000 a year benefit from an increase in the tax threshold? How will a self-employed person with earnings of £6,000 a year give themselves a pay rise to fill the gap in their income caused by the loss of tax credits? How will a small business fulfil the Government’s promise of higher wages when it is already struggling to survive? The answers are simple: public sector workers will continue to see drastic cuts to their incomes and standard of living; self-employed individuals will be left to their own devices; and small businesses will pay people off because they cannot afford to keep them.

I am alarmed to hear that, despite the reservations of many Conservative Members, the Prime Minister and the Chancellor have no intention of halting these cuts. Perhaps the 70 or so Conservative Members whose majorities are smaller than the number of people in their constituencies who claim tax credits will have more to say about that in future. Several million people hope so.

5.45 pm

Maria Caulfield (Lewes) (Con): I am grateful to be able to speak on this difficult and contentious issue, and it is important to consider all the arguments, including economic ones, for why these changes are necessary. Only last week we debated the charter for budget responsibility, and there was unanimous support among Conservative Members for running a surplus in normal times, so that if we again strike a period of economic slowdown, we will have money for our vital services. Many Labour Members acknowledged and agreed with that. We must tackle the country’s deficit and debt, and to achieve that we must reduce public spending.

Graham Jones: Will the hon. Lady give way?

Maria Caulfield: I will not. Tackling welfare spending is key to achieving that reduction, and we cannot tackle the country’s deficit and debt by leaving welfare spending as it is. The UK is currently home to 1% of the world’s population, yet it accounts for 7% of the world’s spending on welfare. That is clearly not sustainable. If we do not save £12 billion a year by reducing the welfare bill—including £4.3 billion from changes to tax credits—where will we find those savings? From the NHS budget? By cutting social care spending or reducing the education budget? Labour Members could not give one answer when asked how they would reduce the deficit. There is no easy answer—if there were, we would be doing it.

Currently, taxpayers—many of whom earn just above the tax credit limit—are subsidising employers who pay low wages, and that must end. It cannot be right that someone who gets up early, goes to work, works long hours and comes home late, does not earn enough to do without welfare in the form of tax credits. Instead of fighting to preserve tax credits, perhaps Labour Members should fight harder to increase wages.

[*Maria Caulfield*]

I dispute many of the figures that have been distributed by opponents of these changes. If we look at the facts and take into account all the changes in the recent Budget—including the increase in free childcare, the freezing of fuel duty, VAT and national insurance, the increase in tax thresholds, and the reduction in social housing rents—a typical family will be about £2,400 better off by 2020. As we have heard, pay is already up by 3% this year, and more than 200 firms have committed to paying the living wage. Having come from a poor background and struggled through hard economic times, I firmly believe that the way out of poverty is through work—

Mr Speaker: Order.

5.48 pm

Imran Hussain (Bradford East) (Lab): Time is short so I will focus on two areas: the effects of the changes to tax credits on my constituency, and the disproportionate effect of those changes on black and minority ethnic communities.

In my constituency these cuts will be devastating. Areas that are already impoverished and where many depend on tax credits will suffer far more than richer areas. Some 15,500 families in Bradford East receive tax credits, and 13,700 of those have children—four times as many as in the Chancellor's seat. He does not understand the effect that these cuts will have, and he never will.

More than 5,000 families in Bradford East have three or more children. Bradford East already has above average unemployment and high levels of deprivation by any measure, and thousands of children live in families that are to be made significantly worse off. Families will have to make heart-breaking decisions about whether to pay the gas or electricity bill, or whether to buy food. Thousands of children living in families dependent on food banks; thousands of children being forced to live in ever-worsening poverty and despair—that is the reality of these proposals.

In terms of racial discrimination, the effects of the proposals are truly shocking. Government data show that tax credits constitute, on average, 2% of weekly household income for white households. That rises to 6% for black households and a further 10% for households of Pakistani or Bangladeshi heritage. These families are often already in poverty because of poor wages. According to Omar Khan, director of the Runnymede Trust, an independent think-tank focusing on race equality, these cuts

“Will inevitably increase racial inequalities and probably increase rates of child poverty”.

Will the Minister tell me what this will mean for my constituency, with its large Pakistani and Bangladeshi population? What will this mean for the local economy, where poverty and despair will be further fuelled? What will this mean for local businesses, for the local corner shop whose customers are being squeezed harder and harder? I have to ask myself: is it the Government's intention to create ghettos in our cities? The cumulative effects of the cuts will not only have a shocking impact on Bradford's families from all backgrounds; it will have a devastating effect on our local economy. I cannot

see what is fair about any of that, I cannot see what is northern powerhouse about any of that, and I certainly cannot see how we are all in it together.

5.51 pm

Jeremy Lefroy (Stafford) (Con): Many of those who have spoken, and indeed the Chancellor himself, are quite right to say that we have to view all the measures put forward as a package—not just the effects of the tax credit changes, but the many other measures that have been spoken about. I would like to make three points: on timing, predictability and the concept of scarcity.

On timing, the measures will come in at different times. It is vital that their timing should be synchronised. It is not there at the moment and I therefore ask that the timing of the introduction of the various changes to tax credits be looked at. I fully agree that we need reductions in the tax credit bills, but it is the timing that will bring great problems to many families.

On predictability, families want to know what their income is going to be. They want a reasonable measure of forewarning, so they can talk and negotiate with their employers, and plan their future. If their income is going to be reduced, they need time to do that.

Barbara Keeley: The hon. Gentleman is making a good point about timing. I raised a point earlier about carers. Carers who work 16 hours a week on the minimum wage will lose their tax credits. They cannot change that, they cannot plan for that and they cannot find any way out of that. What does the hon. Gentleman think about that in relation to the 689,000 carers?

Jeremy Lefroy: The hon. Lady must have read my notes, because I was going to come to that and say precisely that this is the other major issue. Those on fixed incomes do not have the ability to go out and work the two or three extra hours a week to cover the cost of the changes to tax credits. Full-time carers are not the only example, but they are the most obvious. I entirely agree with her.

Scarcity might seem a rather arcane concept to introduce, but studies have shown that for those who find sudden scarcity imposed on them economically the costs are very great. The inflation rate for people on lower rates of pay is considerably higher than for those on higher rates of pay. If they suddenly receive a lower income—perhaps a cut of 10% or more—their costs will actually rise, because they will be unable to make the decisions to buy in bulk or in advance that they were otherwise able to make.

Finally, I am not one of those who does not want to eliminate the deficit. I absolutely do. If we have a change in timing—as I urge the Government to consider, including in relation to carers—we will need to find extra sources of revenue and we will have to take that on the chin. In particular, I have written to the Treasury to ask it to consider various income tax and corporation tax reliefs.

5.54 pm

Clive Efford (Eltham) (Lab): It is clear from what we have heard that the Government Benches are divided. We have heard from some Conservative Members that

tax credits have failed—clearly they see this as unfinished business, so people on tax credits ought to fear there is more to come—but we have heard from others who are concerned about their constituents, and I would urge them not to ignore this opportunity to register their opposition to what their Front-Bench team are asking them to do.

This is about the choices we make and the priorities we have. We could reverse the inheritance or corporation tax cuts to reduce the impact on people on tax credits, or we could cut the nearly £2 billion that people earning more than £1 million will share in tax cuts. They will be £61,000 a year better off. People earning more than £2 million a year will be £250,000 a year better off. Come the next general election, they will have gained £1.25 million in tax cuts, but over the same period, a cleaner earning £13,500 will have lost £6,800, a patient transport driver on £17,800 will have lost more than £8,000, and a medical secretary on £22,200 will have lost £9,400. These people are strivers, they are hard workers, yet the Tory party is cutting their incomes. That is the choice people have made.

Several hon. Members *rose*—

Clive Efford: There is no mandate for this. The Tory party was asked before the general election, when it said it would cut £12 billion—

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We can only have one Member on their feet at once. We cannot have the whole Chamber trying to get in at once.

Clive Efford: I am taking my time, Mr Deputy Speaker.

The Prime Minister and others were asked specifically, “Will you cut tax credits?”, and the answer was no.

Yasmin Qureshi (Bolton South East) (Lab): I agree with everything my hon. Friend is saying. Does he agree that this cut is being imposed because the Conservative party, for ideological reasons, does not like poor or working people, and only wants to help and enrich the rich people?

Clive Efford: Absolutely.

If I were to accuse people of lying, Mr Deputy Speaker, you would rightly rule me out of order, but the people out there will have to make up their own minds. When the Justice Secretary went on to Martha Kearney’s programme, he was specifically asked what the Government would do on tax credits, and he said, “No, we’re going to freeze them for two years.” I do not know what the definition of a lie is, but I know that people outside the House will make up their own minds—although we cannot use that language in here.

We know the Conservatives have lost the argument. This started at the autumn statement when the Chancellor said, “Britain deserves a pay increase, and Britain is going to get a pay increase”, but Government Members did not know when they cheered him that he was going to cut tax credits and make people worse off. Even the increase in the national minimum wage—it is not a national living wage, it is a Tory living wage—will be wiped out for those on it by the cut to tax credits.

I say to those who are upset about these proposals: it is not good enough just to have a chat in private with the Chancellor or the Prime Minister. This is where they represent their constituents—here in the House of Commons—and if they do not agree with what their Front-Bench team are telling them to do, they should join us in the Lobby tonight to vote against what the Government are doing to people on tax credits.

5.59 pm

Mr Alan Mak (Havant) (Con): This is a Government on the side of hard-working people, elected with a mandate and a majority to transform our country from a high-welfare, high-tax, low-wage economy to a low-welfare, low-tax, high-wage economy. The reforms brought in and passed through this House must be viewed in the wider context of the summer Budget and the broader package of help for working people. Conservative Members believe the best route for working people is to let them keep more of the money they earn. All Members should welcome our new national living wage—a pay rise for 2.5 million people—while income tax, national insurance and VAT have been frozen.

Stephen Timms: The national living wage is being phased in over five years. Surely the tax credit cuts should be phased in over the same period, rather than taking huge ill effect next April.

Mr Mak: This is a national minimum wage that gives 2.5 million hard-working people a salary rise, which is the right approach. We have also increased the tax-free personal allowance and doubled free childcare for working people, while the fuel duty has been cut and council tax has been frozen as well. These reforms are all linked: they go hand in hand; they should not be seen or analysed in isolation. As many hon. Members have said, these are all part of a coherent, long-term economic plan, and it is simply not acceptable to deliver higher wages through the national living wage while at the same time leaving tax credits unreformed when they are such an important part of our reform package.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Will the hon. Gentleman give way?

Mr Mak: No.

The hard truth is that our tax credit system is unaffordable and unsustainable. It required deep reform to make it fair to the working people who pay for it. As I said to the shadow Chief Secretary, the original tax credit cost the Government £1.1 billion; today, it costs £30 billion. We spend more on family benefits than France, Germany and Sweden. Our reforms focus tax credits on the people they were meant to help—the very poorest and those in the lowest possible income brackets. In 2010, tax credits intended to support the lowest income brackets were instead available to nine out of 10 families; under our reformed and properly focused system, it is still available to five out of 10 families—a fairer and much more sustainable approach. These changes to tax credits are not necessarily easy, but they are fair and right. They return real-terms spending on the tax credit system to the level we had in 2007-08.

We must also consider these reforms in the wider economic context in which they sit. The deficit was halved over the last Parliament, but there is still more

[Mr Mak]

work to do. We need further savings in spending to make sure that Britain can live within its means. These tax credits go towards 50% of the total savings we are aiming for in this Parliament. They are substantial and important, and deserve our support. As many hon. Members have said, we must not leave our children and grandchildren with ever more debt. The only welfare system that is credible is a welfare system that is sustainable and affordable as part of our long-term plan to save our economy.

This Government can be proud of the fact that we have gone further than any other Government in introducing a living wage of £9 an hour. Some 2.5 million people will have a direct pay rise in their pay packets. At the same time, business has been incentivised to pay workers more. We have heard from the Exchequer Secretary how more than 200 businesses are already making these reforms.

Opposition Members opposed our welfare cap, and they opposed our fiscal charter—eventually. The only welfare system that is sustainable and credible is one that is affordable. We were elected on a mandate to transform our economy, and our reforms put that mantra into practice. I urge all Members to reject the Opposition motion.

6.3 pm

Carolyn Harris (Swansea East) (Lab): We have already heard from our hon. Friends and colleagues about the impact of these misguided cuts to tax credits. It is right that we repeat the figures—4 million families, 7.5 million children. That is the math of who will be affected by this policy, and we must never lose sight of that.

Clive Lewis: Has my hon. Friend any idea of the extra number of children who will be pushed into poverty because of this Government's proposed work penalty?

Carolyn Harris: I shall mention it later in my speech, but I believe that there will be more than 200,000 by 2016, with the potential to rise to more than 600,000 with the culmination of the benefit and tax changes.

Both Barnardo's and the Child Poverty Action Group believe that 3.2 million low-paid workers will lose, on average, £1,350 next year. Those being hit are the ones who are in work. This Government are forever telling us that work is the route out of poverty and that they will support those who do the right thing. Ministers tell us in the media, ad infinitum, that they will stand up for "hard-working families". Well, they are not standing up for those families. According to the House of Commons Library's analysis of the cuts, more than 580,000 of Britain's poorest working families, earning between £3,850 and £6,420 a year, face losing 48p for every £1 that they earn as a result of the removal of tax credits.

I urge the Government to think again. It is not too late to do a turnaround. In fact, it would be the morally right thing to do.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am going to introduce a two-minute limit, so that everyone will have a chance to speak.

6.5 pm

Suella Fernandes (Fareham) (Con): All of us who are here today share a belief in the welfare state. In a country like ours, it is right that we offer help to the most needy, and that there should be a safety net for those in difficult circumstances, but under the Labour Government the welfare system became immensely unfair in its discrepancies.

Today's debate goes to the heart of who we are as a country and what we stand for as a people. It is about more than Treasury statistics: it is about real people. That is why I am proud to support these tax reforms as part of a package set out by the Chancellor. They are fundamentally the right thing to do if we are honour the true notions of what welfare is, and what it is to work.

I want to look back at history—

Ian Blackford: Would the hon. Lady like to comment on what was said this afternoon by the Adam Smith Institute, whose views are often quoted by the Conservative Government? It said that

"working tax credits are the best form of welfare we have, and cutting them would be a huge mistake".

Suella Fernandes: I disagree with that comment, assuming that it has been rightly attributed. I believe that tax credits have distorted the very notion of what welfare was supposed to be. Let us look back to welfare's genesis in the Beveridge report, which was published 73 years ago, in 1942. Opposition Members tend to claim a monopoly on William Beveridge, but he was not the socialist Robin Hood whom they so often cite. He was an economist, versed in the principles of contribution and industry, and his principles were very clear. They were about taking responsibility, alongside the state's establishment of a "national minimum". They were about ensuring that the most vulnerable were looked after, while also ensuring that the nation remained fiscally viable. We have drifted away from that concept of welfare—that it should provide occasional and temporary support for those in unemployment, sickness and retirement. We now have a system whereby the state is subsidising low pay, and that cannot be right. This Government are introducing reforms, and restoring the principle that welfare should be the safety net that it was intended to be.

I want to make three main points. First, the tax credit system has allowed business to act in a way that is both unpalatable and bad for the economy, facilitating the underpayment of workers and sanctioning chronic under-training and under-investment in those workers. If a business knows that low wages will be topped up by the state, what is the point in investing in them, providing extra training and more scales and promotion? The business people I meet in my constituency are crying out for more skilled work forces. Secondly, the deployment of the tax credit system was chronically dysfunctional, and very confusing for many people. Lastly, the Conservative party is nothing without social justice. This measure will restore social justice to the heart of our economic principles, and I commend it wholeheartedly to the House.

6.8 pm

Peter Kyle (Hove) (Lab): I want to make three points in the time that I have. First, I want to explain why Labour used tax credits to start with.

It is extraordinary for Labour Members to hear the party that opposed the minimum wage say that we are not supporting the living wage. If, when we implemented the minimum wage, the Conservatives had been fighting on the other side and said that we were not doing enough and it was not high enough, the dynamic of the argument about poverty in work would have been completely and fundamentally different. Every single measure that the Labour party tried to implement to tackle in-work poverty was opposed by Conservative Members. We implemented the minimum wage, and in the first 10 years of the Labour Government the bottom 20% got richer faster than the top 20%. We lifted 1 million children out of poverty, but the Resolution Foundation has said today another 200,000 will be plunged back in as a direct result of the Chancellor's Budget.

Secondly, Government Members have been pointing at Opposition Members today and saying that we do not support the aspiration to replace tax credits with wages. That is fundamentally wrong, as my hon. Friend the Member for Streatham (Mr Umunna), my right hon. Friend the Member for Birkenhead (Frank Field) and many others have proved. It is the right thing to do, but the Government are implementing it in the wrong way.

Thirdly, this change will have a fundamental negative impact on vulnerable people and on communities. Each of us has people in our constituencies who turn to us in their hour of need with problems with tax credits. We know how vulnerable they are and the Government's policy will do nothing more than make poor people vulnerable people. It is wrong.

6.10 pm

Huw Merriman (Bexhill and Battle) (Con): I have the greatest concern for anyone who loses out and finds that these measures have an impact on their household budget. I came into this place not to reduce incomes but to see them increase. However, in making good our manifesto commitment, savings in Government spending were always going to have to be made, with a proportion of our population unfortunately being affected by the need to make them.

Ultimately, I feel that it is right to introduce this measure to reduce tax credits for the following reasons. First, it moves the country away from a position in which Government and taxpayers subsidise the wage bills of employers, acting as a disincentive to pay rises. Secondly, as a cost-saving measure it moves the country to a position where the books are balanced and we can reduce the interest bill on Government debt.

Mr MacNeil *rose*—

Huw Merriman: I will not give way just now.

In 1998, the amount spent by the Labour Government on tax credits was £6 billion. That figure rocketed to £30 billion by 2010. Three of our largest supermarket chains have employees who claim tax credits to the tune of almost £800 million. I contend that it is not for Government or taxpayers as a whole to contribute a portion of pay, but for employers to pay staff all their wages and to pay them properly. Of course, the Government can and should act to incentivise pay—by reducing tax for the employer and employee and not by paying a contribution to the wage packet.

As for balancing the books, last week the House debated the motion for fiscal responsibility and as a result the Government have pledged to deliver a surplus by 2020 and through normal times. This measure is essential to meet that task. I recognise that we need to help those the measure will impact on and I am glad that the Government are doing so in a number of ways, which I shall not repeat. I recognise that these measures do not mitigate the cost of the tax credit changes in full. If they did, the reduction in Government spending would not be delivered, the surplus would remain out of reach and the Government interest bill would continue to be wasted.

6.12 pm

Jess Phillips (Birmingham, Yardley) (Lab): I rise to beg Members on the Government Benches to think very hard about how they vote tonight. When I say that I am begging, I mean it. I am begging for 24,000 children in Birmingham, Yardley who will be hit by this change. By way of comparison, I did a quick search on Rightmove this lunchtime and found that from the hundreds and hundreds of homes available for sale in my constituency only four would benefit from the inheritance tax cut—just four. That means four people winning and 24,000 children losing, and the four people winning have to be dead before they win, so they are not very thankful. This is supposed to be a one-nation Government. One nation? For the people in Birmingham, Yardley it looks like the people on the Government Benches are only looking after the same old people.

I feel the need to declare that my name is Jess and I relied on benefits. When I was 23, after the birth of my first baby 10 years ago, my husband and I received child tax credits. Our household income was £19,000. Without tax credits, I would never have been able to afford the childcare for my young son. The top-up meant that I could do small bits of paid and voluntary work and the tax credits helped me to go to work and begin to build a career.

I have heard all the well-rehearsed arguments from Government Members about how they are increasing wages and I welcome those increases, I really do, but in my case that would have made no difference because I was 23 and they are not offering a pay rise to anyone under 25. If the Government wish to brand the increases in minimum wage as a living wage, they must also accept that those who do not receive it cannot afford to live. That is the simple problem with that branding. So, will the Government ensure that any parent aged 25 and under is not affected by these changes, or are they willing to tell me that those families in their constituencies do not deserve to be able to live?

6.15 pm

Antoinette Sandbach (Eddisbury) (Con): One of the things my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) did not mention was the income tax threshold when tax credits were introduced. Low earners who were earning just above £4,615 would have paid 20% tax on that income. I have heard the pleas from Opposition Members about allowing wages to increase before these tax credit changes take effect, but the changes in the personal tax allowance between 2003 and now mean that there is, in effect, an extra £1,197 in a family's pocket if they earn up to the income

[Antoinette Sandbach]

tax threshold. That is the difference between paying tax on £4,615 as opposed to the current level of £10,000. That benefit cuts across all low earners. The important statistic that has not been quoted from the Library research is that between 58% and 64% of adults earning near the minimum wage do not receive tax credits or benefits, yet those earners, who very often are women, do receive the benefit of not paying that 20% on their income because of the rise in the income tax threshold.

My right hon. and learned Friend also described the introduction of the system and the complicated overpayments. I was a single parent when those changes were introduced. I did not claim because I spent my working days sorting out the debts of people who were claiming and who had built up huge arrears with Her Majesty's Revenue and Customs.

6.17 pm

Tulip Siddiq (Hampstead and Kilburn) (Lab): I want to spend the short time I have focusing on the disproportionate effect these tax credit cuts will have on the black and minority ethnic communities. Some 88% of these communities are based in the poorest boroughs in the country. They tend to have larger families and these families are often sustained by people who have part-time jobs. Fresh from my Royal Statistical Society training this morning, let me give some statistics that are staggering. A recent survey found that 5% of white men had part-time jobs, as opposed to 12% of black African men and 35% of men of Bangladeshi origin. When this lifeline is taken away from these communities, racial inequality in our society will widen. When the Government talk about looking after families, they are not talking about looking after families from the BME communities.

We must also look at these cuts in context. We cannot view them in isolation. Hampstead and Kilburn has a housing bubble and rents are soaring higher than ever. If we couple that with taking away tax credits from people who are working, we have to ask how people will survive. Six out of 10 of my constituents are paying £288 a week for a studio flat. Are we allowing the ethnic cleansing of London? Don't take these credits away. Join us in voting against these cuts; whether it is the Mayor of London, "ConservativeHome", or *The Sun*, we must oppose these draconian measures.

6.18 pm

Wes Streeting (Ilford North) (Lab): I rise to speak on behalf of the 12,800 working families and the 26,000 children across Ilford who will be affected by these cuts, and I issue the following challenge to Conservative Members. This evening's vote is crucial for a simple reason: their Whips are busy in the other place telling peers they are railing against the democratic will of this House of Commons, but when we listen to the fantastic and courageous speech of the hon. Member for South Cambridgeshire (Heidi Allen) and see the nods of many of her colleagues, we know that the majority of Members in this House do not support these changes. Peers are absolutely within their rights to put a stop to them in the House of Lords, and we expect nothing less. What a terrible indictment it is on this Chamber that it is the unelected House that is standing

up for the interests of ordinary working families up and down this country! What happened to the party of the workers? What happened to the Tories' failed modernisation project? It is already dead in the water. This is a Prime Minister who speaks from the centre but is a prisoner of the right.

When we have a grand coalition ranging from *The Sun* newspaper to my good friend the cycling socialist Owen Jones telling us that this is a work penalty that will hit the people who work hard, who get up early and who strive to earn every penny they can, we know there is a problem. This is not a benefit; it is a well-targeted tax rebate. It works better than what the Government are doing with the tax threshold, because that benefits the wealthiest. Tax credits target support effectively to the people who are doing exactly what we ask them to do: they are willing to work hard for low pay and they play by the rules. The least we can do is support them.

This is a terrible measure. It is a shameful measure, and Conservative Members know it. I ask them to show the courage that the hon. Member for South Cambridgeshire (Heidi Allen) showed, not only on the Floor of the House but in the voting Lobby this evening, because it is crucial that Members of the unelected House know that they have a majority of elected Members on their side and on the side of low-paid working people in Britain.

6.20 pm

Helen Goodman (Bishop Auckland) (Lab): I am delighted to follow my hon. Friend the Member for Ilford North (Wes Streeting). Once again, we have a Budget from this Chancellor that was very shiny on the day he presented it but that is unravelling under closer inspection. The Treasury Select Committee took evidence on a number of the issues that people have raised today, and I want to tell colleagues on both sides of the House what we found. First, on work incentives, which Conservative Members have made much of in the debate, the taper has moved from 41p to 48p, but the effective marginal tax rate for a lone parent will increase to 93%. That means that for every extra pound she earns, she will take home only 7p. Compare that with the banker who will take home 60p in every pound.

The second problem relates to the interaction between the tax credits and the minimum wage. Many hon. Members have spoken about the sequencing. The national minimum wage gains will not, in the main, go to the tax credit losers. Half the cash gains from the national minimum wage will go to people in the top half of the income distribution. Sir Stephen Nickell from the independent Office for Budget Responsibility told the Select Committee:

"It has been known for ages that the proportion of people in receipt of minimum wage who live in poor households is very small. It used to be 14%...In other words, minimum wage as a method of relieving poverty is completely hopeless because most people on the minimum wage do not live in poor households."

I urge Conservative Members to look at the evidence and to think again.

6.22 pm

Melanie Onn (Great Grimsby) (Lab): I congratulate the hon. Member for South Cambridgeshire (Heidi Allen) on her excellent maiden speech.

Prices have risen faster than wages during the vast majority of this Government's time in office. Working people in Grimsby have seen their earnings fall by more than £2,700 since 2010. Today, one in three of my constituents earn less than the real living wage of £7.85 an hour. Grimsby desperately needs a pay rise, but what this Government are doing instead is cutting people's incomes by at least another £1,300 a year. People simply cannot cope with a further reduction in their incomes.

The Government say that people simply need to work harder for a few more hours a week in order not to lose out, but for many, that is completely unrealistic. Many people in my constituency do not have that option; some are already working two or three jobs just to make up the hours. Conservative Members were given a mandate by their constituents based on their party's manifesto and on what the Prime Minister said during the election campaign. They do not have a mandate to cut tax credits; in fact, they have a mandate not to cut them. What does it say about the regard in which Conservative Members hold the voters of this country if, just five months later, they walk through the Lobby and do precisely the opposite of what the Prime Minister promised?

The irony is that I agree with what Ministers have been saying: we do need a higher-wage economy, with less being paid out in welfare as a result. We need to support and help to grow the industries of the future, but the Government are doing the opposite. Three of the UK's solar energy companies have entered administration in the past two weeks, the green deal has been scrapped and investor confidence in the wind energy sector is drying up. The Government have failed to make any real attempt to save the thousands of jobs being lost in the steel industry. That shows what is actually developing under the Conservatives: an economy in which more and more jobs pay less than the real living wage.

6.24 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): As has been pointed out, this measure is very much part of the overall narrative of this Government. They have enthusiastically embraced both austerity measures that harm the poorest and the most vulnerable households in our constituencies while giving tax breaks to the better-off, and a series of ideological measures that can only increase inequality.

Scottish National party Members believe in progressive taxation, but these changes are not progressive. They are regressive, taking proportionately more from lower-income households than from rich ones. These changes will significantly reduce the incomes of more than 200,000 households in Scotland—that is 200,000 households where choices have to be made between eating and heating, and where families have to decide whether they will have to go to the food bank again this week. If the Government want to make cuts, I suggest they are made to the £100 billion being spent on Trident. If the Government want to make cuts, I suggest they do not increase tax breaks in respect of inheritance tax thresholds.

As the youngest of eight children to a widowed mother, I grew up in deep poverty—I know what it is like. I know what it does to aspiration and to motivation, and I know how corrosive it can be to every area of life. I suspect that if more Government Members had lived the life that I have lived, they would not be supporting

this measure tonight. I do not want any child in Scotland to grow up in more poverty than they are already in. I do not want any child in the UK growing up in poverty. Far from the mantra of “making work pay”, this measure punishes the working poor. I ask the Government to consider the impact of this measure on our poorest families; they should consider the impact on our households and on our most vulnerable children. Anyone who truly believes in a fairer society must reject this measure. Anyone who supports this measure tonight should hang their head in shame.

6.26 pm

Mark Durkan (Foyle) (SDLP): This measure is not just a penalty against work; it is also a penalty against parenthood. Clearly there is a divergence of view in this House. Conservative Members have a view about how policy should support family and children that is at complete variance with mine. We heard from the Chancellor on the day of the Budget that

“we on the Conservative Benches know that the wish to pass something on to your children is about the most basic, human and natural aspiration there is.”—[*Official Report*, 8 July 2015; Vol. 598, c. 330.]

Feeding children is an even more basic aspiration than that, as is nurturing children and giving them warmth when they need it. We are talking about somebody being able to aspire to work to bring home food to their children and support to their family. These are the people who are going to be hit by the measures the Conservatives are introducing, because it is the people working very hard and trying to do the best by their children and for their neighbours who will be betrayed by this measure.

I do not accept the nonsense we heard from Conservative Members, with some exceptions, who were more or less trying to tell us that low-paid workers should now be the acceptable casualties of a dogmatic imperative of austerity—they should not. Nor do I accept the somewhere-over-the-rainbow nonsense that some Conservative Members were giving us that, “It is all going to work out well. It will go so swimmingly and people are going to be so much better off when they see what they are going to get.” Clearly the way these measures have been brought forward will mean that people are going to suffer in the meantime. People will also lose jobs as well as lose income, because some of us are hearing from employers in some sectors that they will not be able to give the pay increases without doing damage to the payroll that they currently have.

Conservative Members need to realise that labels they put on this and all the clichés they come up with are not going to give buying power to the money they are leaving people with. Clichés will not be hard currency to support families who are being driven into poverty.

6.29 pm

Louise Haigh (Sheffield, Heeley) (Lab): It has been astonishing to hear Conservative Members stick to their desperate defence of their indefensible policy of slashing tax credits for millions of families when they know that they are neither economically justifiable, nor socially defensible. These cuts are just one more example of the Government's policy of moving public debt, which originated in the financial sector, off their books

[*Louise Haigh*]

and on to the lowest-paid and middle earners, who simply cannot afford it. Rather than moving away from an economy based on debt, which the Chancellor said that he wanted to do, he has in fact created one.

Unlike this Government, I believe that economic common sense and social solidarity not only go hand in hand, but are the bedrock of a healthy and functioning society. We cannot have a healthy functioning economy if our fiscal policy is to transfer debt from the public purse on to the unemployed, the lowest paid and middle income individuals and families, and if secured debt becomes unsecured and unaffordable. The Chancellor should know where that leads because the Governor of the Bank of England has spelled it out for him.

Over the summer, Mark Carney warned that household debt was one reason why the recession was deep and the recovery so grudging. If enough people are highly indebted, that can have big macroeconomic impacts, so that lending standards become irresponsible to reckless. Those are some of the same risk factors that led to the global credit crunch in 2007. The structural flaws remain, but we now have one very clear difference. We have a Chancellor who is exacerbating the structural flaws by heaping public debt on to the low paid, and who acts without regard to the personal economic nightmare he is visiting on the homes of working families. That is why the Labour party is so fundamentally opposed to these measures.

An inclusive and healthy economy cannot be built while we are hurting working people. It can only be built by investing in them and supporting them. Our party believes in that to our soul, so while the Tory party spends millions on branding itself as the party of working people, those working people who have been let down by the Prime Minister will know that the Labour party is working for them.

6.31 pm

Barbara Keeley (Worsley and Eccles South) (Lab): In my constituency, there are around 8,000 families with children claiming tax credits, 5,000 working families, and almost 10,000 children. We know from the Library briefing that they will lose more than £100 a month, but some families will lose more. One of my constituents, a mother with a disabled child, has worked out that her family will lose £200 a month from the tax credit cuts. Instead of just sitting there, perhaps Government Members can tell me how, if they back these changes, such families will manage? I do not think that they will manage. Another constituent, a single mother, told me that she uses tax credits to pay for school uniform, food and travel expenses. Those are the things that will suffer.

Earlier, I mentioned the impact that these tax credit cuts will have on the incomes of many thousands of unpaid carers who juggle care and work, particularly those who claim carers' allowance and working tax credits. Carers UK told me that all carers who are claiming carers' allowance and working tax credits will lose under the current proposals, even taking into account the introduction of the so-called national living wage.

Tax credit cuts will make it more difficult for working carers to balance work and care and that will hit their standard of living. They do not deserve that. Last week the Minister for Community and Social Care told me

that he did not think that carers' invaluable contribution to society had ever been better recognised. Is that hit to the income and living standard of working carers what he means by recognition? I hope the Minister will tell us when he responds what consideration the Government will now give to protecting working carers on low incomes from these unfair, savage tax credit cuts. Those cuts will hit families with disabled children. They will hit carers and millions of working people. I urge Government Members, the few who have managed to stay for this debate, to rethink this deeply unfair policy change.

6.32 pm

Hywel Williams (Arfon) (PC): When tax credits were first brought in, people were often overpaid. They would then receive a demand for an end-of-year repayment. I fought many of those cases, but Her Majesty's Revenue and Customs would engineer the perfect excuse. Deep in its standard letter demanding repayments was this astonishing sentence. It said:

"Even though we told you that your assessment was correct, it was not reasonable for you to believe it."

That is how I view the Chancellor's proposals—even though he tells me that there will not be any problems, it is not reasonable for me to believe him.

I have no problem in principle with removing low wage subsidies so long as we ensure a decent living wage; family support to make up for the variation in income when people have families of different sizes; proper affordable childcare provision available universally, particularly in deprived and rural areas, which are currently very poorly served; and support for small businesses to enable them to earn and to pay a living wage.

When tax credits were introduced, I asked the then Labour Treasury Minister what pilots had been carried out. Essentially, she said that none had been carried out. I fear that we are in that same position with these proposals. We know what happened then: chaos, overpayments, underpayments, misery to families and the damage to the Government's reputation. The impact of these changes has not been thoroughly assessed, and I fear that we will all regret that at our leisure.

6.34 pm

Dr Rupa Huq (Ealing Central and Acton) (Lab): I know that this Government and this Chancellor in particular are fond of political cross-dressing, but robbing 6,500 children in 3,500 hard-working families in my constituency of £1,300 a year makes a mockery of all that. It is in an affluent west London suburban constituency where the average property price is over £500,000. The Prime Minister pledged during the election campaign not to cut tax credits, but the fact that he is doing this only months after the election is not just a concern to the Opposition; it brings politics into disrepute.

We have heard about the so-called compensation that will come from the national living wage. It is not a living wage, and it is compensation for only 26% of people. Politicians like to go on about hard choices, but this is about whether to penalise people who are doing right and playing by the rules, or to give a tax cut to the 60,000 wealthiest estates at the expense of 200,000 working families. Some 6,500 families in Ealing Central and Acton are a chunk of 3 million families across the country.

The fact that the notices informing them of the changes will arrive just before Christmas is deeply immoral. It shows the Scrooge-like attitude of this Government.

I have had dozens of emails about the cuts, both around the time of the emergency, that is the crisis, budget and now, so I urge Members in suburban London seats like mine—the Comptroller of Her Majesty’s Household, the hon. Member for Croydon Central (Gavin Barwell), the hon. Member for Harrow East (Bob Blackman), the right hon. Member for Carshalton and Wallington (Tom Brake), whom I can see, and the hon. Member for Twickenham (Dr Mathias), constituencies where those affected by the change outweigh the majority that those Members have—to join us in the Lobby tonight.

6.36 pm

Peter Dowd (Bootle) (Lab): The 2015 Conservative manifesto promised to improve the lives of the millions “who work hard, raise their families, care for those who need help, who do the right thing”.

The tax credit changes will do exactly the opposite and instead penalise them heavily. There is no hiding from that. This is not the right thing. Why do the Government not accuse all people on tax credits of being feckless? That is what they really think. They do not bother even to make an artificial distinction between the deserving and undeserving poor. They do not care. If people are poor, deserving or otherwise, they do not care.

From what I can see, that is what those on the Government Benches think. They want urgent action to tackle the burden of tax credit expenditure, but take a *mañana* approach to tackling the issue of low pay. Some Conservative Members have expressed concern, but that is as far as it goes. Hand wringing, tutting, head shaking—conscience salved. But Conservative Members will be reminded time and again of their support for these proposals. It might get a bit tedious, but so be it.

The Chancellor says the changes are fair, so let me give a few facts. Facts can be stubborn. First, during this Parliament cumulative income loss will be between £6,000 and £9,500. Secondly, 3.2 million hard-working families will be hit. Thirdly, the changes will mean less pay, with some low income families keeping just 3p of every extra pound. Fourthly, child poverty will increase. Fifthly, the cuts are not compensated by other changes and have not been impact assessed. This is dreadful and the Government should think again.

6.38 pm

Marie Rimmer (St Helens South and Whiston) (Lab): Hon. Members should be aware that it is a disgraceful, shameful example of very poor governance when a Government attempt to cut £4.4 billion from the poorest people in society by a statutory instrument. It has taken the Opposition to call for this debate and to ask for the reversal of this decision.

Areas of my constituency have been recorded as suffering from the highest levels of employment deprivation and the sixth highest income deprivation affecting children in England. My constituency has some 7,900 families with children claiming tax credits, and many are unemployed. Some 5,800 working families claim tax credits. Many of those are on the minimum wage, with two parents working and two children. They are set to lose more than £1,800 next year and £7,700 over the life of this Parliament.

Other families with one earner will lose more than £1,500 a year, or more than £7,000 over the life of this Parliament. Some 4,800 working families with children in my constituency claim tax credits, and 8,300 children in those working families benefit as a result. Many of the schools in my constituency have been forced to introduce free breakfast provision, with hundreds of children taking it up. They have done so to improve levels of concentration and learning. If our children are to get out of poverty, they need to be educated, but first they need full stomachs.

I call on Conservative Members to examine their consciences and not to involve themselves in this further attack on the poorest people in society.

6.40 pm

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I have some basic points to make, because so much has already been said in this debate. Constituents of mine have urged me to speak today because of the poverty they are now experiencing. They are having to go to food banks in order to feed their children, and they feel ashamed about that. They are working extremely hard to make ends meet every day, working for every penny, yet they feel that they are being punished by this Government.

I urge Conservative Members please to consider the impact that these changes will have on hard-working families, those that the Government say they are responsive to and care about. That is absolutely imperative, not just for my constituents but for people across the UK. These tax credit cuts are unfair to hard-working families in Scotland and across the UK. I urge Conservative Members to listen to everybody’s views tonight, take account of their constituents, who I am sure are hurting just as much as ours, and pay attention when we speak about these crucial issues that our constituents are informing us about.

We really must take account of those who are trying their hardest to get on that first rung of life and to protect their families and those nearest and dearest. I therefore urge the Government to vote against this measure by supporting the motion and ensure that the most vulnerable in our society, including the disabled, are protected.

6.42 pm

Owen Smith (Pontypridd) (Lab): We have heard from more than 50 Members in this extraordinary debate, which I think is a measure of how vital it has been, and how much we need to understand properly the full impact of the changes that the Government are proposing. Running through so many of the speeches has been the message that politics is always about choices: what are we going to prioritise; who are we going to stand up for; and what, as the hon. Member for South Cambridgeshire (Heidi Allen) said in her brave and heartfelt speech, do we stand for? This debate has laid bare those fundamental choices.

The simple question that the Government must face tonight, and the simple question that will be asked right across Britain, is this: is the Conservative party what it says it is? Is it a party for the workers, with the interests of the workers at its heart, or is it a party that has its own self-interest at its heart and that is set tonight to dock the pay of workers across Britain? It cannot be

[Owen Smith]

both—even this most Janus-faced of Governments cannot turn both ways at once. It cannot be the party of workers while cutting workers' pay. Each Conservative Member will need to answer for how they vote this evening, because there is no plausible defence for a policy that will take, on average, £1,300 from the pockets of working families, and with 70% of the losses falling on working mothers. It is a Tory tax on workers, and a Tory tax on working mums.

How do the Government justify that? As we have heard from successive speakers today, they say that the tax credits bill has gone up and that it has to be cut. Well, it has gone up on the Tories' watch. They say that the minimum wage increase will compensate, but let us have none of this nonsense about a bogus living wage.

The Chief Secretary to the Treasury (Greg Hands): Let me tell the hon. Gentleman that under the previous Labour Government the tax credit bill went up from £10 billion to some £30 billion and is now down to £25 billion, so I am afraid that it has not gone up on our watch. [Interruption.]

Owen Smith: I have heard this several times over the past few weeks—[Interruption.]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I presume that Conservative Members would want to hear their own Front Bencher, and I am sure that the rest of us would like to hear the Labour Front Bencher now.

Owen Smith: I am grateful to you, Mr Deputy Speaker.

I have heard this nonsense from the Government several times; I heard it from the Exchequer Secretary earlier today. The truth is that when this variation of tax and child credits came in in 2003-04, the original bill was £19 billion. It went up to about £23 billion under Labour, and then in 2009, after the crash, it went up to £29 billion. Under the Chief Secretary's Government, it has been £30 billion each year, so the largest bill we have paid for tax credits has been under the Tories. Why is that? It is because the low-welfare, low-tax, high-wage economy that he talks about is a myth—the Tories have failed to deliver it. Instead, we have a tax credit system that is a vital lifeline for working people on low and middle incomes who have relied on it to make ends meet over the past few years and still rely on it. The Tories will be pulling the rug out from under those people if they persist with this policy tonight. They know that none of the measures they have talked about—the personal income tax rise or the childcare provision—will offset the vast losses we have seen. It is an absolute con, just as it was a con from the Prime Minister when he told the country that he was not going to cut any tax credits.

I would like to be able to point to a Government impact assessment that would tell us the truth of this, but it is so thin it is barely worth mentioning. It is about as useful and reliable as a Volkswagen engine test. However, we have not needed an assessment because we have had one from the Chief Secretary's own Back Benchers. Successive Back Benchers have stood up today and offered their view—their impact assessment—of what this Government are going to do to our constituents,

and to Conservative constituents, across this country. I referred earlier to the hon. Member for South Cambridgeshire (Heidi Allen), who made a scintillating speech. I will quote a few words for the delectation of the Chief Secretary. She said that these measures were “betraying who we are”—that is, who the Conservatives are. She said that they would lead to working people having to choose between heating and eating.

The hon. Member for Plymouth, Moor View (Johnny Mercer) gave another excellent speech in which he said that his blue-collar city opposes these reforms. He pleaded with his Front Benchers, as a compassionate Conservative, to think again. The hon. Member for Stafford (Jeremy Lefroy) talked about the impact we would see on carers and on people on low incomes. The hon. Member for Waveney (Peter Aldous) said that as a one-nation Conservative he could not support these reforms without significant mitigation. We heard interventions from the hon. Members for Gainsborough (Sir Edward Leigh) and for Brigg and Goole (Andrew Percy). Those are just some of the Conservative Members who are opposed to these measures.

Greg Hands: The hon. Gentleman has not mentioned the right hon. Member for Birkenhead (Frank Field), the Chairman of the Select Committee, who called on his own hon. Friends to take more action on the £4.4 billion savings gap that has arisen as a result of Labour deciding that it is against these reforms.

Owen Smith: Let me start with that number of 4.4 billion, because about 4.4 thousand of the Chief Secretary's constituents will be hit by these changes. The real question he should be answering is what he says to his constituents about the cut they are going to have. He mentions my right hon. Friend the Member for Birkenhead (Frank Field), who of course spoke with great eloquence and knowledge. The crucial thing he said was, “Think again. Mitigate these measures. Understand that your mitigation measures are not going to work or offset the losses.”

Frank Field: What I said in my speech was that I hoped we would soon be able to debate a motion of the House, and that is what will happen when we have a full day's debate on Thursday week. I also said that that is when we should make proposals for how to pay for it. I did not say we should do that in today's debate.

Owen Smith: I am grateful to my right hon. Friend for his eloquent intervention. He reports accurately his own words, even if the Chief Secretary did not.

Let me be clear: tonight's vote may not be a binding vote, but it does allow Members on both sides of the House to send a message to Conservative Front Benchers. These measures are a tax on working people.

The Government say that the national minimum wage increase, welcome though it is, will offset the changes, but it will not for a cleaner who is on £13,500, who will lose £7,000 over the term of this Parliament, or for a secretary with two children who is on £22,000, who will lose £9,500. Those are not small sums of money; for those people on low and middle incomes, they are enormous sums of money. It ill becomes the Government to dismiss, with the stroke of a pen, the concerns not only of their own Back Benchers, but of this country's ordinary working people.

Too many Labour Members—far too many for me to list them all—have spoken today with great passion and conviction about their knowledge of their constituencies, the contents of their postbags and how the proposal will affect their people. The Government should read their speeches and listen carefully to the views of Members.

It is not just the Opposition who oppose the proposal. The Mayor of London—the hon. Member for Uxbridge and South Ruislip (Boris Johnson)—and the bloke who is going to fail to succeed him on behalf of the Tories are both opposed to it. For heaven's sake, even the Bow Group—I thought it had disappeared in 1980, before the right hon. and learned Member for Rushcliffe (Mr Clarke) was Chancellor of the Exchequer—says that the proposal represents a crisis for entrepreneurial Britain and that it will hit the self-employed. The Adam Smith Institute, the Murdoch press and, from what I have seen, most Tory Back Benchers are also opposed to it.

I urge the Government to think again; to look to their conscience and understand the damage they are going to do to the working people of this country; and to please vote with us tonight and offer some solutions in the forthcoming autumn statement.

6.52 pm

The Chief Secretary to the Treasury (Greg Hands): We have had a heated debate, with a great deal of misinformation from Opposition Members. Time is very short.

There are two principal reasons for reforming tax credits. First, they no longer meet the objectives for which they were originally designed. Secondly, they are unaffordable at their present level.

Jess Phillips *rose*—

Greg Hands: I will not be giving way for a while.

Tax credits were introduced to help those on the very lowest incomes—a noble aim and one that we support—but the system spiralled out of control. Spending on tax credits more than trebled in real terms under Labour. By 2010, nine in 10 families with children, including MPs, were eligible for tax credits. Even now, the figure is six in 10, and the latest reforms will bring it down to five in 10.

It is not even as if Labour's spending worked: following the introduction of tax credits, in-work poverty rose by some 20%. Members need not take just my word for that; I am going to quote in detail Alistair Darling, who has been referred to this evening and who was one of my predecessors as Chief Secretary at a time when the modern tax credit system was being planned. He was interviewed this summer for an article in *The Spectator* entitled, "Alistair Darling: why I changed my mind on tax credits". Crucially, it appeared after the summer Budget introduced by the Chancellor. *The Spectator* asked him:

"So your tax credits had the unintended consequence of keeping low wages down?"

"Undoubtedly," replied Darling. The last Labour Chancellor said:

"Well, undoubtedly... I think it was a good policy when it was introduced".

He went on:

"As Keynes famously said: when the facts change, you change your mind."

Owen Smith: I am really enjoying the Chief Secretary reading excerpts from *The Spectator*, but will he answer the fundamental question? Will he confirm that 3 million people in this country will be £1,300 on average worse off as a result of these changes? Let us not hear about the past; he should tell us about the future.

Greg Hands: I can confirm that we have got down the cost per household of the budget deficit from about £6,000 per household per annum to about £3,500 per household per annum. Those sort of figures show what reforms we are introducing.

Jess Phillips: Will the Minister give way?

Greg Hands: I will not give way at the moment.

Alistair Darling went on:

"One of the unintended consequences is that we are now subsidising lower wages in a way that was never intended."

Like us, he was not calling for the end of tax credits. He made it clear:

"That is not an argument for scrapping tax credits, it is an argument for making sure that you adjust the system. And it's also an argument for making sure that we do our level best to drive up those levels of wages".

We recognise that as well.

The second reason is that the deficit the Government inherited in 2010 was equivalent to about £6,000 for every household in the country. That was being added to the national debt every year. It is now down to £3,300 per annum. Then, we were borrowing £1 for every £4 we spent. We have got that down to £1 for every £10. The world was beginning to doubt our ability to pay our way.

Ian Blackford: Will the Minister give way?

Greg Hands: I will not give way.

This Government's mandate is to get our spending down, run a surplus and get our national debt down, and these reforms are a crucial part of that. That is what we were elected to do, and that is what the House agreed just last week. In particular, our general election mandate is to make reforms to reduce the welfare bill by £12 billion.

Owen Smith: Will the Chief Secretary give way?

Greg Hands: I am not giving way further. [*Interruption.*]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am struggling to hear the Minister. I wish to hear what the Minister has to say. Has the Minister given way?

Greg Hands: No.

Owen Smith *rose*—

Greg Hands: No, I am not giving way. I have just said I was not giving way. [*Interruption.*] I gave way to the hon. Gentleman as well.

Our reforms to tax credits will account for £4.4 billion in the next financial year. This is the key question for the Opposition, which they have ducked during the last

[Greg Hands]

five hours of debate: if they do not want to reform tax credits, where will that money come from? Will they borrow more and saddle our children with still higher debt, or will they cut other services, such as schools or the NHS? I ask the Opposition: what would they do?

Clive Efford: Will the Minister give way?

Greg Hands: I am not going to give way. I thank my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), who told us:

“This is the time to do it”.

Ian C. Lucas (Wrexham) (Lab): On a point of order, Mr Deputy Speaker.

Mr Deputy Speaker: I will hear that later.

Greg Hands: I thank my colleagues from across the country for their thoughtful speeches.

In conclusion, the reforms must be considered as part of a package—the tax credit reforms, the big rise in the personal allowance and a £9 an hour national living wage by the end of this Parliament. The changes we are putting in place will deliver a new settlement for working people, one where they keep more of the money they have earned, where work pays and where employers pay decent wages without requiring them to be topped up by the state. Under Labour, tax credit spending doubled; we are bringing it back to the spending levels of 2007-08.

These reforms are necessary and fair, and will deliver a lasting settlement. I urge Members to vote—

Ms Rosie Winterton (Doncaster Central) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 295, Noes 317.

Division No. 80]

[6.59 pm

AYES

Abbott, Ms Diane	Blomfield, Paul
Abrahams, Debbie	Bradshaw, rh Mr Ben
Ahmed-Sheikh, Ms Tasmina	Brake, rh Tom
Alexander, Heidi	Brennan, Kevin
Ali, Rushanara	Brock, Deidre
Allen, Mr Graham	Brown, Alan
Arkless, Richard	Brown, Lyn
Ashworth, Jonathan	Brown, rh Mr Nicholas
Austin, Ian	Bryant, Chris
Bailey, Mr Adrian	Buck, Ms Karen
Bardell, Hannah	Burden, Richard
Barron, rh Kevin	Burgon, Richard
Beckett, rh Margaret	Burnham, rh Andy
Benn, rh Hilary	Butler, Dawn
Berger, Luciana	Byrne, rh Liam
Betts, Mr Clive	Cadbury, Ruth
Black, Mhairi	Cameron, Dr Lisa
Blackford, Ian	Campbell, rh Mr Alan
Blackman, Kirsty	Campbell, Mr Gregory
Blackman-Woods, Dr Roberta	Campbell, Mr Ronnie
Blenkinsop, Tom	Carmichael, rh Mr Alistair

Champion, Sarah	Haigh, Louise
Chapman, Douglas	Hamilton, Fabian
Chapman, Jenny	Hanson, rh Mr David
Cherry, Joanna	Harman, rh Ms Harriet
Clegg, rh Mr Nick	Harris, Carolyn
Coaker, Vernon	Hayes, Helen
Coffey, Ann	Hayman, Sue
Cooper, Julie	Healey, rh John
Cooper, Rosie	Hendrick, Mr Mark
Cooper, rh Yvette	Hendry, Drew
Corbyn, Jeremy	Hepburn, Mr Stephen
Cowan, Ronnie	Hermon, Lady
Cox, Jo	Hillier, Meg
Coyle, Neil	Hodge, rh Dame Margaret
Crausby, Mr David	Hodgson, Mrs Sharon
Crawley, Angela	Hoey, Kate
Creagh, Mary	Hollern, Kate
Creasy, Stella	Hopkins, Kelvin
Cruddas, Jon	Hosie, Stewart
Cryer, John	Howarth, rh Mr George
Cunningham, Alex	Hunt, Tristram
Cunningham, Mr Jim	Huq, Dr Rupa
Dakin, Nic	Hussain, Imran
Danczuk, Simon	Irranca-Davies, Huw
David, Wayne	Jarvis, Dan
Davies, Geraint	Johnson, rh Alan
Day, Martyn	Jones, Gerald
De Piero, Gloria	Jones, Graham
Docherty, Martin John	Jones, Helen
Dodds, rh Mr Nigel	Jones, Mr Kevan
Donaldson, Stuart Blair	Jones, Susan Elan
Doughty, Stephen	Kane, Mike
Dowd, Jim	Kaufman, rh Sir Gerald
Dowd, Peter	Keeley, Barbara
Dromey, Jack	Kendall, Liz
Dugher, Michael	Kerevan, George
Durkan, Mark	Kerr, Calum
Eagle, Ms Angela	Khan, rh Sadiq
Eagle, Maria	Kinnock, Stephen
Edwards, Jonathan	Kyle, Peter
Efford, Clive	Lamb, rh Norman
Elliott, Julie	Lammy, rh Mr David
Elliott, Tom	Lavery, Ian
Ellman, Mrs Louise	Law, Chris
Esterson, Bill	Leslie, Chris
Evans, Chris	Lewell-Buck, Mrs Emma
Farrelly, Paul	Lewis, Clive
Farron, Tim	Lewis, Mr Ivan
Fellows, Marion	Long Bailey, Rebecca
Ferrier, Margaret	Lucas, Caroline
Field, rh Frank	Lucas, Ian C.
Fitzpatrick, Jim	Lynch, Holly
Flelo, Robert	MacNeil, Mr Angus Brendan
Fletcher, Colleen	Mactaggart, rh Fiona
Flint, rh Caroline	Madders, Justin
Flynn, Paul	Mahmood, Mr Khalid
Fovargue, Yvonne	Mahmood, Shabana
Foxcroft, Vicky	Malhotra, Seema
Gardiner, Barry	Mann, John
Gethins, Stephen	Marris, Rob
Gibson, Patricia	Marsden, Mr Gordon
Glass, Pat	Maskell, Rachael
Glindon, Mary	Matheson, Christian
Godsiff, Mr Roger	Mc Nally, John
Goodman, Helen	McCabe, Steve
Grady, Patrick	McCaig, Callum
Grant, Peter	McCarthy, Kerry
Gray, Neil	McDonagh, Siobhain
Green, Kate	McDonald, Andy
Greenwood, Margaret	McDonald, Stewart Malcolm
Griffith, Nia	McDonald, Stuart C.
Gwynne, Andrew	McDonnell, John

McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 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
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 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
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Salmond, rh Alex
 Saville Roberts, Liz
 Shah, Naz
 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, 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
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Wilson, Sammy
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Jeff Smith and
Judith Cummins

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve

Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Mr Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob

Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Cameron, rh Mr David
 Carmichael, Neil
 Carswell, Mr Douglas
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George

Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon

Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 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
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen

Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 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
 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
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Zahawi, Nadhim

Tellers for the Noes:
Mel Stride and
Sarah Newton

Question accordingly negatived.

Wes Streeting (Ilford North) (Lab): On a point of order, Mr Deputy Speaker. I was wondering whether it was disorderly or simply discourteous that in his winding-up speech the Chief Secretary to the Treasury neglected to congratulate the hon. Member for South Cambridgeshire (Heidi Allen) on her maiden speech.

Mr Deputy Speaker (Mr Lindsay Hoyle): If that was the case, I am sure it was not deliberate. No hon. Member would miss out a maiden speech.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Mr Lindsay Hoyle): With the leave of the House, we shall take motions 3 and 4 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

MODERN SLAVERY

That the draft Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015, which were laid before this House on 7 September, be approved.

INTERNATIONAL DEVELOPMENT

That the draft Asian Infrastructure Investment Bank (Initial Capital Contribution) Order 2015, which was laid before this House on 7 September, be approved.—(*Margot James.*)

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 22 October, the Speaker shall put the questions necessary to dispose of proceedings on the motion in the name of Chris Grayling relating to Standing Orders (Public business) not later than 4.00pm; such questions shall include the questions on any amendments selected by the Speaker which may then be moved; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Margot James.*)

Mr Deputy Speaker: We now come to the Adjournment debate. May we please have fewer conversations, and will Members quickly clear the Chamber?

Cosmetic Surgery

Motion made, and Question proposed, That this House do now adjourn.—(*Margot James.*)

7.15 pm

Mr Kevan Jones (North Durham) (Lab): I would like to raise the case of my constituent, Mrs Dawn Knight, who lives in Kip Hill in my constituency. Mrs Knight is one of the 45,000 people in the UK who undergo cosmetic surgery each year. In 2012, she underwent a cosmetic procedure on her eyes. The operation was arranged by a company called The Hospital Group and the surgery was done by an Italian doctor called Arnaldo Paganelli. During the surgery, he removed too much skin from her lower eye lids, and as a result, the inner parts of her eyes, usually covered, are now exposed to the air. Following this botched surgery, she must now apply artificial teardrops into her eyes every two hours to minimise the pain. On the advice of specialists at the Royal Victoria infirmary in Newcastle, she must also tape her left eye closed every night when she goes to sleep to avoid further damage. While she sleeps, she must apply a thick ointment in both eyes, leaving her unable to see until it is washed out in the morning. Doctors have warned her that this serious condition might result in loss of sight altogether.

This incompetent procedure has left Mrs Knight with serious health problems and a life-changing condition, but her troubles did not cease there. A fight to get the mistake corrected and compensation for her distress have thrown up major questions about the operation of The Hospital Group and the regulation of cosmetic surgery in the UK. The Hospital Group's website claims to run the world's largest plastic surgery facility at its private hospital in Birmingham. It also claims to have General Medical Council-registered surgeons. Anyone looking at its adverts or website will conclude that it is running a hospital similar to a local NHS hospital, but it is not. As Mrs Knight found when she complained, she had entered into a contract not with The Hospital Group but directly with Dr Paganelli.

Jim Shannon (Strangford) (DUP): Last Wednesday in Parliament, there was a public meeting at which constituents from across the UK registered their concerns about cosmetic surgery, particularly eye operations. Many people have found themselves in a similar position to Mrs Knight. Last year, 100,000 cosmetic surgery operations were performed in the UK. Is it not time for full and robust regulation to monitor and reflect the risk attached to all cosmetic surgery?

Mr Jones: The hon. Gentleman makes an important point. This is not just about Mrs Knight; it is about many more such cases, and I will be talking later about exactly the need for more regulation and information in this area.

Although The Hospital Group tries to give the impression it is a hospital, it is, in effect, a facilities, management and brokerage company for individuals wishing to undergo cosmetic procedures. The Hospital Group is very good at self-promotion. It even has celebrity endorsements from individuals such as Kerry Katona. I think the celebrities who appear on the website need to examine their consciences about being associated with this

organisation. Clearly, their endorsements are encouraging young people to undergo these procedures, forcing people into the hands of a company that I think is, frankly, completely irresponsible. The sale of after-care packages is emphasised. In Mrs Knight's case, hers cost £3,500, but she found that this means nothing when things go wrong. It would appear that once The Hospital Group has people's money, it is not much interested if things go wrong.

Having tried to pursue a case against The Hospital Group, Mrs Knight then tried to pursue Dr Paganelli for redress, only to find that he is bankrupt, lives in Italy and flies into the UK to operate on behalf of The Hospital Group. What astounds me is that he is still doing this today, working in hospitals or clinics that are run by The Hospital Group, as we speak. The Hospital Group's response is that it is nothing to do with them. Dr Paganelli was uninsured and The Hospital Group says that it is the patient's responsibility to check whether the surgeon is General Medical Council-registered and holds insurance. If we look on the website today, however, we find the words:

"Book a free consultation today, with our GMC registered surgeons!"

giving the impression that all the surgeons have been vetted by this organisation when that is clearly not the case. Despite this, Dr Paganelli remains licensed by the GMC, meaning that he is deemed fit and suitable to continue to operate in this country, even though he holds no insurance and if things go wrong, patients have no redress against him.

Having examined this case and the others to which the hon. Member for Strangford (Jim Shannon) referred, it would appear that a plumber who comes to fix someone's kitchen sink is more heavily regulated than someone who is allowed to operate on your body. The current law allows any qualified doctor—not just surgeons—to perform cosmetic surgery, without having additional training or qualifications. My right hon. Friend the Member for Cynon Valley (Ann Clwyd) has raised many issues about GPs who have undertaken cosmetic surgery without any formal training. Clearly, there needs to be more robust regulation of these private companies, which stand to make a fortune out of the misery experienced by people such as my constituent Mrs Knight.

The Royal College of Surgeons believes that the GMC needs to be given new legal powers formally to recognise additional qualifications or credentials, and I fully support that call. These should be displayed publicly so that people know that the doctors are properly registered and have gone through the necessary training. Will this solve malpractice and eradicate the problem of cosmetic surgery overnight? No, it will not, but it will at least ensure that some type of regulation is in place. It would be an important and significant start, and it would allow patients and employers such as The Hospital Group to tell competent cosmetic surgeons from cowboys, or indeed from anyone who has limited or no recognised experience in cosmetic procedures.

There has not been inaction in this area. Legislation was drafted by the Law Commission at the request of the Department of Health in 2014, following Sir Bruce Keogh's recommendations in the wake of the PIP scandal. The coalition Government failed to find the parliamentary time to take it forward in 2014. You will remember, Mr Deputy Speaker, that at that time the Order Paper

[Mr Kevan Jones]

was not exactly overflowing with legislation, so we need to answer the question why this was not brought forward. Both the RCS and the GMC are keen to bring in these changes. Again, the Government have failed to include such legislation in the Queen's Speech. I ask the Minister to explain why that is the case, and when the Government intend to introduce such legislation. As I have said, it would have the support of both the Royal College of Surgeons and the General Medical Council, but it would also have cross-party support in the House.

May I also ask the Minister about the cost to the NHS? In Mrs Knight's case, the cost of putting right the mistakes made by Dr Paganelli will have to be picked up by the NHS. As the hon. Member for Strangford said, this affects a large number of people, and the NHS is having to treat them at great expense because of the actions of organisations such as The Hospital Group and individuals such as Dr Paganelli. Is it right for the taxpayer to pick up the bill while those organisations and individuals are making absolute fortunes out of people's misery? I do not think it is. We need to look into how the NHS can recover the cost of the treatment that Mrs Knight and others are undergoing at the taxpayer's expense.

Jim Shannon: Some of the people who were at the meeting on Wednesday told horrifying stories about the ways in which in which the surgery had affected them. Some of them had partially lost their eyesight. There was the depression, there was the trauma, and there were all the other side effects of what had happened to them. Despite all that, however, some of the people who carried out those operations continue to perform this surgery. People are experiencing life-changing medical conditions. Something must be done, and perhaps the Minister needs to tell us that tonight.

Mr Jones: The hon. Gentleman has made a very good point. It is not just a question of the initial cost. Some people will need lifelong treatment, which will be very expensive for the taxpayer. I think that there should be a mechanism enabling the taxpayer to recover some of the cost from private companies and individuals when things go wrong.

I am also concerned about the issue of regulation. These organisations produce a great many glossy brochures, set up websites and have celebrity endorsements, but it is clear that some of the people who undergo cosmetic surgery need counselling beforehand, and there is no legal or other requirement to ensure that they receive it. Surgery that may be seen as life-changing—and, in some cases, is, for the wrong reasons—may also not be appropriate for some of those involved. They are mainly women, but, according to various reports that I have read, an increasing number of men are undergoing these procedures. They are not right for everyone, and I think that counselling and advice should be a key part of the process before anyone is convinced about going under the knife. The companies involved clearly exert a great deal of pressure to ensure that a steady flow of people enables them to make the money that they do make.

Let me finally ask the Minister about The Hospital Group itself. It gives the impression that it is a hospital group providing healthcare services, but it is clear that it

is actually a facilities management company brokering details between patient and surgeon. Its material is very misleading. For instance, its website deliberately states that its surgeons are GMC-registered. It even refers to the Care Quality Commission as though that gave it the stamp of approval, and provided some type of guarantee. A misleading impression is being given.

I ask the Minister to examine the way in which The Hospital Group in particular, but other groups as well, use terminology. I think that the average man or woman in the street may get the wrong impression from the CQC symbol or the reference to the GMC registration. The fact that when things go wrong they find that The Hospital Group wants nothing to do with it, and it is up to them to decide what to do, is another matter. That is not the impression given by the misleading publicity—deliberately so, I think—that is put out.

My constituent's case is one of many that have highlighted the need for regulation. The legislation is there and we should press forward as a matter of urgency because if we do not more people will suffer. If there is one thing that my constituent, Mrs Knight, wants, it is that other people should avoid the awful experiences that she has gone through because of the negligence and greed for profit of both The Hospital Group and Dr Paganelli.

7.30 pm

The Parliamentary Under-Secretary of State for Health (Ben Gummer): I thank the hon. Member for North Durham (Mr Jones) for securing this debate on what is clearly an extremely distressing case for his constituent and an unfortunate one more generally. I want to pick up on the specific issues he raised to do with his constituent's case before talking about the generality of the regulation of cosmetic surgery.

The hon. Gentleman pointed out the failure of his constituent's doctor to have insurance and he will be pleased to know that, as of July 2014, new legislation required all surgeons providing cosmetic interventions to provide insurance and proper cover. A failure to do so would render them liable to undergo the fitness to practise tests conducted by the GMC. Those doctors operating outside the UK but in the EU who would have a temporary ability to operate in this country under the directive on mutual recognition of professional qualifications would still, under GMC regulations, be required to provide evidence of insurance cover. That legislation was brought into effect in August, which was clearly too late in the case of his constituent.

Mr Kevan Jones: Will the Minister look specifically into the case of Dr Paganelli, as I understand that he is still practising in this country?

Ben Gummer: I will certainly look into that case, as it does not sound right. I cannot trespass on the realms of the GMC, but I will inquire into the specific case outlined by the hon. Gentleman.

The hon. Gentleman makes a valid point about the cost to the NHS and this is not the only area in which we have considered and continue to consider cost recovery for the NHS. It can be difficult as sometimes the cost of legal action outweighs the cost of recovery and it is not something that the service is used to doing. I am keen to

explore it further, but in the context of the action we are taking, which I shall come on to, I hope that the hon. Gentleman will understand the need to take this bit by bit so that we get the process right. In principle, I certainly agree that if organisations cause a cost to fall on the NHS, as in this case, there is a good argument for seeing whether that cost can be recovered.

That takes me on to another part of the hon. Gentleman's speech that was particularly striking, about the celebrity endorsements in this case. It is not for me to make policy announcements in an Adjournment debate, nor would I want to in the case of celebrity endorsements, but I agree with the hon. Gentleman that people should think carefully about how they endorse cosmetic surgery. It is a serious intervention and if anyone seeks to glamorise something about which careful thought should be taken, people and the organisations using those endorsements should treat them with extreme care.

I would point the organisation that the hon. Gentleman is dealing with and everyone else towards the code of conduct in advertising, the Committee of Advertising Practice and the Broadcast Committee of Advertising Practice, which drew up guidance in October 2013, especially on protecting children and young people. I think it would be appropriate to make sure the organisation of which he speaks is complying with the spirit as well as the letter of that guidance and if not, I will certainly help him to ask whether anything more can be done on that.

The hon. Gentleman raises the issue of counselling. Any reputable organisation should seek to ensure that people undertake procedures only when they need to do so and have been properly counselled on the consequences of their actions so that they can make an informed decision. The Government believe that that should happen in every case for cosmetic surgery. There should be an informed decision, taken with serious thought.

Finally, on the issues to do with the hospital group the hon. Gentleman raised, I cannot speak without further advice, but there clearly seem to be questions about trading standards, which he raised. I hope that I and my officials will be able to meet him to look carefully at this case, to make sure if the hospital group is misrepresenting its position apropos its surgeons and those it seeks to represent, it is not besmirching an industry which more widely does take its duties and the way it represents itself seriously.

Jim Shannon: The hon. Member for North Durham (Mr Jones) has raised a topical issue of which we are all aware. Many people have had botched operations. Has the Minister's Department been able to quantify how many? Optimax was one of the groups involved with a lot of the operations for laser surgery. People thought that was safe, but it was obviously not safe for all. Has the Department been able to quantify the numbers and therefore take action?

Ben Gummer: I am afraid I do not have an answer to the hon. Gentleman's question, but I will make sure we write to him if such figures exist, although I suspect they may not. Let me inquire, and then I shall reply to his question.

Let me turn to the broader policy issues to which the hon. Member for North Durham referred. He referred to Sir Bruce Keogh's review. It began in January 2012

after the PIP breast implant scandal. It covered the rapidly growing non-surgical cosmetic market. He published that review in 2013 and it highlighted the rapid growth of cosmetic interventions, and suggested safeguards among 40 recommendations to protect patients. The aim of those was to improve how surgical and non-surgical interventions were done, to set standards for training practitioners and surgeons and for how supervision from regulated healthcare professionals can support self-regulation of the industry, and to improve the quality of the information clients have to ensure they are able to make informed decisions about their treatment. The Government published their response in 2014.

By the time of the publication the Government had already started work on a number of the recommendations. To address the issue of proper training for cosmetic practitioners, the Royal College of Surgeons set up an inter-specialty committee with representation from the relevant specialty associations and professional organisations including plastic surgery, ear nose and throat, oral and maxillofacial surgery, breast surgery, urology, the Royal College of Obstetricians and Gynaecologists, the Royal College of Ophthalmologists, the General Medical Council and the Care Quality Commission. The committee also includes patient and provider representation, and representatives from the devolved Administrations are invited as observers.

The committee established three sub-groups which are taking forward the work to implement the recommendations. They cover standards for training and certification, clinical quality and outcomes, and patient information. The committee is also in the process of developing an overarching framework for certification to improve the safety and delivery of cosmetic surgery. Individuals performing cosmetic surgery will be expected to practise within their field of specialty training. The framework for certification takes into account equivalence for non-UK-based surgeons.

Holly Lynch (Halifax) (Lab): I thank the Minister for giving way, and I thank my hon. Friend the Member for North Durham (Mr Jones) for bringing this important debate to the Chamber. PIP has been mentioned, along with the regulations that are in place in this country. I want to ask how we need to work with our European neighbours to ensure that we get the regulation right. We have heard about doctors coming from Italy to practise in this country, for example, and we know how PIP, which started in France, has impacted on patients in the UK. What work is the Minister doing to ensure that we co-operate across Europe to close down any loopholes in this area?

Ben Gummer: The hon. Lady has touched on a complicated and diverse subject. I will happily talk to her when we have more time about what the Department is doing and what we are doing within the European Union to ensure the transferability of qualifications. A considerable amount of work is being done, and the GMC has tightened up a whole number of areas to ensure that we allow only the highest quality of practice in this country, while allowing people to travel through the European Union to practise using their qualifications.

I want to turn now to training for non-surgical interventions. We asked Health Education England to develop a new qualification framework for providers of

[Ben Gummer]

non-surgical cosmetic interventions, and for those required to be responsible prescribers, that could apply to all practitioners regardless of previous training and professional background. Health Education England has now completed its review on the qualification requirements and will publish its recommendations shortly.

The issue of breast implants initiated the review by Sir Bruce Keogh. The review placed particular importance on systems that can precisely identify the complete cohort of patients in which a specific implant has been used. It recognised that being able to monitor the device implementation and performance for clinical outcomes and tracing of patients at risk of device failure was an important safety issue. There has been a range of responses, involving the Medicines and Healthcare Products Regulatory Agency, the Health and Social Care Information Centre, the Committee of Advertising Practice and the Broadcast Committee of Advertising Practice, and a whole series of recommendations has been enacted following the review.

Turning to legislation, we know that there are examples of high-quality surgical and non-surgical intervention, as I am sure the hon. Member for North Durham would agree, and it is those standards that we must make universal. I am aware of the arguments in favour of legislation as a way of reaching those standards—for example, through the statutory regulation of the non-surgical sector or new powers for the GMC. However, it does not follow that we must depend on legislation alone to meet the fundamental objectives of the Keogh review. Much has been achieved already and there is much more to do.

I know that the hon. Gentleman understands the pressure of competing priorities on parliamentary time. The calendar for legislation is full at the moment, as he knows, but we now have an opportunity to review and

monitor the impact of non-legislative action before confirming whether new legislation would add significant value to safeguards for people choosing cosmetic procedures. We will continue to be advised on that by Sir Bruce and others as the safeguarding framework continues to develop. I can give the hon. Gentleman a personal assurance that I will ensure that the review of the non-legislative remedies is thorough, and that if it is found wanting, we will immediately look again at the subject with a view to taking further action.

We are grateful for the support of the Royal College of Surgeons and its partners and for the extremely thorough work that they have done so far. We are also grateful to the General Medical Council and the Care Quality Commission. In the light of the continuing work that I have outlined, I hope that the hon. Gentleman will agree that we are in a far better position now than we were before Sir Bruce's review to help to protect the public and ensure proper training and oversight of non-surgical as well as surgical cosmetic interventions.

On the specific questions that the hon. Gentleman raised about his constituent, I commit to returning to him with an answer on the doctor he mentioned and the insurance that he will be required to have. I will also give him a specific answer on the cost to the NHS and any work that we might do on cost recovery, and on the specific guidance on the advertising of surgical procedures. I hope also to be able to get to the bottom of the nature of the sales techniques and the claims made by the hospital that he has mentioned, to ensure that it is practising in accordance with the standards that would be expected of a decent, reasonable organisation doing what it purports to do. I thank the hon. Gentleman very much for bringing this case to the Government's attention.

7.45 pm

House adjourned without Question put (Standing Order No. 9(7)).

Westminster Hall

Tuesday 20 October 2015

[MR PHILIP HOLLOBONE *in the Chair*]

Cancer Drugs

[*Relevant documents: E-petition, entitled Abraxane MUST be put back on CDF list to improve survival of pancreatic cancer; E-petition, entitled The Cancer Drugs Fund (CDF) is not fit for purpose and needs to be replaced; E-petition, entitled Reinstate all of the drugs recently removed from the Cancer Drugs Fund (CDF); and E-petition, entitled Reinstate bevacizumab (Avastin) for cervical cancer on the Cancer Drugs Fund.*]

9.30 am

Jim Shannon (Strangford) (DUP): I beg to move,

That this House has considered the availability of cancer drugs.

As the turnout this morning indicates, the subject of the debate is of concern to us all. There are more Members from Northern Ireland present than usual, but that may be an illustration of the concerns of our constituents across Northern Ireland on this matter.

I did some background research before I came down to the Chamber, and I discovered that in September 2013, the *British Medical Journal* asked:

“Which way now for the Cancer Drugs Fund?”

In July 2015, the *Health Service Journal* said:

“Cancer commissioning overhaul could save 30,000 lives” and *The Daily Telegraph* on 4 September led with the headline:

“Thousands of cancer patients to be denied treatment”.

On 5 September, *The Independent* reported:

“NHS cuts to drugs fund mean thousands of cancer patients in England will be denied life-extending treatments”.

Finally, *The Guardian* stated on 23 September:

“UK NHS cancer patients denied drugs due to inflated prices”.

All those headlines highlight a clear problem when it comes to cancer drugs, which is of the utmost importance and which is, unfortunately, too close to home for many of us. There are many organisations that help those affected, but I would like to mention Macmillan Cancer Support, which is very much in my mind. The charity stated that 2.5 million people in the UK are living with cancer in 2015. The fact that that is slightly less than 5% of our total adult population indicates that this problem is enormous. It is hard to find anyone whose life has not been touched by this horrendous disease in some way.

My father, who passed away this year, had cancer on three occasions. He survived all three of them and lived to the ripe old age of 85, having first been diagnosed some 36 years ago. I have always said that the skill of the surgeons, the care of the nurses and the prayer of God’s people saved him on those three occasions. For many of us, cancer is not simply something that others talk about; it is something that affects each and every one of us.

My father is only one example. In my office every week, people come to me who are suffering from cancer. Some are also in the throes of benefits problems; very often, in addition to the trauma of health issues caused by their cancer, people have to deal with benefits difficulties.

We have to work out how to get them into the benefits process and take the financial pressure off them at such a crucial time.

Lady Hermon (North Down) (Ind): I congratulate the hon. Gentleman on securing the debate, which concerns the availability of cancer drugs throughout the UK, not simply in Northern Ireland; I am surprised that more Members are not present. Greater availability of off-patent drugs would help in the fight against cancer and reduce cost to the NHS. Will the hon. Gentleman support that call and the private Member’s Bill on the topic?

Jim Shannon: I thank the hon. Lady—my hon. Friend—for her contribution, and I am happy to add my support. Indeed, I attended a meeting of the all-party group on off-patent drugs last Thursday, and it is important that we support its campaign.

Nick Thomas-Symonds (Torfaen) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Strangford (Jim Shannon) on securing a debate on an important issue that affects many families—perhaps all families—across the UK. I intervene at this point because the hon. Member for North Down (Lady Hermon) has mentioned the private Member’s Bill that I am sponsoring—the Off-patent Drugs Bill. Would the hon. Gentleman agree that there are problems affecting the prescription of off-label drugs? It happens inconsistently across the country, and there are problems of information and a conservatism about prescribing off-label. Does he agree that those problems are best dealt with by legislation?

Jim Shannon: We have hit on an issue that resonates across the whole House. Let us put on the record the fact that there is a goodly representation of other parties today, and those hon. Members are here because they have an interest in the matter. I am pleased to see the Minister in his place. He tells me that I never miss one of his debates, and I do not know whether this is his debate or mine, but we are both here for the same purpose. I am pleased to see the shadow Minister, the hon. Member for Denton and Reddish (Andrew Gwynne), in his place as well.

Survival rates are improving, and that development is great for everyone.

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Gentleman on securing this debate about cancer, which impacts on almost every family throughout Northern Ireland and Britain. Before we proceed to talk about cancer drugs, does he agree that it is most important that we have proper diagnosis and proper testing? As well as widening access to cancer drugs, does he agree that access to testing such as Oncotype testing for breast cancer, and BRCA1 and BRCA2 testing for ovarian cancer, is important, because they will suggest the right type of cancer drugs to prescribe—and, indeed, indicate whether cancer drugs are required at all? We need the diagnosis and testing, and then we need the right type of drugs.

Jim Shannon: I absolutely agree. The hon. Lady mentioned ovarian cancer. Most of us from Northern Ireland will know of Una McCrudden, who passed

[*Jim Shannon*]

away earlier this year. She was an energetic person who spoke out on behalf of those with ovarian cancer. She survived six years after she was first diagnosed, and all her latter years were put into that campaign. I know that the hon. Lady knew her as well as the rest of us did.

Great work has been done on ovarian cancer. Only last week, I heard of one of my constituents who had been diagnosed with ovarian cancer and undergone surgery. The operation was successful, and we thank God for that, but many others do not survive. Survival rates are improving, and given that one in two people diagnosed with cancer in the UK survives, we are on the right track. The fact remains, however, that we could and must do so much better.

With innovation in cancer treatments making great strides, it is imperative that we, as representatives of the people the length and breadth of this nation of the United Kingdom of Great Britain and Northern Ireland, campaign to increase the availability of cancer drugs to our constituents. The Minister and I have discussed this many times. Queen's University in Belfast is one of the leading advocates for innovation in the search for new cancer drugs, and it leads the way in cancer treatment, as it does in many other spheres of life. Today the Chinese President is visiting Parliament, and we have all sorts of other contacts with China, so it is particularly appropriate to highlight the fact that Queen's University works in partnership with organisations and universities in China to move that work forward.

Cancer knows no creed, colour, race, religion or class. It is an enemy that we have all come together to fight. With that in mind, I hope that we can all come together to give our constituents up and down this nation access to the very best treatment for that common enemy. We are united in our desire to see greater availability of cancer drugs in every postcode area across the United Kingdom.

Mr Andrew Smith (Oxford East) (Lab): I join other hon. Members in congratulating the hon. Gentleman on securing the debate, and I support what he is saying about access to cancer drugs. Is it not also important to underline the fact that the overwhelming majority of successful treatment of cancer is by surgery or radiotherapy, often supported by drugs?

Jim Shannon: Absolutely. My father survived cancer three times because of the surgeon, the chemotherapy, the radiotherapy and all the other treatment that he received, and the drugs helped. So, by the way, does a good diet; there are lots of things that we need to do to tackle the disease. I draw the House's attention to the recent developments in Northern Ireland. Hon. Members will know that health is a devolved matter. My party colleague, Simon Hamilton MLA, the Minister for Health, Social Service and Public Safety, has taken the initiative to release £1.5 million to fund specialist cancer drugs. That will allow for NICE-approved cancer drugs and treatment to go ahead this year.

Gavin Robinson (Belfast East) (DUP): I congratulate my hon. Friend on securing this debate. He mentions the figure that has been secured by our Health Minister in Northern Ireland. Has any thought been given to the

amount of money or resources made available to reduce the time individual patients will have to wait before securing the drugs they need?

Jim Shannon: I am unable to answer that question effectively and honestly. I know that question will be brought to the attention of the Minister back home and the Minister here will have a response to it. Today's debate highlights the issue and raises awareness. We have concerns about the long waiting list. As the hon. Member for South Down (Ms Ritchie) said, we need diagnoses early—the earlier the better. I find it frustrating when I hear from some of my constituents who might wait 12 weeks for a diagnosis and perhaps longer for treatment. We need to address that.

Andrew Stephenson (Pendle) (Con): I join other hon. Members in congratulating the hon. Gentleman on securing the debate. I agree with the point that he is making about the availability of cancer drugs across the United Kingdom. Does he agree with me that the environment in which patients are treated is also important? Will he join me in congratulating my local hospital trust, East Lancashire Hospitals, on its commitment to build a new cancer unit at Burnley general hospital with the support of the Rosemere Cancer Foundation?

Jim Shannon: As the hon. Gentleman says, there are many good examples across the whole United Kingdom of Great Britain and Northern Ireland, where things are done well. We thank the doctors and nurses, who work energetically, and the many charities.

The national target for accessing these life-changing drugs is 19 weeks. The move in Northern Ireland will go a long way towards enabling the health service there to reach that target. My hon. Friend the Member for Belfast East (Gavin Robinson) was correct that we need to focus on that target. Each day in Northern Ireland, 23 people are diagnosed with cancer and 11 people die of it. According to Cancer Research UK, there were 331,487 new cases of cancer in 2011 and 161,823 deaths from cancer in 2012. That tells us a wee bit about the magnitude of cancer and its importance to every person in the whole United Kingdom. More should be done but I can only welcome the recent developments in the Province. I hope that other areas of the country can follow suit by freeing up the funds necessary and introducing legislation to prioritise fighting this awful disease to the best of our ability.

In England and Wales, cancer remains one of the biggest killers, causing 29% of all deaths. Progress has been made and all progress is welcome, but it is opportunities like today when we can really make a difference to the lives of individuals and families from all walks of life. Recent developments across the water—here—are deeply concerning. In September, 16 drugs were removed from the Cancer Drugs Fund list in addition to another 16 drugs that were removed from the list in January.

Nick Thomas-Symonds: I congratulate the hon. Gentleman on making that point. Does he agree with me that the removal of Abraxane from the national Cancer Drugs Fund list is particularly concerning given that pancreatic cancer patients, 80% of whom are diagnosed when the cancer has already spread, are often left with a

finite and small amount of life? A drug such as Abraxane can make a significant difference to those people and that decision should—I hope it will—be reversed in future.

Jim Shannon: The hon. Gentleman must have helped me put my notes together because I have written that one down. It was one of my next points. Yes, we are concerned about that. I look forward to the Minister's response on that point because, quite clearly, it is hard to understand why Abraxane should be removed given that it at least extends the life of many people.

Sir Oliver Heald (North East Hertfordshire) (Con): On that point, a very small number of conditions are very fast-acting. Pancreatic cancer is one of them—six months, on average, between diagnosis and passing away. Does he agree with me that NICE needs to find some way to capture the importance of an extra two months? An extra two months to somebody who only has six is time to settle their circumstances and come to terms with the situation. It is a very important two months and somehow that needs to be captured.

Jim Shannon: I could not have said it better. That is exactly the issue for many in the House and for those outside who have to deal directly with these issues.

Moves such as the removal of the drugs prevent thousands of cancer sufferers across England and Wales from being able to access the quality treatment they deserve. Thousands of people are disadvantaged, thousands of families are losing out and thousands of normal people are in despair. Today, we need to give them hope, an advantage and life itself.

The Government have said that the manufacturers of drugs recommended for removal from the Cancer Drugs Fund will have an opportunity to reduce their costs. Negotiations are under way. I am keen to hear the Minister's response on that. I would like confirmation that patients already receiving a drug that will be removed from the Cancer Drugs Fund will continue to be treated with that drug. Clinicians certainly indicate that they consider it appropriate to continue treatment. The patient needs to be assured that the system is such that those who are on the drugs will continue to be. I had written down the point about pancreatic cancer. The hon. and learned Member for North East Hertfordshire (Sir Oliver Heald) is absolutely right. I thank him for his intervention.

We are living in times when we are all being asked to tighten our belts but when it comes to issues like this, we simply cannot put a price on doing what is right. Given the consequences for patients, it is imperative that we act sooner rather than later. A long-term and sustainable system for cancer drugs is essential and, while we build that, we have to keep doing what we can to improve the lives of those suffering right now. That starts today with this debate. The debate has been happening outside the Chamber and today is an opportunity to highlight to issue in the Chamber.

I am particularly looking forward to hearing the Scottish National party spokesperson today because I was talking to the hon. Member for Central Ayrshire (Dr Whitford) last night at a different debate. She was unable to attend today. The Scottish National party, Scotland and its Parliament have led the way in how

cancer drugs can be allocated. There are lessons to be learned from Scotland so the SNP's comments will be particularly pertinent.

We have an opportunity to do what is right. Today we have an opportunity to make a difference and to affect normal, everyday people's lives in a positive way. We need to seize that opportunity. Let us use this House for what it was designed for—to help the people we represent. Cancer can strike anyone. It is indiscriminate and that is why we should be doing our best to get what is best for our constituents.

With the working group on the Cancer Drugs Fund currently suspended, it is important to remember that each minute we fail to make progress on the issue we are failing a British citizen suffering from cancer. I need not remind the Chamber of the ultimate consequences of patients being denied access to life-extending treatments. The longer we delay consultation on the new system, the more lives we are failing. Having said that, it is important that we consider the outcome and results rather than just the intention of the actions we take. The Cancer Drugs Fund did great work when it started and the intention of the fund was most honourable. However, we all know of the budgetary constraints that made the Cancer Drugs Fund sustainable, which is why we need to have an open and rational discussion about how to progress.

I should have said this at the beginning, but I will do so now: I thank the hon. Member for Scunthorpe (Nic Dakin), who attended the Backbench Business Committee on my behalf on a Monday about two months ago. I was unable to be over here on that Monday but he did it for me so I thank him publicly for that opportunity.

I welcome the fact that the Cancer Drugs Fund will become operational once again from April 2016, as I welcome any provision of care for cancer sufferers, but it is imperative that we develop a long-term solution that commits us to those who depend on cancer drugs for the extension of their life and for their families. Very often—I see this in my constituency office and I know that other Members do—we see the impact on the families. There are enormous financial, emotional and physical pressures.

Ms Ritchie: Is the hon. Gentleman aware that the UK National Screening Committee, which advises the devolved Administrations and the NHS in England on clinical trials, started a process of clinical trials last year? At the debate that I had in this Chamber on 4 November last year, I was told by another Minister in the Department of Health that that evidence base would be assessed for future treatment and diagnostic purposes. Does the hon. Gentleman agree that it would be useful if the Minister, in summing up, advised us of the results of those trials, which could then lead to better treatment and decisions on possible cancer drugs?

Jim Shannon: The Minister's staff are taking notes, and hopefully he will be able to respond positively.

During the transition to the new system, cancer sufferers who were not registered with the Cancer Drugs Fund prior to suspension are not able to access the benefits of the CDF, which is deeply concerning. The second round of delisting will see a further 16 drugs delisted. As the CDF is suspended, patients who did manage to get

[Jim Shannon]

registered are losing out on drugs that could potentially have been listed and may have been vital to their treatment, which is of concern to everyone in this House.

This is clearly an emotive issue that goes to the heart of everyone here and our constituents across the United Kingdom of Great Britain and Northern Ireland, which is why so many people are in this Chamber today. I thank each and every Member for their interventions and contributions. I look forward to the contributions to come.

Action is urgently needed, but we also need a sensible, rational and robust exchange on how to deliver this positive initiative in a sustainable manner that allows us to have a positive, long-term impact on those who are suffering. I look forward to the contributions of the shadow Minister, the hon. Member for Denton and Reddish, and particularly the Minister, for whom I have the greatest respect. I look forward to his reply with all the positive answers that we want so much.

Several hon. Members *rose*—

Mr Philip Hollobone (in the Chair): Order. The debate is due to last until 11 o'clock. I want to call the three Front Benchers no later than just before 10.30 am—they will have about 10 minutes each. We will hear from Mr Shannon again for two or three minutes at the end as he sums up the debate. I will then put the motion to the Chamber. Now, the moment we have all been waiting for: I call Nic Dakin.

9.51 am

Nic Dakin (Scunthorpe) (Lab): As ever, it is a real pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Strangford (Jim Shannon), who is an assiduous campaigner on this and many other issues, on setting out the case very clearly in his opening speech.

I will focus on pancreatic cancer, which, as everyone knows, is an extremely aggressive form of cancer with the worst survival rates of any of the most common cancers. The way in which Abraxane has been dealt with by the cancer drugs fund and the National Institute for Health and Care Excellence is illustrative of the challenges in access to other cancer drugs.

When used in combination with standard chemotherapy, Abraxane can extend the life of eligible patients on average by just over two months compared with using gemcitabine alone. However, it is important to note that, in some cases, patients live for significantly longer than two extra months, with some patients on the trial living for more than two years. The hon. and learned Member for North East Hertfordshire (Sir Oliver Heald) captured very clearly how two months can be significant in allowing patients with such an aggressive disease to settle their affairs and manage their situation as best as they can. There has also been a significant increase in the number of patients surviving for more than one year. For a disease in which there have been no drug improvements for more than 40 years, Abraxane is significant in finding a better answer.

Abraxane represents a middle road for pancreatic cancer patients. It is more effective than gemcitabine alone and, although it has considerable side effects, it is

less toxic than FOLFIRINOX, which has been shown to extend life for longer but can only be used for the very fittest of patients. Although not all patients will be fit enough to use Abraxane, more patients will ultimately have access to life-extending treatment.

Abraxane was added to the cancer drugs fund in March 2014. That was a moment of great hope and expectation for the pancreatic cancer community, which for so long has had little about which to be positive. However, as new drugs were added to the cancer drugs fund and costs started to rise, a process began of removing drugs from the CDF's list of approved drugs so that the fund could keep within budget, as the hon. Member for Strangford has outlined. A further review began in July 2015, and a decision was announced in September that Abraxane, along with several other drugs for other conditions, would be removed as of 4 November. That is happening across cancer treatment. For example, lenalidomide, which is currently being trialled on multiple myeloma patients with positive results, is also being removed from 4 November. This is a big problem out there in the real world.

It seems bizarre that a drug can be added to the cancer drugs fund in March 2014, then be removed just 18 months later. It seems wrong that a drug for which there was such strong demand—more than 550 patients accessed Abraxane via the cancer drugs fund in its first year, and the numbers were rising towards the end of the year—should be removed when few other treatments exist. It seems inequitable that the scoring system used by the CDF does not take into account the extremely poor survival rates for pancreatic cancer. We simply cannot have a one-size-fits-all system in which a drug giving substantial relative gain for a disease that has seen hardly any new treatments or improvements in survival for decades is judged by the same standards as drugs for other cancer types that have much better survival rates and many more treatment options.

Abraxane is not one of the most expensive drugs on the CDF. It costs some £8,000 per patient, not the £90,000 for some other treatments. There is considerable public outcry against the decision. One petition on Change.org created by my constituent, Maggie Watts, who lost her husband to pancreatic cancer 40 years after he lost his mother to pancreatic cancer—there has been no change in survival prospects over those 40 years—has exceeded 88,000 names already. Another petition started by the charity Pancreatic Cancer Action on the parliamentary e-petition site has passed 20,000 signatures.

There is a real problem, and a postcode lottery is emerging across the United Kingdom, with Scotland having approved Abraxane for routine use on the NHS back in January 2015 after the drug was assessed using Scotland's new patient and clinician engagement system. Perhaps, as the hon. Member for Strangford said, we in England can learn from that. Wales used its own assessment to approve the drug for use back in September 2014. However, because NICE has said no to Abraxane in England, the drug will be reappraised in Wales, which might lead to access being removed. Northern Ireland has never had access to the drug because it generally follows NICE decisions and, as things lie, it does not look as if Northern Ireland will have access to the drug in future.

Mark Tami (Alyn and Deeside) (Lab): My hon. Friend has outlined all the hoops that people have to leap through. If their timing is wrong, they may or more likely may not qualify for the drug. That is happening when patients are at their weakest. They are not experts, and they find themselves victims of what can appear to be a very cruel and harsh system.

Nic Dakin: My hon. Friend is right that patients and their families are at a critical point, which is why it is important that, on this difficult issue, we try our best to find a way forward that is sensitive to the need for such exceptional drugs in exceptional circumstances. In many ways, the Government should be praised for introducing the cancer drugs fund, but the CDF is clearly not fit for purpose when dealing with such exceptional situations, which is what is needed.

Other countries across the world are taking a leap forward in approving Abraxane for their health systems. Abraxane has been approved on price grounds for reimbursement in Austria, Denmark, Germany and Greece, and it has been given the go-ahead in the USA, Canada and Australia. There is a real danger that patients in the UK will be left behind unless they happen to be in Scotland. Removing access to Abraxane could mean that fewer patients can access trials. Moreover, we could be setting back research into a disease that for many years has had the worst survival rates of the most common cancers. This is an opportunity for a breakthrough in medical research that needs to be taken

I ask two things of the Minister, who goes about his work in an assiduous and effective way. First, can he take steps to examine the processes that NICE and the CDF use to consider drugs so that they take into account the exceptional circumstances surrounding drugs of this nature in areas where there has been no medical process or medical hope for many years? Secondly, will he meet me and the other officers of the all-party group on pancreatic cancer to explore the specific issues around Abraxane?

10 am

David Simpson (Upper Bann) (DUP): I congratulate my hon. Friend the Member for Strangford (Jim Shannon) on securing this debate. On a more humorous note, I heard him mention that he has never missed a debate that the Minister has participated in; I think we could safely say that he has not missed any debates in the past five or 10 years. He is a champion in his own constituency when it comes to cancer research and pushing for cancer drugs, and I congratulate him publicly today on his work and his effort.

I welcome the opportunity to participate in this debate. In recent days, our newspapers, TV screens and social media have been flooded with reports about cuts to cancer treatments. One of the latest reports I read indicated that 5,500 patients could miss out under the Government's plan to reduce the availability of cancer drugs.

Today, cancer is a word that has become all too familiar in our households. As we come together to debate the availability of drugs, some 2 million people are battling cancer. They are husbands, wives, mothers, fathers, sons or daughters. The impact of cancer is much greater and much more widespread than it might appear if we consider only those who are statistically labelled.

Recently I had the opportunity to visit the state-of-the-art facilities at the Queen's University Centre for Cancer Research and Cell Biology in Belfast. It is making fantastic headway in understanding cancer: how it is formed; how it develops; and ultimately how we can slow down its growth, and eradicate faulty genes and molecules in tumours. The centre was recently awarded almost £4 million to continue its work in research and in developing cancer treatments.

I am proud that Almac, a pharmaceutical company that is a world leader in cancer drug discovery, has its headquarters in my constituency of Upper Bann. Its founder, the late Sir Allen McClay, was so dedicated to improving patient care that he donated much of his wealth to the Centre for Cancer Research and Cell Biology. However, while all this work is going on and new drugs and treatments are being identified, we consistently hear reports that there are plans to remove life-prolonging drugs for various cancers, including breast cancer, prostate cancer and bowel cancer, to name just a few.

Lady Hermon: One of the greatest concerns is about the cost of these drugs. The hon. Gentleman said that one of the famous manufacturers of cancer drugs is based in his constituency. How often does he have the opportunity to meet people from that company? Would it be helpful for a cross-party delegation to meet the senior management of that company, to persuade them to reduce the cost of their drugs? I am sure that they could; where there is a will, a way will be found.

David Simpson: I welcome that intervention—the hon. Lady makes a very good point. If Sir Allen were alive today and witnessing the cuts in the availability of these life-prolonging drugs, which were once in the headlines as good news stories, he would come out with his old statement: “Bang your heads together and get a resolution to this.” It is a good idea to have such a delegation. I meet Almac staff on a regular basis. Almac is a pioneer in this sector; it is working with Government very closely; and I understand that the pricing of its drugs is not ridiculous.

However, I will make a parallel point. Well over a year and two months ago—perhaps more—it was announced at the Budget that the Health Minister would introduce funding so that a vaccine for meningitis B could be given to children. It took a year and two months—perhaps even more time—for that policy to be implemented, because the pharmaceutical companies were holding out for more money than the Government could afford to pay. They were asking ridiculous prices, because they had the sole remedy for a complaint, so could exploit that situation.

The message needs to go out to some of the pharmaceutical companies that we are dealing with life here. And as one hon. Member said earlier, even if there are only two or three months of life left, people want to hold on to that life as long as they possibly can, because where there is life there is hope, and hope is what people want to hold on to.

A number of weeks ago in this House, I attended an awareness day for secondary breast cancer, and I was shocked to learn that the Government do not keep data on people who are living with this incurable disease, which is remarkable. In the other House, Baroness

[David Simpson]

Morgan of Drefelin has highlighted the issue: because the Government, the NHS and the pharmaceutical industry have again failed to agree realistic prices for new drugs, some women will die sooner than they should.

Bowel cancer is the fourth most common cancer in the United Kingdom. Experts say that around two thirds of those who seek NHS treatment for advanced bowel cancer treatment are likely to face an earlier death under the plans to scale back spending. That is wrong. Like many Members, I regularly meet—possibly on a weekly basis—constituents who are battling cancer or who have just been diagnosed with cancer. I recently met a family who told me of their agonising fate as their father had been diagnosed with lung cancer. Like many families, they have carried out their own extensive research and confirmed with their oncologist that there are drugs out there that could prolong his life. Millions of pounds have been spent on developing these drugs, which could perhaps either save people's lives or prolong them. However, that family were told, "Sorry, but we can't give it to him, because it's just too expensive."

Where do we draw the line when it comes to someone's life and life expectancy, and the family who are left behind? I realise that the Government have very hard decisions to make. I appreciate that, but anyone in Westminster Hall today who has either suffered from cancer or known a family member or a loved one suffer from cancer would go to the ends of the earth to try to help them and to resolve this issue, because life is precious. As I say, the Government have hard decisions to make, but I do not think that anyone here today would or should put a price tag on a loved one's life.

More needs to be done. Families living with cancer need all the help they can get, through the Government, through counselling, through drugs or through whatever help they can find. I trust that the Government will consider that when it comes to the funding of these drugs.

10.9 am

Mark Durkan (Foyle) (SDLP): As other hon. Members have said, it is truly a pleasure to serve under your chairmanship, Mr Hollobone. I want to begin by commending the hon. Member for Strangford (Jim Shannon) on securing this debate and giving us an opportunity to discuss an issue that is important to many people and families in every constituency that is represented in this House. The issue is important not just because of the scale of cancer's impact, but because people are confused about some of the policies: the policy language and all the different funding mechanisms that seem to afflict delivery of treatments and options for new drugs.

I endorse much of what the hon. Member for Scunthorpe (Nic Dakin), who chairs the all-party group on pancreatic cancer, said about Abraxane. I, too, am an officer of that group. Abraxane is a perfect but terrible example of exactly the confusion and concern that people feel. Here is a drug that was supported by NHS England, but will be withdrawn on 4 November. People do not understand why, in this day and age, with evidence-based policy and all the intelligence that we are supposed to

have at the disposal of the public policy system, we have a snakes-and-ladders system that means that drugs are available in some places but not others, or are available for certain periods but then are not.

As the Minister will probably tell us, part of the problem goes back to pressure on the Cancer Drugs Fund. The fund was a positive innovation, but it was meant to be a transitional step—something to make good the problems with the National Institute for Health and Care Excellence and its approval system, which was leading to poor rates of approval for many cancer drugs. Most of us, across all political parties, thought that there was a problem with drugs breaking through the NICE approval thresholds. The Cancer Drugs Fund was a deliberate innovation aimed at ensuring that in the short term more drugs would be available and used under that specialist mechanism, with the intention that underlying problems and issues with the NICE regime would be resolved.

Now, the Cancer Drugs Fund has ended up with its own budget pressures. Thankfully, the Government have topped up the fund over various periods, but that applies to NHS England. In Northern Ireland, where my constituency is, we did not have a bespoke cancer drugs fund and we were caught in the twilight zone of drugs seeming to be available and being discussed in debates such as this as though they were available when they were not available in Northern Ireland. The terrible irony is that some of the drugs that were available under the Cancer Drugs Fund were the subject of clinical trials.

The hon. Members for Strangford and for the hon. Member for Upper Bann (David Simpson) referred to the centre at Queen's. What I am probably most proud of in my political contribution is that as Deputy First Minister I insisted on securing funding for the regional cancer centre in Belfast. We designed it as part of the reinvestment and reform initiative. When we negotiated with Tony Blair and Gordon Brown, I made it clear that we wanted a down-payment for the new borrowing power. The first thing we wanted to do was invest in the cancer centre at Queen's, without messing around with public-private partnerships or anything else. We wanted a straight-up investment.

That cancer centre, like so many others, is working miracles every day, but alongside the miracles performed by those who carry out surgery or lead the radiotherapy units that the right hon. Member for Oxford East (Mr Smith) discussed, there seem to be debacles with funding policy and schemes.

There is a question about what will happen. We are supposed to be looking at a merger of NICE and the Cancer Drugs Fund. The fund is meant to move on from next year, but people who are directly involved and who deliver cancer services and campaign on cancer policy have no clear feeling about what is happening. People's hopes are at stake, and they are confounded by what has happened with Abraxane and many other drugs that will no longer be available from 4 November.

We are blessed in this debate because the Minister not only speaks a lot about innovation, but in many ways has become a bit of a byword for innovation—and not just in life sciences. I hope that he and his colleagues can be truly innovative in the policy instruments and funding mechanisms that they hope to introduce. A key issue, which other Members have touched on, concerns not

just provision of funding but control of prices and their negotiation. We must make sure not only that we have funding mechanisms that we understand, but that there is real leverage in price negotiation if we are to make those drugs truly available.

In these islands, we have a number of different Administrations and perhaps we need to do more to achieve combined purchasing power strength. One of the most neglected and underused creations of the Good Friday agreement is the British-Irish Council, which brings together all eight Administrations across these islands. That is a very good example of where those eight Administrations need to collaborate much more effectively, combining their leverage to make sure that there is a more consistent and compatible policy on available drugs, services and treatments, and to provide strength in combined purchasing when negotiating.

Devolution gives us the benefit of being able to innovate and take things forward in slightly different ways. I look forward to hearing the word from Scotland—from the hon. Member for Motherwell and Wishaw (Marion Fellows)—because, as we have heard in previous debates, Scotland moved to a new drugs fund that combined elements of the Cancer Drugs Fund with responses dealing with rare diseases. That, too, is subject to its own pressures and there are difficulties about what gets through and what passes the requirements test for funding and availability.

Obviously we do not have clinical expertise or a full understanding, but we are meant to be able to assist with policy constructs and governance, and we can do more. We should encourage the Minister to work with colleagues, not just in the devolved Administrations, but also with the Irish Government—all eight Administrations across these islands—to do more with the drugs companies and to achieve better understanding.

That would be a great help to the many people who provide key services, innovating, researching, and conducting clinical trials, not just in the cancer centre at Queen's, but in other locations throughout these islands. It makes it much easier for them if they know that they are working against a better policy-meshed backdrop at the level of government; that the challenge funds are there for their research work; and that the collaboration that they are trying to achieve with commercial companies is matched by real price leverage and positive price control effort, as well as conscious usage planning on the part of Governments.

As the right hon. Member for Oxford East said, the issue is not just cancer drugs. Surgery is a key issue and none of us wants to understate its importance, nor that of radiotherapy. In my constituency, thankfully, a radiotherapy unit will open in 50 weeks' time. It will be a cross-border unit, again using some of the models and ideas in the Good Friday agreement. The new radiotherapy unit, which will be part of the new cancer centre at Altnagelvin hospital, is funded by the Irish Government as well as the Northern Ireland Administration. It will make a huge difference to many people, assisting them on their cancer journey and making sure that they have less arduous physical journeys.

I look forward to the Minister's response and the ongoing work that I know he wants to do. I hope that he takes that work forward with colleagues throughout all the Administrations in these islands and not just with his Whitehall colleagues.

Mr Philip Hollobone (in the Chair): We now come to the first of the speeches by the Front-Bench Members. They have about 10 minutes each.

10.20 am

Marion Fellows (Motherwell and Wishaw) (SNP): Thank you, Mr Hollobone; after the build-up I have had, I hope not to disappoint. However, my hon. Friend the Member for Central Ayrshire (Dr Whitford) I am not, so you will forgive me if I disappoint somewhat. I apologise in advance that I will not be able to stay for the summing-up, as I have urgent constituency business connected to Tata Steel.

Cancer is an enemy we all have to fight. The hon. Member for Strangford (Jim Shannon) said that earlier. He is absolutely right, and I thank him for securing the debate. Many right hon. and hon. Members have already mentioned that cost is often a factor in decisions regarding specialist cancer drugs, and it is a factor that cannot be overlooked.

Scotland does things slightly differently. Its £80 million new medicines fund is proportionately much larger than the UK's cancer drugs fund of £340 million. The Scottish Medicines Consortium—the SMC—which was reformed last year, gives advice to NHS boards in Scotland and is in charge of the fund. The SMC takes patient and clinician evidence as part of its assessment for drugs, which has led to many more of them being passed for use. The SMC also covers orphan drugs, for one-off conditions. In January of this year, the first case of Translarna for use in muscular dystrophy was agreed in Scotland, because of the SMC's work.

Returning to cost, the UK's pharmaceutical price regulation scheme limits the amount of money paid by the NHS to pharmaceutical companies and thereafter a rebate comes back to the service. In Scotland, the rebates are put back into the fund, but I understand that in the rest of the UK the money goes to the Treasury. In that way, Scotland sometimes gets the fund to grow even more. The cancer drugs fund can lead to health inequality, simply because better educated, middle-class patients and their families are better able to argue their case. That is not right, and something should be done on it.

A number of right hon. and hon. Members, including the hon. Member for Foyle (Mark Durkan)—I apologise in advance for not referring to all Members by their constituency—have said that funding is important. The price challenge from cancer drugs is acute, and we all need to find a better way of funding drugs, to help everyone. For example, Herceptin took 20 years to get to patients, and a lot of drugs frequently do not make it through. It is understandable that the cost of drugs reflects that of research and development, which can take a long time and cost large sums, but surely it cannot be impossible to bring about a costing system that benefits everyone. A combined purchasing council, as mentioned by the hon. Member for Foyle, is something that the Government should look into.

I am extremely sorry that I cannot bring any more new information to the debate, but the fact that the Scottish Government place so much emphasis on the matter, and spend such a large proportion of their health budget on it, is indicative of how much we need and want to help cancer sufferers and those with unusual

[*Marion Fellows*]

conditions. I hope that my small input has helped to stimulate the debate. Mr Hollobone, I am afraid that I now have to leave the Chamber because I have had an urgent call to go elsewhere. I apologise.

10.25 am

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to see you in the Chair, Mr Hollobone, and to follow the hon. Member for Motherwell and Wishaw (Marion Fellows).

I commend the hon. Member for Strangford (Jim Shannon) on securing the debate through the Backbench Business Committee and on the way in which he opened it. He has set the correct tone for how we seek the improvements we would like to see in access to cancer drugs for all our constituents. He was absolutely right to say that cancer touches every family. I lost my mother to ovarian cancer 21 years ago, and it is as painful to talk about today as it was then, when I was teenager. Only last week, my aunty passed away from cancer. It was a quick movement from the diagnosis to her passing, and I would like to place on the official record my thanks and tribute to all the staff at Willow Wood hospice in Ashton-under-Lyne, who looked after her so beautifully in her last days and hours. I also express my condolences to Evan, Shana, Sonya, Lal and Connor, who she has left behind.

The hon. Member for Strangford was absolutely right to say that we have made advances, but we still lag behind many comparable countries in cancer treatment. Access really does matter. I represent a cross-borough constituency, so I have to deal with two of everything, from police divisions right through to NHS trusts. Early on in my time as the Member of Parliament for Denton and Reddish, a constituent who had been diagnosed with breast cancer came to my advice surgery. She explained that her specialist had recommended Herceptin for its treatment, but that it was not available in her primary care trust area. If she had lived across the road, across the invisible administrative line—but still in the same constituency, with the same Member of Parliament—she would have had access to the drug. That was one of those moments when it was perfectly acceptable for the Member of Parliament to throw all the toys out of the pram. I did so, and thankfully I managed to get the primary care trust to change its mind.

Several years later the lady came to my surgery again, about something completely different, and it was one of those proud moments when one realises one has made a difference. She said, “Mr Gwynne, you don’t recognise me, do you?” and I replied, “I’m sorry, I don’t. I have met lots of people in my time as an MP. Should I recognise you?” She said, “I’m that lady you got Herceptin for, and I’m still here.” I do not know whether the Herceptin made a difference, but she believed that it did, and she would not have had access to it if I had not thrown all the toys out of the pram. That is why I start by commending the Government on the introduction of the cancer drugs fund. The fund has been of significant benefit to patients, and that is to be welcomed—it would be churlish not to recognise the difference it has made. I am a little concerned, however, that the

Government—as we have already heard—are now presiding over a series of reductions, which threaten the progress made.

We have already seen 18 treatments cut, and now NHS England has announced that a further 25 are due to be removed from next month. The Rarer Cancers Foundation has estimated that if all the cuts go ahead, more than 5,500 patients a year could be denied access in the future. My hon. Friend the Member for Scunthorpe (Nic Dakin) and others during the course of the debate have made that point powerfully.

Is the Minister content to stand by as the cuts are made? What will he do to help the patients who will miss out on these treatments if they are removed? At Prime Minister’s Question Time last week, the Prime Minister lauded NHS England’s negotiation process as a means of securing better value for the taxpayer, yet I fear the truth is rather different. I hear reports from charities and drug companies that suggest that NHS England has refused even to discuss discounts on some of the treatments threatened with cuts. Far from wanting to strike a deal that works for the taxpayer and helps patients, NHS England seems intent on leaving deals on the table. It is sad that efforts to save money on a range of drugs have been spurned. The chief executive of NHS England once said that he wanted his organisation to:

“Think like a patient, act like a taxpayer.”

The current position, however, seems to be against the interests of taxpayers and patients. Will the Minister intervene in NHS England to ensure that it considers every single offer that is put to it and that it redoubles efforts to maintain access to these drugs while securing the savings we all want to see?

The Minister cannot wash his hands of the issue when the process is evidently failing patients and delivering poor value for public money. Other countries seem to be able to make the drugs available without spending more money on their health services, which implies that they are better at striking deals, or at least are more flexible in doing so. Why are we not following the same process? Why should our constituents be denied these drugs when patients in other countries have access to them?

In brief response to my hon. Friend the Member for Torfaen (Nick Thomas-Symonds), I place on record that we on the Labour Front Bench support his private Member’s Bill on off-patent drugs, which has the support of the Association of Medical Research Charities and will help to improve access to off-patent drugs. We also need to look at ways of encouraging clinicians to use off-patent drugs.

I will touch briefly on points that my right hon. Friend the Member for Oxford East (Mr Smith) and the hon. Member for Foyle (Mark Durkan) made on radiotherapy and surgery and the benefits that extending access to those treatments can provide. Going into the general election, the Labour party’s position was that we would extend the Cancer Drugs Fund to become a cancer treatment fund that would include radiotherapy and surgery. What consideration have the Government given to ensuring that all the innovations will be available as part of the fund?

On the pharmaceutical price regulation scheme, I fear that there is more bad news to come for cancer patients. In August, the Department of Health snuck

out some changes to the PPRS on a Friday afternoon, and I fear that the implications of that news could be bad indeed. The change agreed with the Association of the British Pharmaceutical Industry effectively limits the level of PPRS rebates that drug companies have to make on expenditure through the Cancer Drugs Fund. That creates a financial black hole over the lifetime of the PPRS that the Rarer Cancers Foundation tells me could amount to £567 million. The Government need to find more than half a billion pounds to cover the gap between projected Cancer Drugs Fund spend and PPRS rebates. Will the Minister tell the House how this gap will be filled? Can he reassure patients that the budget for the CDF will not be cut and that patients will not miss out as a result of that secret deal between the Government and the drugs companies?

Finally, I want to cover the consultation on the future. The cuts announced to the Cancer Drugs Fund in September were an inevitable consequence of an abject failure to fix the system. The Government's record on the reform of drugs pricing and assessment is a sorry tale of promises not kept. First we had value-based pricing, which was meant to be the solution, but went nowhere. Then we had value-based assessment, which was derided by all sides and shelved by NICE, the very organisation that proposed it. The hon. Member for Foyle made some powerful points and interesting suggestions not just on the combined purchasing power of the various NHS systems across the devolved Administrations, but on the wider purchasing power of all the Administrations of the islands on which we reside. I would like the Minister to consider that.

We have the promise of Cancer Drugs Fund reform, but the process is already riddled with confusion and delay. The NHS England working group on reform was shut down as quickly as it was set up. A consultation was promised for July and then September—now it is October and we still have no consultation. In drawing the debate to a conclusion, will the Minister provide an update on when the consultation will finally be published? If he cannot do so, will he intervene with NHS England to ensure that Members are updated so that they can reassure the many of thousands of cancer patients whose treatment depends on satisfactory reform?

10.36 am

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): It is a pleasure to serve under your chairmanship, Mr Hollobone, at this early hour of the morning. I know that many Members would have liked to have been here for this debate. I suspect that if the debate had been scheduled for the main Chamber, we would probably have half-filled it, given the level of interest. I am delighted to have the chance to respond.

First, I congratulate and pay tribute to my friend, the hon. Member for Strangford (Jim Shannon). He is, as a number of colleagues have observed, a tenacious campaigner on this subject, and I am glad that we have kept up our record of 100% support for each other. He is a parliamentary champion of this cause, and it is a pleasure to work with him on it. He spoke powerfully about his own family's experience of cancer, as did the hon. Member for Denton and Reddish (Andrew Gwynne). I am sure many Members from all parts of the House have experience of cancer. My father died of throat

cancer when I was 19. It is a disease that still, despite all the progress, robs families and stalks the land. I will say something in a minute about the progress that has been made, because it is stunning.

I suspect when many of us were children, that word—cancer—normally spelled a quick and tragic death. Now, more than 2 million people living in Britain have had a cancer diagnosis. Cancer Research UK and all those involved in cancer research have achieved extraordinary things, but it is still a diagnosis and treatment that people dread. Cancer is a serious cause of early death, and it was powerful to have heard such cross-party support for cancer research.

As my hon. Friend the Member for Strangford and others observed, cancer does not respect any boundaries, whether they are of geography, income or party politics, although I make the point that it heavily correlates with health inequalities. Many colleagues in the House with constituencies with particularly high incidences of cancers also have constituencies with particularly a high incidence of poverty generally. There is a strong link between life chances and poverty and health and health inequalities. I observe that the Petitions Committee has received a petition on Abraxane, which is a symptom of how widely the concern on this issue goes across the House.

I will try to deal with some of the issues that have been raised. The truth is that the field of cancer research has pioneered the model of 21st-century drug discovery and life science research that is transforming how the sector works. That is driven principally by breakthroughs in genomics, genetic science and informatics—the ability to develop treatments and diagnostics based on being able to predict which patients will respond to which drugs and which patients are likely to be predisposed to a particular disease. Such breakthroughs and the use of big data, big informatics and genomic insights into the use of genomic biomarkers are allowing us to redesign the way in which drugs are discovered and developed. Cancer has led in that field partly because cancer is itself a genetic disease and because of the extraordinary work of Cancer Research UK and various other charities. I pay tribute to their work and leadership not only in deep science, but in the policy-making framework on treatment, diagnosis and care. I will talk about the cancer strategy that CRUK has helped us to put together in a moment.

The role of charities is growing in this space. I recently opened a combined laboratory in Cambridge shared by Cancer Research UK and MedImmune, a subsidiary of AstraZeneca. We have seen partnerships and collaborations between charities and companies before, but this was a joint laboratory, jointly funded with a joint research committee. It is a sign of where this landscape is going. We will see charities become the gatekeepers of patient power, patient tissues and patient genomic information, and gatekeepers of the patient asset in this new landscape of patient-centred research. It is a very exciting time for medical research charities.

Pioneering cancer research has made many cancers diagnosable and treatable diseases. As I have said, more than 2 million people now live with cancer. Diagnosis is still poor in pancreatic and colon cancer, and in many cases there is no proper cure, but about 98% of breast cancers are treatable and curable. That is a stunning breakthrough and I am sure that over the next 20 or 30 years we will see all cancers quickly reach that point.

[George Freeman]

We need to recognise the extraordinary improvements in this field. The role of genetics and informatics is welcomed by the Government. We are doing everything we can through our life sciences strategy, set out by the Prime Minister in 2011, to drive this new landscape.

We have made groundbreaking commitments with the Genomics England programme. We are the first nation to commit to sequence the genomes from 100,000 NHS patients and combine that with clinical data. We have made groundbreaking commitments to open up our data sets to drive this model of 21st-century research. It is important that all of us who understand the power of that work also support it, because our constituents worry about the use of data. We need to make sure we safeguard individual patient data, and we need to make sure we unlock the assets of the NHS throughout the United Kingdom so that we are a genuine powerhouse in the 21st-century model of patient-centred research.

I want to pay tribute to the work of Northern Ireland scientists, academics and companies. The hon. Member for Strangford mentioned the Experimental Cancer Medicine Centre at Queen's University. He is absolutely right that it is a world-class centre. I visited earlier in the year to commend, congratulate and support the team there. Sometimes the sector appears to be more interested in Oxford, Cambridge and London than in the extraordinary world-class centres out on the corners of the United Kingdom. I went specifically for that reason. The work there is not only world class in terms of the deep science on the cell mechanisms of cancer, but, in embracing the unified life sciences strategy research and treatment, the centre has helped to pioneer leadership in stratified medicine, pulling in inward investment and, interestingly, taking the patient catchment for the lower quartile of cancer outcomes to the upper quartile. That is a sign of how research medicine drives up clinical standards.

Jim Shannon: I visited Queen's University in Belfast in the summer. They told me that they wished to see more partnerships and relationships with other universities, including on the mainland. The funding strand needs to be encouraged and we need to be a part of that. Will the Minister take that on board? I am sure he knows all about it, but I simply remind him.

George Freeman: The hon. Gentleman makes an important point. I will be discussing the matter with the science Minister and the Medical Research Council. We need to make sure that we move to a more networked and collaborative model of science funding. Traditionally, we have tended to fund established centres of excellence, which is important, but we also need to make sure we build networks. Cancer networks in research and treatment have been incredibly powerful in driving the advances that we have discussed. He makes a very good point. I was delighted to see the leadership of the Queen's centre recently recognised by Cancer Research UK with a £3.6 million grant.

I want to talk about the wider landscape of cancer treatment and then turn to the drugs question.

Lady Hermon: I am grateful to the Minister for allowing me to intervene on him before he moves on to a different point. I am pleased that Her Majesty's

Opposition have made it clear in the debate this morning that they are going to support the Off-patent Drugs Bill, a private Member's Bill. It would be helpful to many MPs who have had emails from constituents, as I certainly have, to find out what the Government's attitude is to the Off-patent Drugs Bill. I encourage the Minister to say, "Yes, the Government will support it," although I do not want to put the exact words into his mouth.

George Freeman: I will come to that important point as I deal with some of the questions that have been raised.

On the wider issue of cancer treatment, I want to highlight the announcement that the Secretary of State recently made on setting out our cancer strategy and the work of the cancer taskforce. We have set out important measures on a wider treatment regime for cancer. By 2020, NHS patients will be given a definitive cancer diagnosis or the all-clear within 28 days of being referred by a GP. This will be underpinned by an extra £300 million a year by 2020. We are launching a new national training programme that will equip another 200 staff to develop the skills and expertise to carry out endoscopies by 2018. We have a commitment from NHS England to implement the independent cancer taskforce's recommendations on molecular diagnostics. This will mean that around 25,000 additional people a year will have their cancers genetically tested to identify the most effective treatments.

I have been absolutely insistent since day one when we launched the genomics programme that this deep science project should be embedded in NHS England. Patient recruitment for the project comes through the 11 genomic medicine centres in NHS England, and NHS England is now developing an infrastructure for doing genomic and molecular diagnostics in the mainstream NHS. We want the NHS to be the first health service in the world to launch genomic medicine for all as part of our universal 21st-century offering. A lot of work is going on at the moment on how we build the infrastructure for molecular diagnostics.

Our aim is that, by 2020, everyone diagnosed with cancer will benefit from a tailored recovery package, individually designed to help each patient. We are also committed to empowering patients and giving them much more information, so that those who choose to do so will be able to access personal health information, such as their test results, diagnosis, treatment history and their cancer recovery package, online. By 2017, there will be a new national quality of life measure to help to monitor how well people live after their treatment has ended, enabling priorities for improvements to be identified. We will continue to work with NHS England, charities and patient groups to deliver those commitments. It is important to remember that as people live with cancer—hopefully, more people will live with it—we will need to invest in the support network for how they live with it, and how we continue to monitor and support them and deliver post-treatment care.

I want to emphasise the importance of the role of NICE. Nothing I am about to say in any way undermines our commitment to its independent role and expertise in guiding and supporting decision making on drug access with the latest evidence and health economic leadership. In no way do we want to undermine its position. NICE has led the world. That is a great tribute

to it and to the UK's system. We are clear that if a drug is recommended by NICE, the NHS is legally required to fund it. Over the years, many thousands of people in England have benefited from the cancer drugs that NICE has recommended. These include Herceptin, Yervoy, and Zytiga for prostate cancer.

Most recently, hon. Members will have seen that NICE published final guidance on 7 October that recommends Keytruda, or pembrolizumab, for the treatment of advanced melanoma, after disease progression with Yervoy. I urge NICE to embrace the new technologies. I will talk about that in a moment. I am particularly pleased to be able to announce that in the early access to medicine scheme, which we launched last year as the beginning of the new landscape and which I have asked my accelerated access review to look at beefing up and developing, the first drugs have come through. They have been fast-tracked.

I am delighted to confirm to the House that NHS England has now undertaken routinely to fund the use of NICE-recommended early-access-to-medicine products within 30 days of NICE guidance being published. Colleagues will know that the scheme was established so that an innovative drug may be designated a promising, innovative medicine, and if there is no alternative mainstream therapy, the treatment can be fast-tracked into patients, with their consent, and rapid assessment carried out. The link to NHS England commissioning had not been established, but it is now in place. I am delighted that the first drug has gone through that system, and we hope that more will follow.

Mark Durkan: I welcome the Minister's words on the progress of early access, but does he recognise that since 2011 NICE has turned down every new breast cancer medicine, while the cancer drugs fund has approved six new breast cancer treatments in NHS England? Between April 2013 and March 2015, that represented more than 2,000 extra life-years for patients coming from the CDF—life-years that NICE did not deliver.

George Freeman: The hon. Gentleman tees me up perfectly for the next section of my speech, because I want to deal with access to drugs and the cancer drugs fund. We all recognise, not least the Prime Minister, that access to drugs is essential in this landscape, which is why he personally led the launch of the cancer drugs fund—I thank the shadow Minister for paying tribute to that leadership. We have now committed just over £1 billion to the cancer drugs fund—a substantial investment—and just under 80,000 patients have benefited from treatments that otherwise would not have been approved. They are largely treatments that NICE has turned down and the cancer drugs fund has then stepped in to fund.

Because of the cancer field's leadership in this new model of drug discovery, the rate of new drugs coming through is increasing and going to a targeted patient base. The smaller patient catchment for which industry must recover costs has driven it to raise prices and costs. In many ways, it has challenged NICE's traditional £30,000 per quality-adjusted life-year model. It is driving huge pressure on our traditional model of health-economic reimbursement.

As Members have said, and as the National Audit Office report recently highlighted, the CDF was originally established as an interim measure to ensure that cancer

patients were not denied drugs while we fixed the landscape. Although I have been in post only 15 months, I hope colleagues can see that the reviews of accelerated access and the CDF are not accidentally aligned. We are currently looking at how we make sure we support access to innovative medicines. Where cancer has led, other therapeutic areas will follow.

The genomic and informatics revolution will require NICE to change how it works. The explosion of progress in this field is what has put so much pressure on the CDF. Ever more treatments are coming online, but NICE is turning down ever more treatments on very well respected health-economic grounds. Those are difficult judgments about what represents health-economic value for the system and for patients. The CDF does not have a built-in discounting mechanism: it effectively takes the price on the basis of which NICE has rejected the drug and agrees to pay it. We want to look at whether we might use our extraordinary purchasing power to use the fund in a more productive way to get earlier access and, in return, discounts. That is what the accelerated access review is all about.

It is important to confirm that if NHS England decides to de-list a drug, any patients who have received a drug through the cancer drugs fund will continue to receive it. Where patients, particularly those with rarer cancers, are unhappy with a recommendation to de-list and their clinicians advise it, they can initiate individual cancer funding requests, an important avenue that many patients are successfully using.

I want to discuss the accelerated access review and respond to some of the questions that have been asked. I launched the review this time last year, asking and challenging the system to answer three big questions. Given the NHS's extraordinary position as a universal, single-payer health system with leadership in genomics and informatics, the review is about asking what we can do to accelerate how we get innovation to patients. I have asked three specific questions. First, what can we do to shorten the time, cost and risk of getting innovation to that all-important moment of first use in patients? How can we make things quicker both for the patients who need it and for researchers, so that they can get those all-important human clinical data?

Secondly, what can we do to help NICE to embrace new flexibilities and pathways and to use genomics and informatics to update its systems, in order to deal with the issues raised by a number of colleagues relating to the end of the one-size-fits-all blockbuster model so that, in the 21st century, NICE has more tools at its disposal and more adaptive pathways—to use the jargon—to open up those flexibilities?

Thirdly, I have asked the accelerated access review to look at what barriers we can knock over and what incentives we can put in place to speed up the roll-out of innovative drugs and device diagnostics across the system. Unfortunately, there is great variation in the pace at which innovation is rolled out. In many ways, the CDF has pioneered on the very problems with which the system is now confronted. I am convinced that the CDF will be part of the solution. I cannot prejudice NHS England's consultation, but I can reassure Members that, through the accelerated access review and the comprehensive spending review, we are looking at what we might be able to do to ensure that our commitment to funding innovative cancer medicines through the

[George Freeman]

CDF also supports the broader landscape for innovative medicines. We will have to wait to hear the detail in the comprehensive spending review and subsequent announcements at the end of the consultation.

I want to deal quickly with one or two of the points made in the debate. The hon. Member for Upper Bann (David Simpson) made an important point about the different parts of the United Kingdom co-operating. As the UK Minister for Life Sciences, I am very conscious of leadership in Scotland, Wales and Northern Ireland, and would be interested to follow up on his point about using the broader network.

The hon. Member for Scunthorpe (Nic Dakin) asked me about NICE looking at exceptional circumstances. The accelerated access review is looking at whether we can give NICE more freedoms and flexibilities. The hon. Member for Motherwell and Wishaw (Marion Fellows) made an important point about the Scottish model—the innovative medicines fund there, the Scottish Medicines Consortium and the importance of patient voice, of which I am very conscious. She also discussed health inequalities, which are important.

Various colleagues asked about Abraxane. NICE is in the process of developing guidance on Abraxane for pancreatic cancer, which it expects to publish very shortly. The hon. Member for Strangford made an important point about data. We recognise that we need to be much better at gathering and using the data from the CDF. A data-sharing agreement between NHS England and Public Health England was signed in July.

In closing, I thank the shadow Minister for his support for the cancer drugs fund. We are intent on it remaining focused on access to drugs; we are tackling the wider treatment regime through the cancer strategy I have set out.

Lady Hermon *rose*—

Mr Philip Hollobone (in the Chair): Order. I am sorry, but we are running out of time so I am going to call Jim Shannon to wind up.

10.58 am

Jim Shannon: Thank you for chairing the debate, Mr Hollobone. I thank all right hon. and hon. Members who participated. A vast array of excellent knowledge was on display today from those who gave speeches and made interventions. Some great ideas were put forward, particularly that of the hon. Member for Foyle (Mark Durkan) about combined purchasing power. The Minister and shadow Minister were both on to that; it is something we can use better to develop the existing innovative drugs policies across the whole United Kingdom. I draw particular attention to the advances being made at Queen's University Belfast, which we should combine with progress in the rest of the United Kingdom.

The contributions from each and every Member were valuable, detailed, informative and compassionate. It is important that we put on the record our thanks to the charities and other contributors. We are all moved by the e-petitions, which show that there is clearly a deep interest in the best way to fund cancer drugs. We have tried to ensure that patients at their weakest are the focus of the debate. I thank the Minister for his comprehensive reply. We look forward to helping our constituents across the whole United Kingdom of Great Britain and Northern Ireland.

Lady Hermon *rose*—

Mr Philip Hollobone (in the Chair): Order. I encourage Lady Hermon to grab the Minister and the hon. Member for Strangford (Jim Shannon) on the way out.

Question put and agreed to.

Resolved,

That this House has considered the availability of cancer drugs.

Post-Study Work Visa (Scotland)

11 am

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I beg to move,

That this House has considered the operation of the post-study work visa in Scotland.

It is a pleasure to serve under your chairmanship, Mr Hollobone. I hope the House will note the views of students, graduates, academics, Universities Scotland, the National Union of Students Scotland, colleges, the Scottish Parliament and the business community, which are all calling for the UK Government's decision to revoke the post-study work visa to be reversed. That broad coalition claims that the Government's reckless decision hinders the student experience, is devastating for Scotland's universities and colleges, and damages businesses' ability to grow their operations.

The post-study work visa is an almost unique area of policy, in that it unites all Scotland's political parties, including the Scottish Conservatives. In Scotland, we would call it a no-brainer. The post-study work visa, introduced in 2004, was one of new Labour's few genuinely effective policies. It made a positive contribution to Scotland politically, economically and socially—an exception to prove the rule, some might say.

As the humanitarian crisis affecting refugees from Syria illustrates, Scotland has a proud record of welcoming people from all over the world. We value the contribution that our international students make to and in our communities, towns, workplaces, classes and lecture theatres. They internationalise our experiences and make us more informed and culturally aware.

One of the best things about Paisley is that the University of the West of Scotland's main campus is located at the top of our high street. UWS is a fantastic university. It opens its doors to students who would normally not get the chance to access higher education, and it provides an excellent student experience. Although I was not a student at UWS, I have strong connections with it: my wife just enrolled there, and my dad will graduate from it in a few weeks' time. Additionally, three of my staff graduated from UWS, two of whom served as student presidents of the university. Although they graduated at different times and with different degrees, they all agree that studying and working alongside and socialising with the international cohort was the best thing about their time at university. It opened their eyes to different cultures and a different way of working, and they became better students as a result.

Learning from others at university can be just as important as the academic education a person receives. That is the crux of the issue. The UK Government fail to understand the positive and real impact that the PSW visa has on Scotland. Although the Home Secretary believes that the PSW visa benefits only those from outside the European Union, the truth is that we all benefit from having international students studying and living in our communities. That is why the broad coalition I spoke of is united in its desire to see the post-study work visa reintroduced. We believe there is a clear, demonstrable demographic and skills need, along with wider and immeasurable social and economic benefits to restoring that route into work.

Carol Monaghan (Glasgow North West) (SNP): Does my hon. Friend agree that one of the real benefits of a post-study work visa is that the experience, qualifications and expertise that those students have gained in our universities can be used in our communities to grow our economy? Otherwise, that expertise would return to their countries and be taken away from our communities.

Gavin Newlands: My hon. Friend makes a very good point. When the Minister sums up, can she explain why everyone else is wrong and her Government is right in believing that the post-study work visa is bad for universities, colleges and businesses?

Student leaders, such as the National Union of Students Scotland, have long supported the post-study work visa, as they have first-hand experience of the benefits that international students bring to our campuses. NUS Scotland states that international students enrich the curriculum, diversify the university experience and help improve the skill sets of our home students. I have received such feedback not only from NUS Scotland but from students who live in my constituency. Regardless of which university they study at or which course or subject they study, our home-based students all speak positively about the impact that their international colleagues have on their time at university. Although Members here probably graduated a good few moons ago, I am sure they would all say that their university experience was richer for studying alongside students with backgrounds different from their own.

Kirsten Oswald (East Renfrewshire) (SNP): I echo my hon. Friend's words. I have worked in the Scottish further education sector for the past 12 years, and there are absolutely real cultural, social and economic benefits to having a diverse student populations in our colleges and universities. Our global competitors are very happy to welcome those valuable international students and everything they have with open arms—other places will benefit from things our communities should be benefiting from.

Gavin Newlands: That was a very strong point from my hon. Friend.

NUS Scotland rightly points out that Scotland's equivalent of the post-study work visa, the fresh talent initiative, attracted prospective international students to consider Scotland as a place to study. The Higher Education Statistics Agency suggests that the number of students from overseas markets enrolling in Scotland's universities has declined substantially since the Home Secretary closed the post-study work opportunity. For example, recent research undertaken by the Scottish Government's Post Study Work working group suggests that the number of new entrants to Scottish universities from India fell by 63% between 2010-11 and 2013-14.

The ending of the visa sends a clear message to that important international market that Britain is closed for business. How does the Minister respond to such damning statistics? Does she think that the fall in the number of students coming from India and other key international markets is good for universities?

During my research into the impact caused by the removal of the visa, I spoke to a number of graduates who stated that their teamworking and language skills increased as a result of working in diverse groups that

[Gavin Newlands]

contained members who came from another part of the world. They said that it created obvious challenges, although mostly for the international students who struggled to comprehend a strong west of Scotland dialect—something that Members here can appreciate. The experience of working alongside international students helped those graduates to prepare for the world of work. We need to ensure that our graduates are able to work with different cultures, and university is key in preparing them for an increasingly globalised workplace.

It is clear that students, student leaders and graduates appreciate the opportunities that the visa provided. It made Scottish universities a more attractive destination, diversified the curriculum, improved our university experience and helped to improve the skill sets of our home students. However, not only students support it. Academics have also played an important part in calling for the restoration of the visa. As well as acknowledging the benefits that international students bring to their campuses, academic leaders cannot stress enough the importance of the economic benefits that international students bring to Scotland's higher education system.

Most non-EU students make a significant and vital contribution to Scotland's education sector and national economy; they do not come here, receive a free education and go back to their own country as soon as they have graduated. They pay fees—in some cases, up to £24,000 a year to study at one of our top universities—and spend money while living here on accommodation, living costs and the occasional drink. According to the Department for Business, Innovation and Skills, Scottish universities received £374 million from non-EU student course fees in 2012-13. While studying in Scotland, international students also contributed to the Scottish economy through off-campus expenditure, estimated at £441 million a year. In times of austerity, we surely cannot refuse to accept that income.

Hon. Members will be aware of Scotland's fantastic reputation for higher education. Scotland now has five universities in the most recent *Times Higher Education* world ranking's top 200, and three in the top 100. Those rankings assess performance in a number of areas, including employee reputation, staff-student ratios, research citations and academic reputation. Scotland well and truly punches above its weight in providing an excellent university education, and I pay tribute to the work of the Scottish Government, university staff and students in achieving that success. We should build on the reputation that Scotland's higher education system has worked so hard to cultivate—not denigrate it, as ending the PSW visa programme is doing. We can improve our reputation and sustain our excellent academic record by restoring the visa. A failure to do so will cause us to fall behind our international competitors.

Universities are measured on their academic record and attractiveness. Can the UK Government say with any authority that the UK is an attractive place to study since the ability to live in, work in and contribute to Scotland has been removed? The decline in the number of international students choosing to study in the UK clearly shows that the UK is falling behind in international competitiveness and attractiveness. Don't just take our

word for it: the all-party parliamentary group on migration produced a report in February. Its Tory vice-chairman noted:

“Higher education is one of our country's leading export success stories...But the government's current approach to post-study work and student migration policy is jeopardising Britain's position in the global race for talent.”

Higher education is not the only sector feeling the impact of the removal of the visa. Further education colleges are also calling for this important route into work to be reinstated. I am fortunate to have the Paisley campus of West College Scotland in my constituency. During my first recess as MP for Paisley and Renfrewshire North, I made it a priority to meet the college's principal, Audrey Cumberford. During my meeting with Audrey, we spoke about several important issues affecting the college, including its success following a recent merger. However, we also spoke about the challenges that the college is facing and the major test confronting the college sector as a result of the Home Secretary's decision to revoke the visa.

Like others in the FE sector, Audrey Cumberford claims that the post-study work visa was an important factor in attracting the best international student talent to Scotland. It secured essential income for colleges and allowed college and university graduates to continue to contribute to Scotland at the end of their studies. It could be argued that colleges have actually been hit harder following the demise of the visa as the number of international students studying in Scotland's colleges fell from 2,039 in 2010-11 to 561 in 2013-14—a shocking and inexcusable fall of 72%. What is the Minister's response to that shocking decline? What support can the Government provide to current students who are losing out from not being able to study alongside students from other countries?

Audrey Cumberford serves not only as the principal of West College Scotland, but as the chairwoman of the Renfrewshire chamber of commerce, playing an important role in supporting local businesses. She speaks to businesses from around the world on a regular basis, hearing about the opportunities and challenges that exist when setting up and operating a business in the UK. Again, business leaders are uniting with students, universities, academics, the NUS and colleges in calling for the reintroduction of the post-study work visa. The Post Study Work working group is quite damning in its claim that the UK Government's decision to revoke international students' ability to work after graduating from university is acting as a barrier to economic growth in Scotland. In fact, the results of a consultative survey found that 90% of businesses in Scotland were in favour of the reintroduction of the post-study work visa. Is there another policy programme that nine out of 10 businesses oppose and that businesses claim is having a detrimental impact on their operations? Surely the Conservatives, the self-proclaimed party of business, would want to do something to help them.

Businesses in Scotland claim that they are losing out on recruiting highly skilled workers now that the option of employing a highly skilled and qualified overseas graduate is no longer available. From a job market point of view, there is no reason whatever not to allow such students to take up the job opportunities waiting for them. They would pay tax and contribute to our communities and we should allow them to pay the

country back for the education that they have received. The Government talk about reducing wasteful spend, but training these students, pouring thousands of pounds into educating them and then allowing another country to reap the benefits is surely the ultimate waste of money.

Businesses are also refuting the UK Government's claim that international students will take jobs away from UK-based students. The fact of the matter is that a skill shortage exists in Scotland and the Post Study Work working group acknowledged the role that international student recruitment could have on filling that gap. Significant skill gaps exist in areas such as financial services, food technology, engineering and IT, and we should reduce the constraints on such businesses to allow them to recruit skilled international workers and make use of them to train up domestic workers. Would one approach to help meet the skills gap not be the restoration of the post-study work visa?

In conclusion, I hope that in my first Westminster Hall debate I have been able to articulate the views of the broad coalition that wants the post-study work visa to be reintroduced. The matter has been brought to the attention of the Scottish Affairs Committee time and again as it consults with Scots from a variety of sectors. It bears repeating that it is rare to find a policy area that unites all major Scottish political parties in addition to business, civic Scotland and the higher and further education sectors. The UK Government are finding themselves increasingly isolated on the matter and the decision consistently to reject calls for the PSW visa to be reintroduced does nothing for their reputation as being deaf to and out of touch with the Scottish public when it comes to immigration matters. We are in a post-referendum period and the ball is well and truly in the UK Government's court. There is civic consensus and unanimity across all political parties in Scotland that post-study work visas should be reintroduced.

Scotland's immigration needs are different from those in the rest of the UK, and we welcome the contribution that new Scots make to our economy and society. A post-study work visa is an important lever for attracting the best international student talent. The Smith Commission recommendations clearly outlined that Scotland should have more flexibility within the current UK-wide framework for immigration. The Government have consistently indicated a willingness to listen to the arguments and make amendments to the Scotland Bill, but they have consistently failed to follow their words with action. I offer the Government yet another opportunity to show that they can listen. There is room in the Smith agreement to devolve the administration of student visas, so I ask the minister to give that serious consideration.

11.14 am

The Parliamentary Under-Secretary of State for the Home Department (Karen Bradley): It is a pleasure to serve under your chairmanship, Mr Hollobone. I apologise for my slightly late arrival. Something is going on outside, and it seems that the roads are a bit busy for some visitor or other. Anyway, I got here and I was delighted to hear the vast majority of the speech made by the hon. Member for Paisley and Renfrewshire North (Gavin Newlands), whom I congratulate on securing a debate on the operation of post-study work visas in Scotland.

The Government recognise that there should be opportunities for the brightest and best graduates from UK universities to remain in the UK to work, and we have an excellent post-study work offer for graduates seeking to undertake skilled work in Scotland after their studies. The hon. Gentleman and his hon. Friends the Members for East Renfrewshire (Kirsten Oswald) and for Glasgow North West (Carol Monaghan) are right to say that overseas students enrich the universities at which they study. I am lucky enough to be a graduate of Imperial College London. When I studied there, over 20 years ago, more than a third of students were from overseas, and I know that my university experience was enriched as a result. I will therefore set out the opportunities available to overseas students who graduate from UK universities and make it clear that the UK is not closed for business.

The number of students who can stay in the UK after completing their studies is not limited, but they need to meet certain conditions. Those with an offer of a graduate-level job, paying an appropriate salary, may take up sponsored employment through tier 2, the skilled worker route, which is one of the ways that they can apply to stay. Over 25,000 UK employers are licensed by the Home Office to sponsor non-EEA nationals to work in the UK under tier 2. If graduates apply from within the UK, the resident labour market test is waived and they are not subject to the annual limit on tier 2 numbers. In 2013, more than 4,000 visas were issued to tier 4 students to switch into tier 2 in the UK; last year, that number increased to more than 5,500.

We have introduced a visa category for graduate entrepreneurs, the first of its kind in the world. Those who have been identified by a higher education institution or UK Trade & Investment can stay on for up to two years to develop their business in the UK before switching into tier 2 or the main tier 1 entrepreneur route. Just over 560 graduate entrepreneur visas were granted in 2014, up from 206 the year before.

We have also made provisions to switch into tier 5 those graduates wishing to undertake a period of professional training or a corporate internship related to their qualifications before pursuing a career overseas. In addition, PhD students can stay in the UK for an extra year under the tier 4 doctorate extension scheme to look for work or start their own business. All those post-study work provisions are available to non-EEA graduates of UK universities, including those in Scotland.

It is worth putting the statistics on the record. In the year ending March 2015, 137,000 non-EU students entered the UK and only 41,000 left. That shows that many people are taking advantage of the opportunities to stay in the UK and work that the legal migration route offers, but it also indicates that there are many overstayers—people who are here beyond their visa. It is therefore important that the Government, who are listening to people's migration concerns, do not allow or accept abuses.

I also want to address the question of whether Scottish universities are at a competitive disadvantage. Let me be clear: I would never talk down Scottish higher education establishments. Scottish universities are absolutely fantastic. I have relatives who have studied at Glasgow and other institutions and I know about the fantastic qualifications, training and learning that they received. Since 2010, university-sponsored applications have increased by 7%,

[Karen Bradley]

with a 4% increase to 14,627 last year. The figures indicate that Scotland is not closed for business and that overseas students do want to study in Scotland.

The hon. Member for Paisley and Renfrewshire North mentioned a decline in further education college numbers. We are reforming the student visa system to tackle abuse. There has been a fall in the number of international students applying to study in further education, the area where immigration abuse had been most prevalent. However, I repeat: university-sponsored applications to Scottish universities are increasing—up 7% since 2010 and up 4% last year alone.

The current set of provisions replaced the tier 1 post-study work category, which was closed in April 2012. The previous category permitted students graduating from a UK university to stay in the UK for up to two years after they finished their course, with unrestricted access to the labour market. The number of applications was significant, climbing from 20,015 grants of extension of stay in 2008 to 43,719 in 2011, when the route accounted for 45% of all grants of extension of stay for the purpose of work. Analysis of the route shows that the availability of the post-study work category gave rise to a cohort of migrants with a significant possibility of engagement on unskilled work. An operational assessment of the employment status of tier 1 migrants undertaken in October 2010 found that three in five users of the tier 1 post-study work category were in unskilled work, not graduate-level work. That does not suggest that the UK is not open for business. Our great university education should mean that we encourage people who want to stay to do graduate work, not to carry out unskilled labour.

In addition, UK Visas and Immigration intelligence assessments made in 2009 found that applications to switch into the tier 1 post-study work category were associated with high levels of abuse, including the submission of suspected bogus educational qualifications. A 2014 analysis of the tax status of migrants who had switched from the tier 1 post-study work category to the tier 1 entrepreneur category found that the majority had no declared economic activity or were working in breach of their conditions of stay. At the same time, we transformed the immigration routes for migrant workers and introduced a cap of 20,700 for non-EEA migrant workers, and there has been an increase in sponsored visa applications for highly skilled workers.

We have also tackled abuse of the student route. We have struck off nearly 900 bogus colleges since 2010. At the same time there has been a 17% rise in the number of sponsored student visa applications for universities, and a 33% rise for Russell Group universities.

Kirsten Oswald: It is a great shame that the Government have not found a way to deal with bogus colleges without the great disadvantage that is being inflicted on colleges and universities. I urge the Minister to be cognisant of the differences between universities and colleges when she gives her explanations. That would be very welcome.

Karen Bradley: I do understand the point that the hon. Lady makes about the difference between FE and higher education colleges. I am privileged to have a higher education college in my constituency now, as the FE college has become part of the University of Derby and is therefore now a higher education establishment. I am aware of different types of students and courses.

I want to touch on the matter of devolution. The Smith commission commits the Scottish and UK Governments to working together to explore the possibility of introducing formal schemes to allow international higher education students to remain in Scotland and contribute to economic activity for a defined period of time. The current provisions available to graduates of Scottish universities are precisely the type referred to in the report of the Smith commission.

On the question of net migration overall, as the Home Secretary has set out, high levels of immigration can put pressure on schools, hospitals, accommodation, transport and social services and drive down wages for people on low incomes. We now have a more selective approach to immigration, which is designed to operate in a fair and practical way, giving students, graduates, workers and employers the confidence they need in our system.

I recognise that the hon. Member for Paisley and Renfrewshire North and his hon. Friends value the post-study work provisions in Scotland and across the UK. I confirm my commitment to our continuing to provide an excellent offer to people who graduate from UK universities.

Question put and agreed to.

11.24 am

Sitting suspended.

Air Passenger Duty: Regional Airports

[SIR DAVID AMESS *in the Chair*]

[*Relevant documents: Ninth Report from the Transport Committee, Session 2014-15, on Smaller Airports, HC 713, and the Government response, HC 350.*]

2.30 pm

Julian Knight (Solihull) (Con): I beg to move,

That this House has considered air passenger duty and regional airports.

It is always a pleasure to serve under your chairmanship, Sir David. I am delighted to have secured this important debate, and I put on record my thanks to my hon. Friend the Member for North West Leicestershire (Andrew Bridgen), who has been a champion of regional aviation and has campaigned on many of the issues that I hope to touch on in the debate.

Along with many hon. Members present, I have a regional airport on the edge of my constituency—in my case, Birmingham airport. I will set out the importance of my regional airport to the west midlands and to the wider UK economy, before moving on to the specifics of air passenger duty.

Birmingham airport is the second largest regional airport in England and the third largest regional airport in the UK. York Aviation has calculated that in 2014 the airport's total economic impact in the west midlands was worth about £1.1 billion. The airport supports about 25,000 jobs.

Karen Lumley (Redditch) (Con): I congratulate my hon. Friend on securing the debate. Does he agree with me that Birmingham international airport is a fantastic airport and, when High Speed 2 is built, some people in London will be able to get to Birmingham quicker than they would be able to get to Gatwick or Heathrow?

Julian Knight: My hon. Friend is a strong champion of regional aviation, and many of her constituents in Redditch not only use Birmingham airport and enjoy its facilities but work there.

As I was saying, York Aviation calculated that some 25,000 jobs rely on the airport, which puts it in a similar bracket to developments such as HS2 in driving the regional economy. Passenger numbers at Birmingham airport have grown by 13% over the past five years and in 2014 alone it handled more than 9.7 million passengers, including a 7.2% growth in long haul. Nevertheless, the airport is running well below capacity. It could conceivably accommodate up to 36 million passengers, rather than just under 10 million.

The potential for Birmingham airport, and I am sure for many other hon. Members' airports, to impact positively on the UK economy is considerable. Genuinely, we have only scratched the surface of what we can achieve. While we take seemingly forever to debate a new runway at Heathrow, jobs and direct investment in the regions are going begging.

The west midlands is in receipt of over a quarter of all foreign direct investment entering the UK and leads the UK in terms of export growth. It is the only part of our country with a positive visible trade balance with the European Union, seeing overall growth of 100% between

2009 and 2014. Birmingham airport is central to that—but more growth and jobs could be had. A major stumbling block is the air passenger duty regime.

Regional airports are at a disadvantage, as rates of APD are calculated on the destination of the flight and the class of travel that a passenger is in. This fee is the same whether someone flies from Heathrow, Birmingham or any other English or Welsh airport: for flights within the European open skies area, the fee is £13 in standard or £26 in a higher class, but jumps dramatically for flights outside that area, to £71 in standard class or £142 in a higher class. APD in the UK is considerably higher than in our neighbouring competitor economies: in Germany, it is £5.70 in the European open skies area and £32 for the rest of the world in standard class; and in France it is cheaper still, at £3.90 in the European open skies area and £8.90 for the rest of the world in standard.

An Airport Operators Association survey found that the APD has had a direct effect on passenger numbers and routes. Bristol airport reportedly said that several domestic services were scrapped as a result. Routes between Southampton, Leeds-Bradford, Glasgow, Edinburgh and Brussels airports had been “adversely affected” by the tax.

Mr Nigel Dodds (Belfast North) (DUP): I congratulate the hon. Gentleman on securing this important debate. What he is alluding to is all the more pertinent in relation to Belfast City airport and the international airport in Northern Ireland because we share a land border with the Irish Republic, so a few miles down the road Dublin airport does not apply such taxes. We have severe taxes—air passenger duty—in Northern Ireland, so there is a double whammy for us. I support what he is saying and I urge the Government to take seriously the impact of this iniquitous tax on small, regional airports and peripheral areas of the United Kingdom.

Julian Knight: The right hon. Gentleman highlights an issue to do not only with his own airport but the wider UK aviation industry. Both Derry airport—also in Northern Ireland—and Cambridge airport in England claim that they are being prevented from expanding their services by APD. My argument is that the hub status of the major London airports, in particular Heathrow, allows them more easily to absorb the shock of air passenger duty, but that is not the case for some of the regional airports.

There have of course been successes in attracting new long-haul routes to Birmingham, for example. We have Air India now flying its routes to Delhi and Amritsar daily; American Airlines has begun daily flights to JFK, alongside the daily flight to Newark—that is not Nottinghamshire; Emirates has launched a third daily flight to Dubai; and this summer Hainan Airlines operated 34 twice-weekly flights between Birmingham and Beijing.

As was made clear to me in my recent meetings with the Ontario Teachers Pension Plan, which owns Birmingham airport and is a responsible trustee, my local airport would love to have a regular direct flight between the UK and China week in, week out, rather than only for the summer, and it is a real failing that in the week in which the Chinese President is visiting we do not have a regular scheduled flight between the UK's second city and Beijing. We cannot separate the issue of

[*Julian Knight*]

APD and devolution, which is a central plank of the Government's approach to reforming and reinvigorating the UK economy.

It is hugely important that the fruits of growth that come from devolution extend to our connectivity as well. That must include greater use of our regional airports for short and long-haul flights.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I, too, congratulate the hon. Gentleman on securing this important debate. We have a strange situation in Wales. The Welsh Government own our own national airport, but the UK Government will not devolve APD to them so that they may utilise their asset. Does he agree that that is a slightly strange situation?

Julian Knight: I thank the hon. Gentleman for his contribution. I am about to turn to those particular points.

Mrs Caroline Spelman (Meriden) (Con): Before my hon. Friend continues, and on the very day that the Chinese President visits our Parliament, may I follow his train of thought about the importance of connectivity with China? My hon. Friend might recall that the President's predecessor stopped first at Stratford-upon-Avon before coming to London, so the appetite for tourism to the west midlands is real and strong, and greater connectivity through Birmingham would enhance it.

Julian Knight: Greater connectivity throughout the United Kingdom—in all the regions and devolved Administrations—would enhance not only tourism, but business and trade. I will come on to those points shortly.

Powers over APD are being considered for Wales, and that might have a knock-on effect for English airports such as Bristol and Liverpool. More seriously for my local airport, Birmingham, the new Manchester devolution deal might see that city gain the power to cut APD for its own airport, which could lure scheduled and package-holiday flights away from Birmingham. Clearly, if we are not to be placed at a disadvantage by rival areas, we need Birmingham airport to be able to compete fairly. However, I do not want my speech or this debate to be exercises in grievances or fiscal wishful thinking.

Despite the best efforts of this Government, we face a difficult fiscal environment. While we are still trying to clamber back from the recession and endemic overspending by Labour, any suggestions should at least be revenue neutral for the medium term.

Henry Smith (Crawley) (Con): I congratulate my hon. Friend on securing the debate. In his few months in Parliament he has become a worthy campaigner on behalf of Solihull and the west midlands. Might the answer to the question of APD be a UK-wide reduction or abolition of the tax, the highest such charged in the world, apart from in Chad? A recent PricewaterhouseCoopers report suggested that the amount of economic growth that Birmingham and other places, such as London and the south-east, would generate from the abolition of the tax is greater than the amount brought into the Exchequer.

Julian Knight: My hon. Friend makes some valid points. I had no idea that we were second only to Chad when it came to air passenger duty; that is certainly new to me. I hope to address some of the issues he raised.

At a time when we are trying to clamber back from financial difficulty, revenue neutrality is something that we need to put, as much as we can, in our proposals. There is justifiable concern in the west midlands and other regions about their airports' ability to compete with devolved areas. While devolution is a bottom-up process, the Treasury could heavily encourage the devolution of APD to combined authorities or devolved areas as soon as practicable.

What practical things can be done by the Government right now? I would suggest an APD holiday on new routes. Birmingham airport is in discussions with Hainan Airlines for a regular, scheduled service, following two summers of charter services. An APD holiday could aid that. That would provide a direct link for the UK's second city to the powerhouse of China and further assist the west midlands' current trade surplus with China. It would also help foreign direct investment just as with the new Gentling resort close to Birmingham airport.

Regional airports, the wider economy and future tax take would benefit from an APD holiday. While Birmingham airport and others want a general cut in APD, which is unlikely in the short term given the financial circumstances, it would accept any measures to reduce that tax. It estimates that a cut in APD on non-congested airports would boost passenger numbers by about 2.9 million in just a decade. All increases in passengers will bring goods, services and jobs.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on obtaining the debate. I am sure he agrees with the findings of the Select Committee on Transport, which said earlier this year that small, regional airports had been held back because of air passenger duty, which was affecting jobs and the skills base coming in. As the likes of Belfast City airport and the international airport in Northern Ireland are confident that passenger numbers would grow substantially if APD were removed, that should be an incentive to bring more people in.

Julian Knight: I thank the hon. Gentleman for that contribution. I note that the Transport Committee wanted to attach a report to the debate, which I was happy to agree to.

The hon. Gentleman made it clear that all increases in passengers will bring goods, services and jobs to an area, all of which will return money to the Exchequer through other taxes. These measures will go some way towards reversing the scandal under Labour that the UK did more trade with Ireland than with Brazil, Russia, India and China combined. The Prime Minister, through trade missions, and the Government, more generally assisting in trade with the emerging and fast-growing markets, are tackling that problem. However, there is still the issue of connecting our regions, and the country more generally, with the large and frankly now emerged, rather than emerging, economies of the world.

2.43 pm

Dr Philippa Whitford (Central Ayrshire) (SNP): I am grateful to the hon. Member for Solihull (Julian Knight) for securing the debate. My constituency contains Prestwick airport, and when I moved there in the mid-'90s we were connected to almost every decent city in Europe. My husband is German, so we batted backwards and forwards from there quite regularly. We still had flights to Canada and a thriving tourist industry. In particular, we had central Europeans and Scandinavians coming to play golf—Ayrshire is a golf centre. We have a beautiful coastline and it is the country of Robert Burns.

After APD came in, we started to get fewer and fewer flights. When I visited the airport after being elected, it was like the *Mary Celeste*; there are about six flights a day that basically go only to Spain and Italy, purely for tourism, and there are no business flights. We are not even connected to London—I have to spend an hour on the road to get to Glasgow to fly down. That is absolutely killing our tourism industry.

Hotel and guest house owners were learning Swedish because we had so much golf traffic coming in, but we have become expensive in comparison with other places. We have heard about the decision to give Heathrow a third runway because it is overcrowded, but an awful lot of us have to go through Heathrow when we do not really want to be there; we are trying to go somewhere else.

There could be a differential. Air passenger duty might be used to try to control the pressure in London, but it is killing regional airports. All we have are a few flights out of Prestwick, with people going to Spain or Italy for a couple of weeks. What is important to my constituency is flights in. We need to make it an attractive place for people to come on holiday, spend a few weeks playing golf, sailing and whatever else, and leave their money in our economy.

Edinburgh airport produced a report on what the impact on Scotland would be if APD were reduced. We hope that it will be devolved, but that will take time; in the meantime, Prestwick airport gets more and more vulnerable. The report showed that although Glasgow and Edinburgh airports would get an initial boost, from 2017 onwards one of the biggest gainers would be Prestwick.

We have a fantastic airport, which is usually weather-clear because of its situation. It has a huge runway. We used to have people—including Elvis—flying in from America and Canada, but now the airport sits there one step up from being mothballed. We are not even in the position that the hon. Member for Solihull described. The airport was going to be shut down two years ago by its owners, Infratil from New Zealand, so the Scottish Government brought it to protect it.

We need to get the airport growing. It will not sit there forever unless we can get trade going. An airport gains from trade regardless of the direction, but the area it sits in benefits in particular when the traffic is coming in.

2.47 pm

Mark Menzies (Fylde) (Con): It is a privilege to serve under your chairmanship, Sir David. I will keep my remarks short because I know that many right hon.

and hon. Members wish to contribute. Blackpool airport is in my constituency. Sadly, it is one of the airports, along with Plymouth and Manston, that has closed in recent years.

At its peak several years ago, Blackpool enjoyed more than 600,000 passengers per annum. It had Ryanair and Jet2 flights to Northern Ireland, the Republic of Ireland and the Isle of Man. The decision to close the airport last year was a devastating blow to the local economy. Not only was there an impact on people's ability to fly out of Blackpool to holiday resorts; it also sent out a message that the wider tourist economy was not fully open for business. With Blackpool and the Fylde coast, we, too, have world-class golf courses such as Royal Lytham and St Annes, so the facility of an airport is important. When the Open was on, for example, a large number of private and corporate jets used that facility, which brought in high spenders to access our golf courses.

We have talked about many things that could be done to help the small, regional airports. One that seems glaringly obvious is some flexibility on air passenger duty. I am aware that the Government have looked at that in relation to Northern Ireland, to introduce some fairness on long-haul flights, and that powers are to be devolved to the Scottish Parliament. That is quite right, because it is an important economic tool—[*Interruption.*] I could not hear what my friends from the Scottish National party were saying, but it is important that that power is used to try to generate and stimulate flights.

Graham Stringer (Blackley and Broughton) (Lab): The hon. Gentleman is making a good case for Blackpool airport, which I have flown out of. We have heard cases for Birmingham, Prestwick and Belfast, and I could make a very similar one for Manchester; a case could be made for Bristol and Newcastle and for the large London airports. Is this not simply a bad tax? Every regional economy, along with the Exchequer, would benefit if it was abolished.

Mark Menzies: It is certainly a very unpopular tax, as we would discover if we asked any of our constituents when they booked flights and saw what they were paying in air passenger transport duty or if we spoke to any business person who had to take regular long-haul flights; the tax would be a huge cost to their business.

When we move to a situation where Scotland has power over its air passenger transport duty and may decide to abolish it altogether, there will be a market distortion, particularly in the north of England. Although that is welcome for Scotland, those of us with regional airports in our constituencies are deeply concerned that it could see the migration of the few flights left from some small airports, with the necessary knock-on loss of those regional airports to our economies. I urge the Treasury to put a plan in place so that airports—those in the north of England in particular—are not disadvantaged when Scotland is able to exercise those tax-varying powers.

It also seems odd, when we are trying to shift traffic away from the over-congested runways of the south-east, that we are not using every tool in our box to try to get some of those flights into the midlands, the south-west, Scotland and the north of England. There are so many people whose journeys do not originate in the south-east

[*Mark Menzies*]

but who migrate their journeys because that is where the flight connectivity is. Again, I ask the Treasury to work with the Department for Transport to see whether we could implement some mechanisms to vary air passenger transport duty to try to stimulate alternatives outside the over-congested runways of the south-east.

I conclude with a plea for Blackpool and the small regional airports that are hanging by a thread. Blackpool reopened several months ago, but there are flights only to Northern Ireland and the Isle of Man. Small regional airports such as Blackpool need all the help they can get. At a time when aviation is booming, it would be a real travesty if they were to lose their place as part of our national transport infrastructure.

2.52 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak on this matter, and I thank the hon. Member for Torbay (Kevin Foster) for securing the debate. As the hon. Gentleman and others, including my right hon. Friend the Member for Belfast North (Mr Dodds), have said, air passenger duty is a very important issue for us in Northern Ireland. Air passenger duty can be a positive means of raising revenue but can also be an obstacle to growth. If changes are not brought in it will be a problem for us in Northern Ireland.

Members are no doubt aware that our airports are in direct competition with those in the Republic of Ireland, so I am pleased to speak on this issue and to make a plea for Belfast City airport, for Belfast Aldergrove airport and for Londonderry airport. With air passenger duty set to be halved in Scotland, this debate is timely and will, I hope, ignite a national conversation on the issue, regardless of which side of the debate people are on. Given the potential for Scotland to reduce APD—and perhaps Wales as well—we have to look at the issue across the whole of the United Kingdom.

As I have said, it is now certain that the duty will be at least halved in Scotland, and the Scottish First Minister has indicated her preference for its eventual abolition. As that is the intention, we must be ready and able to respond. With signs that Wales could soon follow suit, the disparity in APD across the UK is likely to push regional airports in England and Northern Ireland further towards supporting the abolition of the duty.

Data from the Civil Aviation Authority show that the numbers of terminal passengers—that is, passengers joining or leaving aircraft at the reporting airport—were the equal highest ever, at around 240 million a year; again, those figures indicate how important this issue is. It is clear that despite air passenger duty, demand has not decreased but in fact increased, suggesting that people will want to fly regardless of APD. However, the increase in traffic has not been evenly spread, and as the hon. Member for Torbay and others have said, regional airports are losing out—airports outside London, in Wales, in Scotland and, in particular, in Northern Ireland. That is why those airports are making a case for at least some reduction in air passenger duty, with Wales and Scotland already on course to deliver, and why this debate is important to me: as MP for Strangford, as I see Belfast City airport as the airport for the people of my constituency.

As well as regional disadvantages, APD is at risk of creating a socioeconomic divide, where those with the ability to pay can enjoy the benefits of air travel when and where they want, while those without it are left using other, less appropriate means of transport. Air passenger duty raises approximately £3 billion a year in tax revenue, year on year, for the United Kingdom but, as I said, despite its introduction, demand has risen rather than fallen. Although APD is a form of revenue raising it has failed in its aim of reducing demand and carbon demand. If something is broken—and in this case, it is—let us fix it. It is clear that APD does not work for regional airports across the whole of the United Kingdom.

We could point to the revenue the duty raises as a justification for continuing with it, but there is evidence that we would be better off without it, not just with regard to regional airports or people from lower socioeconomic groups, but with regard to the economy as a whole. The figures have already been mentioned by my hon. Friend the Member for Upper Bann (David Simpson), and point to the benefits of the abolition of air passenger duty to regional airports, not least those across the water in Northern Ireland. That is a keen concern for me and my party colleagues.

The benefits of abolishing air passenger duty would be seen across the entire United Kingdom. According to PricewaterhouseCoopers, abolishing the duty would see the UK economy grow by a staggering 0.5% in the first fiscal year alone. Crucially, the UK Treasury would see an extra £570 million in tax receipts in the first year after abolition resulting from increased demand for air travel, as well as any additional tax receipts from trade linked to air travel.

The figures are clear and cannot be argued with. They indicate the need for a change. That change would benefit the Treasury and everyone across the United Kingdom, so it seems very much to be a win-win situation. Increased activity in the sector would mean an increase in jobs and economic success and security for our constituents. Our party is on the record as supporting the third runway at Heathrow—we said that in the Chamber last night—and are keen to see it go forward, as we see connectivity with the rest of the United Kingdom of Great Britain and Northern Ireland as a plus. That is the good news. We also need a reduction in air passenger duty, because if action is taken it is clear that we will all benefit.

In Northern Ireland we know all too well how much air passenger duty influences airlines' decisions about doing business. We compete directly with the Republic of Ireland in this sector and need only to look at what happened when air passenger duty was abolished in the Irish Republic. The figures are interesting: Dublin airport increased its number of passengers from the north of the border—my constituents, those of the hon. Member for South Antrim (Danny Kinahan) and of other Northern Ireland MPs. That is proof, if ever proof were needed, that APD is an obstacle to business, growth and prosperity and security for our people.

It is time we took heed of the facts—the revenue that could be generated by abolishing APD, as well as what abolition has done for the Republic of Ireland and how that has hurt us in Northern Ireland, in particular. Let us set the potential of the air travel industry free, and we can spread the prosperity from that industry fairly across the United Kingdom so that we all gain.

2.58 pm

Mrs Caroline Spelman (Meriden) (Con): I wish to make a short contribution to this debate, as Birmingham airport is in my constituency and is a very significant employer. It is an intriguing example, as it is an airport that has extended its runway without major public opposition, to the great surprise of the Prime Minister, who asked on a visit, “How did you achieve that?” The straight answer is that for a long time the airport has had a good working relationship with the surrounding community. The surrounding community therefore have quite strong views about air passenger duty, like many hon. Members present, and I share their concern.

A tax should be there to nudge behaviour. The question is, does air passenger duty really do the job it originally set out to do? From hon. Members’ contributions, it is clear that one impact of air passenger duty is the reduction of services and even the closure of some regional airports, with devastating consequences for the regional economic activity that previously focused around them. We are right to encourage the Chancellor to deliver on his pledge in February this year to review the potential options to support regional airports, which I imagine include reducing the impact of air passenger duty. I would like to underline how important that is for Birmingham airport.

I am grateful to my hon. Friend the Member for Solihull (Julian Knight) for securing the debate. As he explained, Birmingham is a significantly underutilised airport. The runway is now the same length as Gatwick’s, yet it takes a third of the passengers that Gatwick takes. I am sure my constituents will be a little alarmed by my hon. Friend’s referring to the 36 million passengers who could theoretically flow through Birmingham airport. That will cause a little consternation at both ends of the flightpath in my constituency. A bit more realistically, with more competitive pricing of this tax or, indeed, its abolition, passenger throughput would increase. The range of airlines locating themselves in Birmingham would increase, which would create jobs.

The significance of this in Birmingham is, as has been touched on, the linking up of transport policy. Mainstream parties of all persuasions have agreed that we should construct a high-speed line from London through Birmingham to Manchester that stops at Birmingham airport. Not many of our country’s airports are located on a main line: Heathrow is not; Gatwick is not on a main north-south line; and Stansted is not. One of Birmingham airport’s unique selling points is its centrality and the fact that people can step off the aircraft on to a mainline railway route at present. Once HS2 is built, the journey from Birmingham international airport to Euston will take 31 minutes. Having taken nearly one hour and 40 minutes to get in from Luton just the other day, I would welcome a 31-minute transfer time from an international airport to London.

Air passenger duty has had unintended consequences, with closures of and reductions in services, but taxes are designed to drive our transport choices. As far as the west midlands is concerned, if one objective is to turn people away from aviation towards alternative forms of transport, the problem is that there is no spare capacity on the railway line, which is why a high-speed line is being constructed. If hon. Members have had the pleasure of driving up and down the M42 recently, they may have noticed the roads are pretty congested.

Indeed, because there is no spare capacity on the railway network, at a time when the west midlands’ manufacturing industries are undergoing a renaissance, their goods are all having to go by road. Our economic recovery can regularly be seen going up and down the M40, as 17 transporter loads of Jaguar Land Rover cars leave the factory and make their way to Southampton. This tax needs to be examined from the viewpoint of whether it is nudging behaviour as it was intended to. If not, and if it is having unintended consequences, there is a strong case for the review to be completed as soon as possible.

This comes at a time when the Government are seriously committed to devolving power. Hon. Members from Scotland have already benefited from significant devolution, and there is more of that to come, but this is a comparatively new development for the regions of England. Variation in air passenger duty would be entirely in step with the logic of returning powers to the regions, so that they can then seriously examine whether such a tax is desirable, whether it would achieve the region’s aims and whether the region still wishes to collect it at the original rate.

Now is absolutely the right time to have this debate. This is significant for our nation’s future transport choices, wherever airports are located. There is a significant underutilisation of some transport assets, as well as a significant overutilisation of others, and air passenger duty does not seem to be doing much to address that problem.

3.5 pm

Danny Kinahan (South Antrim) (UUP): I thank the hon. Member for Solihull (Julian Knight) for securing the debate. Belfast international airport is in my constituency. It employs some 4,000 people—a huge number, given the Northern Irish economy—and helps some 200 businesses nearby. It is phenomenally important, just as Belfast city airport is, which is only 20 minutes away, and Londonderry, an hour away. As we have heard, Northern Ireland needs its connections, especially by air, because everything else is slow. While other hon. Members have the benefit of rail and roads in their constituencies, if we take them it is either through Scotland and down, or through Dublin and across. It is long-distance, so the only way to do things economically and quickly is to fly. Air travel is therefore vital to us.

Figures that I was given a year ago show that 47% of passengers going to Dublin airport are from Northern Ireland. I was recently told that the figure is now 52%, so we are draining our population, who are disappearing to travel because of three things: air passenger duty, good roads in Ireland that mean people can get to the airport quickly, and the fact that they are going to a hub that takes them to the rest of the world. The other alternatives include Manchester and Birmingham. Air passenger duty, therefore, is one of the three things that we are really asking the Government to tackle and remove. The point was well made by others about the impact on the less well-off who want to travel. We are adding more than £100 to the travel costs of a family of four. That is sometimes more than the ticket itself, if they have booked early enough. We need to review this.

I am nervous hearing hon. Members talk about different levels of air passenger duty in different parts of the United Kingdom, just as I am nervous about all the

[*Danny Kinahan*]

matters that break up the Union. Although we want the freedom to travel, we have to be very careful, or all we will end up doing is stealing our own labour forces from one another.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): On that point, does the hon. Gentleman therefore oppose the move to devolve corporation tax to Northern Ireland?

Danny Kinahan: No. I like the fact of corporation tax. I have just said that we have to be careful, so I am being careful on that matter. We need to find the right balances that work between us. That is why I want to see an all-party group on the Union, so that we can talk through these ideas.

Tourism in Northern Ireland is run by Tourism Ireland, which runs it all from an all-Ireland basis, focusing only on tourism in Northern Ireland. So if Ireland decides as part of its rail policy to put in a direct line from Dublin to its airport, making it easier to get there, that is not part of the tourism policy that we have a say in, and it further damages our economic chances. I am told that, as a result of the block grant in Northern Ireland, if we lost air passenger duty and had to pay for it there would be a staggering cost of £55 million. I would love to know the details behind that. Yet I am also told that Belfast international airport thinks that if we got rid of air passenger duty, it could bring in 5,000 jobs and some £5 million. That should open up the whole economy to working better, which is what we want to see.

I want to mention one rather dour side of this: our way out of the troubles in Northern Ireland in the past was a thriving economy, with people travelling the world and seeing how other things work. We want everyone to travel. We want them to come home and to bring back ideas. Air passenger duty is severely damaging us, and we therefore want to see it removed. Even if it is removed in stages, can we at least start to look at that? We want to see Northern Ireland open for business, just as we want to see the United Kingdom open for business.

3.9 pm

Alan Brown (Kilmarnock and Loudoun) (SNP): Thank you, Sir David, for letting me speak even though I had not put in a submission to do so. I thank the hon. Member for Solihull (Julian Knight) for bringing this issue forward for debate.

We have had some excellent contributions. I will be relatively brief. First, I want to pick up on the contribution by the right hon. Member for Meriden (Mrs Spelman), who made some excellent points, particularly about APD's original purpose of changing behaviour and, arguably, getting people to use other forms of transport. Under all Governments of all hues, when a tax is applied, it becomes a revenue stream. It then goes into the big, black hole of revenue and is not used for the purpose it was intended for. There has not therefore been the intended investment in other forms of transport, which would allow greater connectivity.

As we know, APD has had unintended consequences. We have heard from hon. Members about different regional airports that have suffered badly because of

APD—none more so than my regional airport, Prestwick, which my hon. Friend the Member for Central Ayrshire (Dr Whitford) discussed. We have heard it argued that taking away APD can create jobs and additional revenue. At Prestwick, APD has cost jobs and cut tourism, so it has clearly cost the Government money. It stands to reason that taking away APD can reverse that harsh reality.

Another issue, which has not been touched on quite as much, is that passengers using regional airports often have to go via the main London airports. They then suffer a double whammy in terms of APD. A family of four from the States—they could be tourists or expats who want to visit family—would have to pay four times £71 in APD for each flight, or about £560 for the round trip. If they took a further flight to a regional airport, they would then have to pay four times £13 each way, so the APD would be more than £600. It is no surprise that that is off-putting and has caused a decline in passenger numbers.

That is why there should be a reduction in APD. I welcome the fact that responsibility for the issue will be devolved to Scotland, and I welcome the Scottish Government's plans to reduce the duty. If it is reduced, it will give our regional airports a chance to create their own routes, which will then generate competition with, say, the London airports. If we can get away from having to do the double hat on APD—with people flying from one airport to another and then onwards, as I have just outlined—that would give us a better chance of opening up new routes and new connectivity.

For me, that is the nub of the issue on APD: it is off-putting in the first place, and it is doubly off-putting if people have to make another flight from a regional airport. I therefore welcome the Scottish Government's plans. We have had excellent contributions today, and I hope the Government will take note of them.

3.12 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve under your chairmanship, Sir David. I congratulate the hon. Member for Solihull (Julian Knight) on securing this important debate. As the SNP spokesperson on transport, I obviously take a keen interest in this issue.

The hon. Gentleman described the positive impact regional airports can have on the economy—jobs, direct investment and the growth that stimulates further jobs down the line. Members around the Chamber have talked with common purpose about supporting regional airports and those who have to travel from the periphery.

The right hon. Member for Belfast North (Mr Dodds) said that regional airports are being held back by APD, but I would suggest that this goes even further: they are also being held back by a lack of flexibility in policy on route development and route protection. The right hon. Member for Meriden (Mrs Spelman) said that devolving the relevant powers would make a difference, and I think they will when they come on stream for Scotland. That is mainly because Scotland's regional airports will not get the benefit of High Speed 2. Even if HS2 does come to Scotland, they will not see a difference.

Mrs Spelman: For the record, it is right to say that the Scottish Government do want HS2 to reach Scotland. They have given clear evidence to that end.

Drew Hendry: Absolutely. We would be delighted to see HS2 reach Scotland; indeed, we have always said it should start in Scotland and be developed southwards.

My hon. Friend the Member for Central Ayrshire (Dr Whitford) mentioned the impact that the development of regional airports has on tourism. Nowhere is that more true than in her constituency, but it is now an expensive destination because of the policy we have had. As we heard, Elvis left the building, and he was not encouraged to come back subsequently—regrettably, he cannot do so now.

The hon. Member for Fylde (Mark Menzies) talked about APD's effect on Blackpool airport. He said that the airport needs support, but that it has been left in a precarious position over the years. That is very similar to the position in Inverness and Dundee, so I have a great feeling of common purpose with him. We must make sure that routes are not dropped just because there is a more profitable option elsewhere. These routes are important lifelines for the communities they serve.

We have heard about the proposals for the reduction and abolition of APD in Scotland. I am pleased to say that those are yet another good idea from the SNP Government, and they seem to have gained quite a lot of support around the room. They make sense, and it is important that we go ahead with them.

As the MP for Inverness, Nairn, Badenoch and Strathspey, I understand the impact of APD. Regional airports such as Inverness and Dundee have long suffered the inequity of APD, but they are not alone, because other airports suffer too, and Edinburgh, Glasgow and Aberdeen are not well served by APD either. As we have heard, Prestwick could very much benefit from the proposed change. Air connectivity is vital to the local economy, and I am pleased that it will be—in fact, I am impatient for it to be—in the Scottish Government's hands.

The UK introduced APD in 1994 to raise revenue from the aviation industry, anticipating that it would have environmental benefits through its effect on air traffic volumes. When it was introduced, it took the form of a flat £5 charge on flights in the UK and a £10 charge on other flights. It has been changed many times over the years. It was doubled in 1996, lowered in 2000, frozen between 2001 and 2007 and doubled from February 2007. It was then changed under the Labour Government in 2008 and the coalition Government in 2010. In 2013, it was increased, and the Chancellor made further changes in 2014 and 2015. This APD hokey cokey, married with the here today, gone tomorrow effect on routes and regional airports, has done nothing to help regional economies in places such as Inverness and Dundee or in the other constituencies represented by Members around the Chamber.

I point to those changes because, throughout all these years, successive Governments have failed to support regional airports. My constituents have suffered under the current approach. In addition to devolving APD powers as quickly as possible, we need public service obligations on routes to regional airports, as well as guarantees on those routes. We also need more flexibility on route development.

By 2016, £210 million less per annum will be spent in Scotland by inbound visitors than would have been the case if APD had not risen since 2007. That is a staggering

figure. When power is transferred, the Scottish Government are committed to reducing APD by 50% by the end of the next Parliament, with a view to eventually abolishing the tax when public finances allow. Their plans to abolish APD have been welcomed by the British Air Transport Association, Aberdeen and Glasgow airports, VisitScotland and the Scottish Chambers of Commerce.

Sophie Dekkers, the UK director for easyJet—Scotland's largest airline—has said:

“When APD is halved passengers in Scotland will quickly feel the benefit, with easyJet and other airlines adding more services to existing destinations and launching flights to new destinations from Scotland.”

Again, that would be welcome news for my constituents, who have long suffered the effect of here today, gone tomorrow flights.

Jim Shannon: In the scenario that the hon. Gentleman has outlined, if Scotland were to abolish APD, and given that the Republic has already done it, Northern Ireland would be the meat in the sandwich. It is important that Northern Ireland as well as Scotland gets to do it. Does he agree?

Drew Hendry: I absolutely agree, and support the devolution of powers to the nations of the UK in that way.

A consultation on a Scottish replacement to APD has been launched by the Scottish Government. It will give the people of Scotland and other interested parties the opportunity to provide their views—public views—on the design and structure of a Scottish APD. A Scottish APD stakeholder forum has also been established to help provide expert policy input in the preparation of policy proposals for Scottish APD, involving the air transport industry, environmental groups and tax practitioners and advisers. Devolution of APD to the Scottish Parliament will provide an opportunity to design a replacement tax that better supports our objective to improve connectivity to Scottish airports, generating new direct routes and increasing inbound tourism.

Reducing APD will have a positive impact on passengers, business costs and connectivity. However, as I have said, our support for regional airports should not end there. We need to make sure that the UK Government will do more to support regional airports, with a review of the current public service obligation regimes. The current criterion is too narrow and limits opportunities for regional airports.

3.21 pm

Rebecca Long Bailey (Salford and Eccles) (Lab): It is a pleasure to serve under your chairmanship, Sir David, especially since this is my first speech as shadow Exchequer Secretary to the Treasury. I am pleased to be working with the Financial Secretary to the Treasury today; no doubt we will spar together on other occasions. I offer my thanks and congratulations to the hon. Member for Solihull (Julian Knight) on securing an important debate on a topic that is of concern to me not only in my capacity as shadow Exchequer Secretary, but because my constituency will be affected.

I thank the hon. Members who spoke in the debate. The hon. Member for Central Ayrshire (Dr Whitford) gave a passionate account of the impact that air passenger

[*Rebecca Long Bailey*]

duty has on her local airport, Prestwick. The hon. Member for Fylde (Mark Menzies) spoke about the plight of Blackpool airport, especially in the light of its closure not so long ago and its struggle to get back on its feet. My hon. Friend the Member for Blackley and Broughton (Graham Stringer) rightly questioned the future viability of APD generally. The hon. Member for Strangford (Jim Shannon) made some important points about how Belfast has suffered in its competition with Dublin airport. The right hon. Member for Meriden (Mrs Spelman) highlighted the fact that the time for debate is now: it is an important issue and we need to get a grip on it quickly. The hon. Member for South Antrim (Danny Kinahan) made some fantastic points relating to Northern Ireland, and there were also fantastic contributions from the hon. Members for Kilmarnock and Loudoun (Alan Brown) and for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry).

Air passenger duty was highlighted in recommendations by the Smith commission. I reiterate my party's support for the implementation of the commission's recommendations as set out in the Scotland Bill. Inevitably, that will have consequences, but that should not undermine the principle of devolution for Scotland, and indeed Wales and Northern Ireland. That said, we cannot escape the fact that the Scottish Government's anticipated reduction of air passenger duty by 50% in the next five years and their intention to abolish it altogether when finances allow are predicted to have a significant effect on regional airports in England, especially those close to the border. HMRC research conducted in 2012 suggested that the number of passengers using Newcastle airport would decline by 10% the short term, and that Manchester, the closest airport to my constituency, would lose almost 5%.

My hon. Friend the Member for Blackley and Broughton, whose constituency neighbours mine, cited evidence in a previous debate on this issue that if one easyJet and one Ryanair flight were moved from Manchester to Glasgow, the Treasury would lose £2.9 million and 450 jobs would be lost in Manchester. That is of course a forecast, but we can already see the effects of variable rates of air passenger duty by examining the situation in Northern Ireland. Belfast International has suggested that it loses between 570,000 and 1.5 million passengers a year to Dublin airport, where no APD is levied. Dublin airport has run a marketing campaign specifically targeted at attracting Northern Ireland passengers, and in 2013 the number of passengers from Northern Ireland using Dublin airport increased by 12%. With the possibility of powers to determine APD rates being devolved to Wales in due course, the issue is set to have an impact not only on airports in the north of England, but on those in the south-west.

Jonathan Edwards: As the hon. Lady has mentioned my beloved homeland, will she confirm that it is now the policy of the Labour party to support the devolution of APD to Wales? Previously—I appreciate that it was before the hon. Lady was elected to the House—the Labour party abstained on such votes on Finance Bills. I should be grateful for clarification, because that would be quite a shift in her party's policy.

Rebecca Long Bailey: I shall come on to my party's position in due course.

I was saying that the possibility of powers to determine APD being devolved to Wales could lead to an impact on airports in the north of England and the south-west. York Aviation has predicted that, with Cardiff airport no longer subject to air passenger duty, Bristol airport would lose 440,000 passengers, up to 33 routes, 1,500 jobs and more than £800 million from local GDP. That concern has been cemented by a warning from Ryanair's commercial chief that the company could double its profits per passenger by flying from Cardiff instead, should APD rates be set to zero there. It is therefore clear that the devolution of powers to set air passenger duty will have a profound effect on England's regional airports, so I am glad that the Conservatives heeded the advice of my colleagues the then shadow Chancellor Ed Balls and my hon. Friends the Member for Streatham (Mr Umunna) and for Barnsley East (Michael Dugher) when they wrote to the Government in September last year, calling on the Treasury to start work on a mechanism to prevent English regional airports from being disadvantaged by devolution to Scotland or anywhere else.

I welcome the Government's publication of a discussion paper outlining three possible options for tackling the issues affecting our regional airports. I have a few specific concerns about the consultation, on which I am sure the Minister will be able to put me at ease, but first I ask the Minister for an update on the progress of the consultation as a whole. It is my understanding that the closing date for submissions was 8 September, but as yet there has been no published evidence and no conclusions from the Government. Will the Minister say when the Government's response will be published? More specifically, one solution discussed in the paper is to devolve the power to set rates of air passenger duty to local or combined authorities, either partially or fully. That seems to have implications for our compliance with EU state aid rules. The Labour party supports reform of the EU state aid rules, which would be a much better subject for renegotiation than those chosen by the Prime Minister. None the less, the current rules will apply.

One problem is that the Government cannot vary national tax rates in a way that is more favourable to specific regions. For that reason funding for the relevant local authority would be reduced by the full value of air passenger duty receipts in that area. HMRC research indicates that full devolution to a local authority containing one medium-sized airport would require a staggering reduction in funding of £45 million a year. The point of devolving the powers is to allow regional airports to avoid undercutting by rivals. Can the Minister confirm that under that option a local authority that took that course would receive no extra funding from central Government and would have to deal with a cut of £45 million? He will understand our concern that even the devolution package the Chancellor proposes will not contain much in the way of revenue-raising powers, nor anything like the scope that the devolved Administrations have to make savings elsewhere. Also, does he share my concern that if local authorities are able to set their own levels of APD, it will start a race to the bottom, which, taken to its logical conclusion, would result in an overall loss to the Treasury of £3.2 billion?

Alan Brown: The hon. Lady talks about a race to the bottom and says that different regional airports cutting APD could result in a net decrease overall. Does that

not run contrary to the argument I have just been making, which is that cutting APD increases passenger numbers, jobs and revenue? Does she therefore agree that her argument could be flawed?

Rebecca Long Bailey: I thank the hon. Gentleman for making that important point. Hopefully, when the Minister responds about the progress of the report, he will be able to shed some light on those issues specifically.

The third option outlined in the discussion paper is to provide aid to regional airports that will be particularly affected by the devolution of APD, but I am particularly concerned that that would do little to neutralise the effects at the airports that will feel the greatest impact. Airports such as Manchester and Newcastle would be too large to be eligible for such aid under the proposal, so the measure would be ineffective in tackling the problem where doing so will have the biggest impact. Furthermore, providing direct aid has an obvious fiscal implication for the Exchequer, so it would be helpful to clarify whether that would be provided by the Treasury or would again involve corresponding cuts to other local authority funding.

Finally, it would be helpful if the Minister touched on the environmental implications of air passenger duty generally. I have had a number of queries regarding that, particularly from my own constituents. Aviation is, of course, covered by the EU emissions trading scheme, and we anticipate that the fifth carbon budget will address the sector later this year, but it would be helpful if he were to outline how the proposals under consideration will interact with our obligation to decarbonise, especially if we are moving towards little or no APD, and how a devolved settlement will work alongside nationally set targets.

In conclusion, there is a degree of consensus that this matter must be addressed urgently, and we welcome both the Government's consultation and today's debate. There are a number of points on which we would welcome further clarification, and I look forward to hearing the Minister's response.

3.30 pm

The Financial Secretary to the Treasury (Mr David Gauke): Sir David, it is a very great pleasure to serve under your chairmanship this afternoon. I congratulate my hon. Friend the Member for Solihull (Julian Knight) on securing the debate and setting out his case so well. Indeed, I thank all right hon. and hon. Members for their contributions, including my right hon. Friend the Member for Meriden (Mrs Spelman), my hon. Friend the Member for Fylde (Mark Menzies) and the hon. Members for Central Ayrshire (Dr Whitford), for Strangford (Jim Shannon), for South Antrim (Danny Kinahan), for Kilmarnock and Loudoun (Alan Brown), for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) and for Salford and Eccles (Rebecca Long Bailey). I congratulate the hon. Member for Salford and Eccles on her appointment as shadow Exchequer Secretary—I speak as a former shadow Exchequer Secretary—and am delighted to welcome her to the Front Bench.

The Government have a long-term economic plan to rebalance growth across the regions and nations of the United Kingdom, strengthening our economy as a whole. That includes the commitment to a major transfer of

power to our great cities, counties and nations so that local people can take more control of the decisions that affect them.

As part of that plan, the Government are delivering the Smith agreement for Scotland and will devolve air passenger duty to the Scottish Parliament. In accordance with the St David's day package, the Government are also considering the case and options for devolving air passenger duty to Wales. In England, the Government are creating a northern powerhouse by pushing ahead to deliver a package of devolved powers to major northern cities and investing in transport and infrastructure. In the north-east, for example, the Government are in good discussions about the potential to devolve further powers and responsibilities to the regions.

Mrs Spelman: I am sure that the Minister would appreciate the sensitivity of this issue for west midlands MPs. If he is not going to mention the fact that the Government are in negotiation with the west midlands local authorities about the creation of a midlands powerhouse, we will be a bit disappointed.

Mr Gauke: My right hon. Friend is absolutely right, particularly in the context of a debate secured by my hon. Friend the Member for Solihull, to refer to the progress that we want to make in the west midlands, which is very much a priority area as well. I was going to touch on that. The case for the midlands engine set out today by my hon. Friend and my right hon. Friend the Member for Meriden is important.

I turn to English regional airports; I know they have expressed concerns that air passenger duty devolution will impact negatively on their business. The Government appreciate those concerns. Regional airports play an important role as local employers and enable the transport of people and products nationally and internationally. That improves connectivity, increases trade and helps to create new jobs. Consequently, the Government are undertaking a review of how to support regional airports in respect of such impacts. That is why the Prime Minister stated earlier this year:

"We are not going to accept a situation where there's unfair tax competition... We will do what's necessary to make sure that England's regional airports can succeed."

Drew Hendry: Does the Minister agree with the points made around the Chamber earlier about the fact that, whether someone is in a regional airport in Scotland or England, the economic growth that can be generated by changing the tax regime to encourage trade will enable all the regions to become more successful? They are not necessarily a threat to each other.

Mr Gauke: The Government have made significant progress on the devolution of taxes generally. The hon. Gentleman will be aware of the announcement made by the Chancellor of the Exchequer on the retention of business rates, for example. I know that business rates are already devolved in Scotland, but allowing English local authorities to retain business rates is an example whereby through aligning incentives, as it were, we can create the conditions for economic growth in every part of the United Kingdom.

I will deal with the specific points on APD in a moment, but first let me address the issue of the regional airports review, because, as part of that review, the

[*Mr Gauke*]

Government published a discussion paper at the summer Budget this year. The paper explored three potential options for supporting regional airports affected by devolution: the first was devolving APD to regions within England; the second was varying APD rates within England; and the third was providing aid to regional airports.

The paper explored how the options could work and highlighted key points for consideration. The period for feedback on the options is now closed. We received a large number of responses and would like to thank all interested parties for their valuable responses to that consultation. We are carefully considering the views and evidence that we have received. We appreciate that the aviation industry values stability and certainty in the UK tax system and we will respond to the views expressed on the options in the discussion paper in due course. The response will set out how the Government wish to take the matter forward.

Jonathan Edwards: The Government have devolved APD to Northern Ireland and Scotland. The draft Wales Bill, published today, is glaring in its omission of any mention of APD being devolved to Wales. Is there a reason why the Government are rolling back on devolving APD to Wales?

Mr Gauke: I refer the hon. Gentleman to the remarks that I made a few moments ago. In accordance with the St David's day package, we are considering the case and options for devolving air passenger duty to Wales. That consideration is ongoing. Once a conclusion has been reached, I am sure that he will be looking very closely at our response.

If I may, I will respond to some points that have been made in this afternoon's debate. The hon. Member for Blackley and Broughton (Graham Stringer) raised the issue of whether APD is a good tax or whether we should just scrap it. It is worth bearing in mind that it raises £3.2 billion each year, which is an important part of the Government's overall revenues. We consider that APD is a fair and efficient tax that ensures that the aviation sector contributes to the public finances. The amount of tax paid by people who can afford business class travel or luxury jets is much more than that paid by a passenger going to the same destination in economy class.

In recent years, we have reduced long-haul rates of APD and frozen short-haul rates for five years, and we are exempting children. APD is the main way in which the aviation sector is taxed. International treaty agreement means that there is no tax on international aviation fuel and no VAT on international flights. Unlike many countries, the UK does not charge VAT on domestic flights. It is also worth pointing out that the aviation sector is performing strongly. Passenger numbers grew by 4% in 2014 compared with 2013.

My hon. Friend the Member for Crawley (Henry Smith) referred in an intervention to a PwC report arguing that abolishing APD would boost GDP, create jobs and pay for itself. We do not agree with the assumptions behind the 2013 and 2015 PwC reports on APD. Our view remains that abolition would have a limited effect on GDP and cause a net loss of tax

receipts. As I said, APD makes a contribution towards the public finances. Abolishing it would put pressure on the Government to increase less efficient and more regressive taxes.

Alan Brown: The Minister makes the point that APD is one way of taxing the aviation industry and he thinks that it is a fair tax, but will he acknowledge that the UK charges a much higher rate? The UK's short-haul rate in economy is more than double the EU average; in terms of the medium-haul rate, the UK charges €90, whereas the EU average is €24. The UK is aggressively taxing the aviation industry, and that is what the whole thrust of the debate is about. The Government may want to tax the aviation industry, but we are arguing that our industry is heavily over-taxed compared with those in other countries.

Mr Gauke: Our rates are higher than those in many other countries; I am not disputing that. I am arguing that we are not convinced that abolition of APD would pay for itself. Presumably the Scottish Government are also not convinced, because they have not brought forward proposals to abolish APD. It may be an aspiration for the long term—when finances allow—but that does suggest that there would be a loss of revenue.

The hon. Member for Central Ayrshire referred to the experience of Prestwick airport and the effect on tourism—a perfectly legitimate point to raise. As I said, we accept that APD rates are high on an international comparison. However, we think that APD is a very small component of a tourist's overall spending on a trip to the UK. Some analysis done by Treasury officials over the summer suggests that depending on how long a long-haul passenger stays in the UK, APD probably makes up less than 2% of total spending on travel, hotels and subsistence, so although I accept the point, we have to put it into the context of the wider costs that may apply.

Drew Hendry: I am listening to the Minister's comments about the effect on Prestwick airport. Does he accept that Prestwick, along with other regional airports whose local economies rely heavily on tourism, would be affected exponentially by additional costs for passengers? The Scottish Government's approach—to reduce immediately and then remove APD—is likely to serve those economies better than taking no approach at all.

Mr Gauke: What I will say—this is the case for devolution; I suspect that the hon. Gentleman and I might agree on this—is that we shall see. We have the chance to see whether that approach has an impact on tourism levels in that area. We will be able to see that from the evidence that emerges, and that could help to inform future decisions. We have that flexibility, and the Scottish Government are able to exercise the policy that they think fit for Scotland.

Dr Whitford: Do we not have an example available to us in the Republic of Ireland? It got rid of its tax and certainly has reported a massive upsurge in tourism. The point is that when someone is looking at choices of where to go, they do not think about the money that they will spend having a meal out; they are looking at how much it costs to get there and how much the hotels

are. The issue is what they see on the internet up front. We are a tourist area, as the Republic of Ireland is, so we would get a similar benefit.

Mr Gauke: The hon. Lady refers to the increase in tourism in the Republic of Ireland, but according to the last numbers that I saw, the percentage increase was not very different from that for tourism in Northern Ireland. That suggests that APD perhaps is not that significant a factor in bringing tourists to a particular area. In the context of Scotland, however, no doubt the hon. Lady will be keeping a close eye on the impact of the APD changes on the tourism industry in her area, as indeed will the UK Government.

While I am on the subject of Northern Ireland, I shall pick up the points raised by the hon. Member for South Antrim and the right hon. Member for Belfast North (Mr Dodds). We do recognise that Northern Ireland is the only part of the country with a land border with another country that has a lower rate or no rate of APD. Many Northern Ireland passengers drive to Dublin to catch flights; I acknowledge that. APD is not the only reason why Northern Ireland passengers travel to Dublin for flights, but I accept that it could well be an important factor.

We have already devolved direct long-haul APD to the Northern Ireland Assembly. It has now set long-haul rates at zero, effective from 2013. We have not had a request from the Northern Ireland Executive, as far as I am aware, for full devolution of short-haul APD. Obviously, we would have to consider any such request if it was made, but the principles set out by the hon. Member for Salford and Eccles do apply when it comes to devolution within a member state of the EU. The funding would have to be found locally, so any cost from forgone APD would have to be taken, as it were, from the Northern Irish block grant. The same principle applies in relation to corporation tax and devolution.

Some people have suggested that the way forward might be to offer an APD holiday, under which new routes could benefit from no APD liability for the first few years of their operation. We recognise that that kind of approach might encourage operators to open new routes—routes that currently do not exist. However, the Government also have a number of obligations to be fair and transparent in how we levy taxes. We would probably have to offer any tax holiday policy to all airports, rather than focusing on regional or underused airports.

The result of such a policy would be that some operators of flights to certain destinations would pay less tax than others that served the same destinations. Existing operators would be placed at a considerable commercial disadvantage. It would clearly be nonsense if two different flights from the same departure airport to the same destination airport were charged different levels of tax. The operator of the more expensive flight would, we suspect, mount a legal challenge against any discrimination, which they might win. There is also the potential for airlines to game any APD holiday. For example, the operator of an existing Manchester-Dusseldorf route might easily switch to Liverpool and/or Cologne to lessen its tax bill, which would offer no advantages to the UK.

Julian Knight: The Minister has just mentioned that an operator might switch from, for example, Liverpool to Frankfurt to take advantage of an APD holiday. Surely, they could do that already, because the APD rates are far higher in this country than they are in our competitor economies.

Mr Gauke: If there was a dramatically different regime for new routes to and from the UK versus existing ones, there is a risk that there could be a certain gaming of the system. In order to qualify for a lower rate of APD, an operator might attempt to make a relatively minor change to a route, such as flying to a different German airport close to the original one, and thereby replace an existing route with a new one. That would do little to improve the use of, say, Birmingham International airport, as my hon. Friend seeks to do—given the remarks of my right hon. Friend the Member for Meriden, it might be unwise to try to increase the number of users to 36 million—and we would merely see a lot of churn, rather than the increase that my hon. Friend would like. On that and related ideas, we are considering all responses from interested parties to our consultation, and we will respond in due course.

Drew Hendry: I am grateful to the Minister for being generous with his time. I believe that he is talking quite a lot of sense on the difficulties with APD holidays, but does he agree that what we need is flexibility over route development? In other words, we need not only starter routes but more frequency on those routes. Indeed, perhaps we need public service obligations to guarantee those routes, which would allow them to bed in, to become established and to reach critical mass.

Mr Gauke: The hon. Gentleman, who is his party's Front-Bench spokesman on transport matters, raises an important point, but I question whether APD is the correct way of achieving the objective that he seeks. In the context of APD, there are some challenges, and the gaming of the system is one risk.

Having welcomed the hon. Member for Salford and Eccles, I must point out that her shadow Treasury colleague the hon. Member for Wolverhampton South West (Rob Marris), the shadow Financial Secretary to the Treasury, told the House on 29 June:

"I would increase the rate of APD."—[*Official Report*, 29 June 2015; Vol. 597, c. 1275.]

To be fair, that was before he was appointed to the shadow Front-Bench team. I do not know whether that is the Labour party's position. I will leave that question hanging.

Mrs Spelman: The message that we are getting, and it is one that the Treasury often has to give, is that relieving the tax would generate a return for the Treasury through increased economic activity. That is the argument that everybody always uses for tax reduction. None the less, will the Minister be clear with us about the timetable for the review of the options to help regional airports, since it was announced in February?

Mr Gauke: My right hon. Friend anticipates the response that I would generally make, as Treasury Ministers are required to do fairly regularly, regarding requests

[*Mr Gauke*]

for tax reductions or spending increases. I cannot add to what I have previously said about the review. We will respond in due course. This is a detailed and complex area. One thing that has emerged from the debate is the fact that there are complexities, and that unintended consequences can result from pursuing certain policies, so we wish to consider the evidence carefully. We are in the process of doing so, and we will respond in due course to the points raised in the consultation. A number of options have been set out this afternoon and, although the consultation is closed, we will want to look closely at the contributions to the debate to develop our thinking on the matter.

Rebecca Long Bailey: I refer the Minister back to his comment about my hon. Friend the Member for Wolverhampton South West (Rob Marris) mentioning in a previous debate that he would be in favour of increasing APD. As has been highlighted by many of the contributions today, we are now working in a different economic landscape in light of the fact that control over APD has been devolved to Scotland. We need to assess the economic impact of APD across the regions, because the playing field is not level. I hope that the Minister will heed my comments in that regard.

Mr Gauke: I certainly understand the point that the hon. Lady is making. To be fair, the hon. Member for Wolverhampton South West made his remarks in June, and I appreciate that that was before he was on the Front Bench. It is a bad habit of Government Front Benchers to point out remarks made by Opposition Front Benchers before they were appointed to the Front Bench, or even selected to be on the Front Bench.

We have recognised the potential impacts of APD devolution, and we are conducting a review to make sure that other cities and regions do not lose out. We are listening to interested parties and we will set out the Government's next steps in due course. The Government have a long-term economic plan for the great nations and regions of this country, which clearly includes the west midlands. The Government are giving local people more control over the decisions that affect them and strengthening the UK economy as a whole.

3.57 pm

Julian Knight: Thank you for your chairmanship of this debate, Sir David. I thank all right hon. and hon. Members for their contributions and the Minister for his reply. I was particularly impressed, not for the first time, by the contribution of the hon. Member for Central Ayrshire (Dr Whitford). I looked wistfully out of the window when she mentioned golf on this beautiful sunny day, and I look forward to having a round in her constituency at some point. When she mentioned Prestwick airport and Elvis, I was reminded of the famous story about Elvis creating perhaps the biggest PR gaffe of the century when he was interviewed by reporters on his one and only trip to the UK. Having landed at Prestwick airport, he came out of the plane and said that it was absolutely delightful to be in England. That, obviously, did not go down very well.

The hon. Lady spoke passionately about Prestwick and the problems that it has encountered in recent years. The Scottish Government have plans to reduce APD by 50%, and I watch with real interest to see what the economic effects will be; I imagine that they will be more considerable than our Treasury takes account of. In many other hon. Members' constituencies, there is not the same opportunity for devolution. My hon. Friend the Member for Fylde (Mark Menzies) said that his airport was hanging by a thread and faced the potential of greater competition from Scotland post the 50% cut in APD.

Some of the most telling contributions were made by the hon. Member for Strangford (Jim Shannon), the right hon. Member for Belfast North (Mr Dodds) and the hon. Member for South Antrim (Danny Kinahan). They said that the disparity in APD rates in Northern Ireland and the Republic is creating further social and economic divides when it comes to travel, and that, frankly, they feel as though the system is broken and it is time to fix it. I believe that many hon. Members would agree with that theme.

My neighbour and right hon. Friend the Member for Meriden spoke about the necessity of approaching transport in a joined-up fashion and the potential that HS2 will bring. The problem is that currently, we feel as though airport duty, the idea of which is effectively to price people out of planes—

Sir David Amess (in the Chair): Order.

Motion lapsed (Standing Order No. 10(6)).

Travellers (Mole Valley)

[PHILIP DAVIES *in the Chair*]

4 pm

Sir Paul Beresford (Mole Valley) (Con): I beg to move,

That this House has considered Travellers and planning in Mole Valley constituency.

I am delighted to see you in the Chair, Mr Davies, and to see the Minister joining us. Having been in that position some years ago myself, I do not envy him.

Mole Valley constituency consists of Mole Valley District Council and the eastern wards of Guildford Council. It is close to London and to Epsom downs so it is attractive to Travellers from afar. Mole Valley District Council is smothered—I think that would be the right word—with building restrictions. Sites of special scientific interest, areas of outstanding natural beauty and the green belt protect, in total, an astonishing 90% of the district. The level of protection for the Guildford wards in my constituency is probably the same.

The councils and the population accept the need for Traveller sites but not without limit. For example, Mole Valley District Council has 11 authorised sites and has recently given planning permission for an enlargement of two of those sites. The majority of the sites are private. In drawing up its draft local plan, which is still in progress, there are indications that the planned housing numbers might be reduced to reflect the difficulty of allocating land for houses where the proportion of green-belt land is so high. This, however, does not seem to apply for the requirements for Travellers. The current assessment for Mole Valley alone is 42 additional sites by 2027. When looking at this, would the Minister reflect on the fact that Surrey County Council, which runs the local authority Traveller sites, has a waiting list across the whole of Surrey for 65 families, rather than the 42 just for Mole Valley alone? My first plea, therefore, is for the Traveller site requirements to be dramatically lowered for Mole Valley District Council, Guildford Council and councils with similar problems but without quite the demand when we look at it in the large.

I wish to focus on the way in which a very few Travellers manipulate the system in ways that would not be entertained by settled residents or by planning authorities looking at the action of settled residents. In saying that, I re-emphasise the number of successful, popular sites in the area that cause no difficulties and no arguments, and where there are agreements on planning.

I wish to touch on two examples. One is in Guildford—a site on a little narrow private lane off the A246. The A246 is a busy two-lane road linking Leatherhead with the A25 to Guildford. There is, nearby, an authorised site off a similar small road to the west of the A246. The wee road I am focusing on is narrower and off to the east. There are a few properties in the lane but generally development is severely limited as the road goes through, or close to, an area of natural beauty and ancient forests, and is entirely in the green belt. A Traveller from outside Mole Valley inherited the land, squatted on it and, over a short period of time, placed a number of caravans, trucks and cars there. He ran a number of different businesses from the site, as indicated by

advertisements but denied by the owner when questioned. He originally claimed that his children were living with him but that appears to have ceased apart from his 18-year-old son, who works there from time to time.

Currently, a mother and children originally from the site on the other side of the A246 are there periodically but claiming residency. This is refuted by the neighbours, who have kept tabs and notified Guildford Council. Guildford Council wrote to the mother telling her not to move on to the site. That instruction was ignored. Guildford Council has interviewed the Traveller about the children and their residency. The children are registered in the local school and with the local GP. However, that would apply from the site that they moved from in the first place; the residency is still claimed. Of course, when the council officer goes to check, she makes an appointment and, of course, forewarned is forearmed.

The planning situation is that the Traveller applied for permission for a Traveller site, which Guildford Council—correctly, in my opinion—rejected. That went to appeal, which the inspector also rejected, setting the middle of July this year as the date for the site to be vacated and set back to its original state. This was to allow the Traveller time to find alternative accommodation. Of course, nothing has happened. Instead, there has been an increase in activity and it appears to me that the presence of the children is being brought to the fore in anticipation of the council placing an enforcement notice, which, if the pattern follows, will be appealed, causing a further delay.

The Mole Valley District Council case relates to green-belt land adjacent to a farm and the River Mole. This pastoral land was sold to a handful of Travellers in 2003. Mole Valley District Council served an injunction on the families not to move on to the site, which was ignored; they moved their caravans to the site in August 2003. They then applied for a nine-pitch site in October 2003, which was refused. The appeal on that refusal was refused in November 2004. A year later, a further application for four pitches was refused in December 2005. The appeal in May 2007 refused it but allowed residency for four years, expiring in May 2011, to allow for alternative accommodation to be sought. One month before the expiry date three further applications were submitted. All were refused, all were appealed and all appeals were refused, except that temporary permission was granted until 10 April 2016. Again, that was to find an alternative site because of the children.

Since the Travellers' 2003 arrival at the site, the area has been fenced, a fast-growing hedge has been planted and a number of caravans and a few other buildings of a more permanent design have been placed there. Also, to my amusement, two large, high, wrought-iron electrically-operated gates have been erected between pillars, as if they were the entrance to a minor stately home.

The farmer adjacent to the site has, with considerable difficulty, obtained planning permission to enlarge his home to accommodate his modest family. The difficulty he had was that the same planning regulations applied to him as to his Traveller neighbours. I suppose he could have gone ahead and built to his desire and then run a long series of applications and appeals using his children to squeeze the authorities. He did not. He went through the proper procedures, slowly and carefully, and got the appropriate permission. If he had not done so, as I am

[Sir Paul Beresford]

sure the Minister would agree with me and the planning authority, it would have forced him to demolish. Interestingly, that happened to a neighbour in the Guildford case, whose property happened to be three inches too large and had to be pulled down and rebuilt.

Both of the Traveller examples I have given are a flagrant abuse of our system. Our system was made for people to recognise it and to use it for the benefit of themselves and the community. Neither group of Travellers is from Guildford or Mole Valley, yet the councils feel—or, in the case of Mole Valley, have been told—that they have a responsibility for the families. If those families had arrived asking for social housing, they would have been told, “No.” They would have been told that they were intentionally homeless.

I ask for four small things. First, as I mentioned at the beginning, I ask for a reduction in the expected required numbers to reflect the green belt and similar restrictions for the authorities I mentioned and others like them. Secondly, I would be interested in the Minister’s interpretation of his recent changes in the regulation. Could they influence cases where the children are being used to manipulate planning? I realise that he cannot specifically use the two examples that I have mentioned, but he can talk broadly enough for me to be able to interpret with a bit of help.

Thirdly, does the Minister accept—I hope he does—that, in cases where the Travellers are not originally from the council area, the local authority should not be landed with the responsibility for accommodation or sites? Effectively, the Travellers are homeless by their own hand.

Finally, as we probably will not get quite what I would like out of this debate, is the Minister willing to accept a small—I mean small—delegation from Guildford and Mole Valley to come with me to discuss the problems? These are not the only Traveller problems in the area, and the problems will continue unless we can finally put a stop to this. As the Government have said, and as the Minister has said, the same should apply to settled families as applies to Traveller families.

4.10 pm

The Minister for Housing and Planning (Brandon Lewis): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Mole Valley (Sir Paul Beresford) on securing this debate about planning for Gypsies and Travellers in his constituency. He has outlined examples that many of us have experienced either as councillors or Members of Parliament, let alone as Ministers. There is frustration in communities about such behaviour. I make it clear that we are committed to encouraging sustainable development, and it is important that local authorities plan for the future of their communities, including Travellers, in a way that is locally appropriate.

The Government attach great importance to the protection of our green belt. The green belt prevents urban sprawl by keeping land permanently open, and we do not want to see that protection eroded. We understand that green belt is highly valued by local people in my hon. Friend’s constituency and across the country. That is why our policy makes it clear that most

forms of development on the green belt are inappropriate and should not be approved except in very special circumstances. He raised four particular queries at the end of his speech, and I should be able to address all four in the next few minutes.

Local planning authorities should ensure that substantial weight is given in their planning decisions to any harm to the green belt. We have made it clear that Traveller sites, whether temporary or permanent, are inappropriate development in the green belt and that local planning authorities should strictly limit the development of new Traveller sites in the open countryside. Increasing the amount of authorised site provision should not be at the cost of the countryside, the green belt, other sensitive areas, such as the ones he outlined, or the interest of the settled community.

This is a challenging issue, and I share my hon. Friend’s concern that planning decisions can sometimes appear to fail to find the right balance between adequate supply and protection of our treasured landscape. However, applications for such sites undergo rigorous scrutiny by the local planning authority, informed by comments from local communities, and such decisions are rightly for the local planning authority to take. He has outlined a number of examples where appeals have held up the local authority’s decision.

As Members will know, the previous coalition Government consulted on proposals to ensure fairness in the planning system, to strengthen protection of the green belt and the countryside and to address the negative effects of unauthorised development of land. We announced new planning policies in August 2015, including an updated planning policy for Traveller sites, implementing many of the proposals on which we have previously consulted. We changed the planning definitions of Gypsies and Travellers so that they now refer only to those who lead a genuinely nomadic lifestyle. We believe that if a Gypsy or Traveller has ceased to travel on a permanent basis, they should have their planning applications considered under national planning policy with the rest of the settled community, with everybody being treated exactly the same.

Through the Housing and Planning Bill we are seeking to ensure that the assessment of housing need covers Gypsies and Travellers and the settled community together, fairly addressing the perception that some groups receive favourable treatment—that is not the way forward. We have also introduced policies further to protect our green belt and sensitive sites. If a local planning authority cannot demonstrate an up-to-date five-year supply of deliverable sites, it should no longer be a significant material consideration when considering applications for the grant of temporary planning permission in those areas. We have made it clear that, subject to the best interest of the child, unmet housing need and personal circumstances are unlikely clearly to outweigh harm to the green belt and any other harm so as to establish very special circumstances.

Local authorities should also strictly limit new Traveller sites in the open countryside. We have made it clear that, in exceptional circumstances where a local authority is burdened by large-scale unauthorised sites that have significantly increased their need, there is no assumption that the local authority is required to meet that Traveller site need in full.

The Government are concerned about unauthorised development of land, which can cause irreparable damage to the environment, endanger the safety of occupants and neighbours and undermine confidence in our planning system, which is a point my hon. Friend rightly raised. We have already introduced measures through the Localism Act 2011 to enable councils to deal effectively with those who choose to ignore planning rules. Those measures give local councils the powers to deal effectively with retrospective or misleading applications. Again, he gave a good example of where that has happened. All should be treated the same.

Our new policy goes further by ensuring that intentional unauthorised development is a material consideration that should be weighed in the determination of planning applications and appeals. My hon. Friend rightly said that I cannot comment on individual sites in and around his constituency, not least because the circumstances of each case are unique and because of the quasi-judicial role, but I appreciate how controversial some Traveller sites can be. We have made it clear that that is no reason for local planning authorities to fail to provide the sites that Travellers need, as required by policy, within planning rules by which we all abide. Delaying the establishment of a robust supply of sites to meet need in a way that is consistent with policy as a whole merely exposes local planning authorities to unplanned development, which may prove more controversial in the long term than the provision established during a local plan process.

The previous coalition Government rightly did away with Labour's top-down approach to planning, under which targets for Traveller pitches were forced on local authorities by unelected regional bodies. Instead, "Planning Policy for Traveller Sites" outlines local authorities' responsibility to plan for their Traveller communities, just as they are required to plan for the rest of their communities. Our policy aims to increase the number of Traveller sites in appropriate locations, in line with objectively assessed need—no more, no less.

Sir Paul Beresford: Will the Minister reflect on my point that, using the current procedures, it is estimated that Mole Valley District Council will have to find 42 sites by 2027, but the waiting list for Surrey as a whole is only 65? Will he therefore reflect on the possibility of changing the rules sufficiently to reduce the number required by the current regulations?

Brandon Lewis: If my hon. Friend bears with me for a moment or two, I will address directly that point and his four other points.

We are ensuring that we provide fair treatment, which is why we share my hon. Friend's concerns about unauthorised encampments and the disruption and expense that they cause for local communities. On that direct point, areas should consider their housing need when they develop their local plan, which also contains a duty to co-operate. There is therefore an issue about working with neighbouring authorities on a fair spread of Traveller

sites, as they would for any other part of their housing need. That links to his fourth point, which was a request to come to see us with a small delegation from the authority. I am happy to arrange that meeting with Baroness Williams, the Under-Secretary who deals with such issues on a day-to-day basis. I will liaise with her after this debate and arrange for the delegation to come in to have that conversation.

Councils and landowners often think that they are powerless to stop unauthorised encampments, but I am keen to stress that extensive powers are open to them. My hon. Friend may be aware that in March 2015 the Minister for Policing, Crime and Criminal Justice and I sent a joint ministerial letter to council leaders and police and crime commissioners, and I am happy to let him have a copy of the letter. We expressed our concern that local authorities and the police are not seen to be doing enough to stop unauthorised encampments. To accompany the letter we reissued a summary of the robust powers that councils and landowners have to remove unauthorised Traveller sites.

I will just make a couple of final points. I have touched directly on the issue about the changes around children and their assessed need as opposed to the needs of the green belt itself. Indeed, that answers my hon. Friend's question about the local planning process that deals with the housing need for the area, so that the needs of Travellers are dealt with alongside those of everybody else in the area. He made a very relevant point in that regard.

We are committed to encouraging sustainable development. It is important that local authorities plan for the future of their communities and deliver the housing that is needed. Travellers are part of our communities and local authorities must ensure that they have appropriate provision, but Travellers should be treated in the same way as everybody else and abide by the same planning rules.

We attach great importance to the protection of our green belt, and local planning authorities should ensure that substantial weight is given in planning decisions to consideration of any potential harm to the green belt; I expect to see that happening right through the planning system. Traveller sites, whether temporary or permanent, are inappropriate developments in the green belt, and personal circumstances and unmet need are unlikely to clearly outweigh harm to the green belt and any other harm.

We have updated planning policies for Gypsies and Travellers to ensure fairness in the planning system, to strengthen protection for the green belt and countryside, and to address the negative effects of unauthorised development of land. The Housing and Planning Bill will take that process one step further.

Question put and agreed to.

4.21 pm

Sitting suspended.

Individual Electoral Registration

4.28 pm

Nick Smith (Blaenau Gwent) (Lab): I beg to move,

That this House has considered the matter of individual electoral registration.

For Parliament, 2015 has been a year for celebrating our democracy. Across the country, in schools, festivals and in the media, people have joined us in celebrating a journey that started 800 years ago with the signing of Magna Carta and led to our sitting here today. However, this year could end with a body blow to our democracy that could have repercussions for years to come.

The transition to individual electoral registration should reach its end in December 2016; instead, it has been brought forward by the Government to December 2015. The effects could be disastrous. According to the latest projections from the Electoral Commission, 1.9 million people are at risk of being removed from the electoral register. That number will drop as canvassers go door to door this autumn. Nevertheless, reasonable estimates produced by the Labour party suggest that close to a million people will be dropped from the register. That is a million people whose voices will no longer be recognised and who will be ignored when the Government begin to redraw the political landscape with the new boundaries.

That move goes against the advice of the independent Electoral Commission. It will not be subject to a vote in Parliament nor, apart from now, will MPs be given a certain chance to debate the important issues at stake. That is why today's debate is so important. We need a Parliament that represents all its constituents in all its constituencies, but instead my borough of Blaenau Gwent had lost 1,736 people from the register by the time of the general election. It is projected that Wales will lose 68,000 people from the register in December, and that is unacceptable.

When the Labour Government legislated for the move to IER we put in a transition period with strong safeguards, but we can see from the numbers squeezed off the register by the current rushed transition that the Conservative Government's haste will soon leave many people repenting at their leisure. There might be a view that this was a safe time to finalise the transition, as we have just completed a general election.

Nick Thomas-Symonds (Torfaen) (Lab): I congratulate my hon. Friend on securing this debate on an issue that is absolutely key to our democracy. Does he agree with me that if there is to be the change to IER, together with the forthcoming change to the constituency boundaries, the Government's responsibility to increase the safeguards, rather than bring forward the date by a year—as has happened—will be reinforced?

Nick Smith: The MP for my neighbouring constituency makes an important point, which gets to the crux of our discussion. May 2016 will feature big elections for the Welsh Assembly, the Scottish Parliament and the Mayor of London. People's votes, across the UK, will be vital in shaping the country once more, and the boundary review of 2016, on which my hon. Friend touched, will shape it on a much more fundamental level.

Those people who are removed from the register in December 2015 will not be counted for the purposes of determining their representation in Parliament. If the

shape of a constituency is drawn based on its reduced number of voters, we will soon be faced with a distorted electoral map. Large urban areas with multiple-occupancy housing and regular home movers are the areas that are set to be hit and, on a party political level, the urban areas affected coincide with traditional Labour representation. I would like to think that the Government would not rush in the IER process to tip the scales in their favour for future elections. However, how can we have confidence in the boundaries, even in London, when Hackney faces a nearly 23% drop-off in the number of registered voters? The average loss in Britain is calculated at almost 4%. The 10 poorest areas in Britain face an average projected loss of 6.2%.

We are in danger of shrinking the voice of our poorer communities. For people in those communities, falling from the register has consequences beyond that of losing the vote. It means, for example, losing the chance of obtaining safe, affordable credit in areas where loan sharks may ply their trade. It means public service provision dipping even lower, affecting everything from school places to GPs. My major concern is that it is already too late to fix that problem before the December deadline.

The student population is a good example of my last point.

Christina Rees (Neath) (Lab): Does my hon. Friend agree that the Government should note the Association of Electoral Administrators' recommendation that legislative changes should be implemented to allow electoral registration officers to block-register people in institutions such as sheltered accommodation and university halls of residence?

Nick Smith: My hon. Friend makes an important point on behalf of those people who do the hard yards in our democracy—electoral registration officers. They do not have a fashionable local government job, but they do their very best to boost our democracy and, as my hon. Friend says, they have been undermined in this instance.

To be fair, before the 2015 general election coalition Cabinet Office Ministers, the Electoral Commission and the National Union of Students sent a letter to university vice-chancellors across the UK asking for their support to ensure that students were registered to vote. Consequently, there was a big drive in universities to boost registration—fair do's. We are now in a new academic year, however, with thousands of admissions to and departures from the universities, so the HOPE not hate group rang 54 universities asking about their work this year. Every university that responded said it was scaling down its efforts as there was no general election this year, with just four of them referring to plans to inform the new intake about voter registration in their welcome packs. That is a microcosm of the larger problem in high turnover areas. Without a sustained programme of action, any voter drive will work for a short period only.

Labour is doing its bit with the "missing million" push this weekend, led by my hon. Friend the Member for Ashfield (Gloria De Piero). It is one of our biggest registration drives ever. Labour students will be around campuses, colleagues will be touring community groups and local parties will be going door to door. That sort

of work cannot, however, be sustained by volunteers alone, no matter how committed they are. A lot of the push has had to come from local authorities, who deserve credit for working hard despite the wider cuts and the new demands of the IER system.

Although information such as dates of birth and national insurance numbers is a good protection against fraud, it places further demands on electoral registration officers and that is why we need to support them by using all the available tools to find as many voters as possible. That means Departments and local authorities linking up their information and streamlining their processes. On this side of the House, my hon. Friend the Member for Sheffield Central (Paul Blomfield) deserves credit for doing that with his local university, the University of Sheffield, where they have integrated voter registration into the student registration process, leading to 64% of students registering to vote. That is a success story—fair do's.

The more innovative methods we can use to take advantage of what we already have, the better. In my work on the Public Accounts Committee, I have seen some of the new ways in which Her Majesty's Revenue and Customs is working. Since 2012, it has been making use of credit reference agency data to good effect. It has checked addresses and other information to see if everything is up to date and correct. That helped HMRC to reduce tax credit losses by £280 million between 2011 and 2014. Further afield, in California, a Bill has recently been signed that allows residents to be registered to vote when they obtain or renew a driver's licence or a state identity card. The point is that we need to use more good and accurate databases to increase voter registration to protect and build our democracy.

Emily Thornberry (Islington South and Finsbury) (Lab): It is a pleasure to have the opportunity to intervene in the debate. I compliment my hon. Friend; he was an excellent agent in Islington South in 2005 and has been an even better MP since for Wales.

Is it not right that we should all be democrats? We should all be trying to work to ensure that as many people as possible exercise their democratic right to vote. It is extraordinary, is it not, that the Government seem to be putting barriers in the way of people being on the register in order to exercise the power they should have simply because they are citizens?

Nick Smith: I thank my hon. Friend for her intervention. She does a brilliant job of boosting voter registration in Islington.

The Government are rushing the introduction of individual electoral registration. Next year's elections are important and the boundaries for future constituencies will rely on an accurate register. The Government say that they want to boost our democracy, but their action undermines it. How many times have we, in this place, around this room, knocked on doors come election time, to be greeted by a person who has lost their opportunity to vote because of a registration problem? I see lots of nods. Why do we want to reject hundreds of thousands of students across the country by squeezing them off the register and telling them that their vote does not matter? Why do we want to undermine our voting system and threaten to exclude private renters, people from black, Asian and minority ethnic communities, the unemployed and lower-paid workers?

The Government must listen. They must hear the genuine concerns and allow more voters on to the register; otherwise, they do our democracy a great disservice.

Several hon. Members rose—

Philip Davies (in the Chair): Order. It may help if I clarify for those who are new to 60-minute debates, an innovation in this Parliament, that the Chairman of Ways and Means has said that we should give the two main Opposition parties five minutes each and the Minister 10 minutes at the end. It is therefore my intention to get to the Front Benchers no later than 5.10.

4.40 pm

Helen Hayes (Dulwich and West Norwood) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing this debate. I am pleased to have the opportunity to speak on an issue that is of the utmost importance to many of my constituents.

The key question on individual electoral registration is why the Government appear set on ignoring the advice of the Electoral Commission, an independent body that has undertaken rigorous research in this field. It clearly stated:

“Taking into account the data and evidence which is available to us at this point, and the significant polls which are scheduled for May 2016, we recommend that Ministers should not make an order to bring forward the end of the transition to IER. We recommend that the end date for IER transition should remain, as currently provided for in law, December 2016.”

The reasons for the Electoral Commission's concerns are twofold: concerns about the completeness of the register and about the lack of participation by eligible voters who will drop off the register, who total some 1.9 million. In one of the boroughs I represent, Lambeth, an estimated 7% of the current electorate will drop off the register in December 2015 according to the best estimate of the local authority.

What do we know about those most likely to be in that 7%? We know from experience in Northern Ireland that they will be young—students who have moved away but whose main home remains their parental home, who may be away at the time of the electoral register canvass visit and mailing, but who may be at home at the time of the next election. In the past, they have been able to rely on their parents completing the form on behalf of the whole household. We also know that the 7% will include people who move frequently, such as the 40% of residents of Lambeth who currently live in the private rented sector, which the Government refuse to regulate properly. As their tenancies come to an end, they are forced to move on. Registering to vote will often be the last thing on their mind in what is often a stressful situation.

We also know that the 7% will disproportionately include voters from black and minority ethnic communities. I commend the work that Operation Black Vote has been doing on individual electoral registration. I visited its well-equipped voter registration bus a few months ago. Despite that work, it will nevertheless remain the case that the 1.9 million voters who drop off the register will disproportionately be from minority communities. I am not clear that the Government have undertaken an

[Helen Hayes]

equality impact assessment of the decision to bring forward IER. The decision will have significant equalities impacts and those should be properly measured and taken into account before it is implemented.

We also know that voters who will drop off the register will disproportionately be on low incomes. They are exactly those voters who by May 2016 will be suffering the impacts of the Government's decision to cut tax credits, which is being debated elsewhere this afternoon. We know that for all those people the consequences of dropping off the register will extend beyond their disenfranchisement, affecting their credit rating and forcing them to borrow where they need to from more expensive and unscrupulous sources.

Voting is a universal right. It is not the preserve of residents whose housing has been settled for many years, who have higher incomes or who are older or white. The Government should be taking their responsibility to ensure universal voting rights seriously and follow the recommendations of the Electoral Commission to stick with December 2016 as the start date for IER. In the meantime, the Government should be resourcing local authorities to extend their canvassing work, particularly in areas with a high proportion of students or private rented accommodation and in areas of high deprivation.

Rachael Maskell (York Central) (Lab/Co-op): One of the problems we have with local authorities is the resourcing to be able to support the process. Does my hon. Friend recognise that authorities such as York will next week be sending out their first tranche of people to canvass constituents? That leaves only a two-week window to get people on to the register, because it is now taking three weeks to process the family inquiry form to put people on the register.

Helen Hayes: My hon. Friend makes a very good point, and I agree with her entirely. The resourcing for local authorities on this issue has been entirely inadequate.

The Electoral Commission report explicitly says that it does not consider the 1.9 million voters who would drop off the register to represent a high risk of fraudulent voting activity, so I do not think that a proportionate reason for bringing forward the introduction of IER when the risks of disenfranchisement remain so high. I remain completely baffled about why the Government are not taking the Electoral Commission's recommendation seriously. I hope that they will look again at the risks and change their decision.

4.45 pm

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): I thank the hon. Member for Blaenau Gwent (Nick Smith) for securing this debate. There is a sad irony to this issue. Individual electoral registration is to be adopted as a replacement for household registration, where previously one member—the patriarch, if you like, Mr Davies—doled out the franchise to his dependents. By bringing forward the transfer to the new system a year early, the Government will effectively maintain the electoral advantage and status of long-established households at the expense of transient and, in particular, young voters.

The measure could be interpreted as a cynical exercise in the further disenfranchisement of young voters, in urgent haste to influence the next round of elections in the Scottish Parliament, English local authorities and the Welsh Assembly. That approach to voter registration as a whole is bad news for democracy. More and more young people will either lose or never even have the opportunity to adopt the practice of voting. There is a real need for sufficient time and greater imagination and innovation to ensure that the new system works effectively.

I will make a few suggestions. A voter voucher could be sent to every 18-year-old—or even to 16-year-olds, when we come to that question—on their birthday to encourage them. We could have registration events in schools, colleges and universities. We have heard something about the activities that are already happening at some of them. Importantly, we could have citizenship on the curriculum. It is especially important to teach young people the nuts and bolts of how to vote and not to assume that people can do it automatically. People are shy of putting themselves in unfamiliar situations; they need to be helped to do that and supported along the way. There are wider questions about voting technologies and how to make the individual voter's vote actually make a difference. There are also wider questions about young people's engagement with democracy, voting for 16 and 17 year-olds, youth councils and youth parliaments.

I take this opportunity to decry how the Welsh national identity is ignored on election registration forms and to demand that the Minister makes good that archaism and commits to ensuring that people can record their nationality as Welsh, rather than British. Wales has a Welsh Government working on behalf of the Welsh people, and I am glad to say that we can record our nationality as Welsh on census forms. The Government do themselves no favours, however, with that lack of respect on registration forms. However inconvenient Wales may be, we cannot be defined out of existence.

4.48 pm

Wayne David (Caerphilly) (Lab): It is worth emphasising that being on the electoral register is absolutely fundamental to democracy in this country, but for obvious reasons unless someone is on the electoral register they cannot decide whether they want to vote. Whether they wish to exercise their franchise is up to them, but to deny people that choice undermines the concept of British democracy.

Individual electoral registration is a sound principle and makes good sense. When the Labour party was in government, we brought forward the concept of individual electoral registration, which was subsequently taken up by the coalition Government. Individuals within a household should have responsibility for their registration, rather than relying on the head of household to do it for them. It is a good means of empowerment and of bestowing responsibility on individuals.

As I cast my mind back to the passage of the Electoral Registration and Administration Act 2013, however, I remember that we the Opposition expressed practical concerns about how the laudable principle of IER was going to be put into practice. Many of those concerns have been borne out by the passage of time. We had a concern that the Government were placing an undue emphasis on the suggestion that there was widespread

fraud. As we all know, there are occasional instances of fraud, but, by and large, our system has been transparent, straightforward and honourable given how people have behaved under it. Instances of fraud are few and far between. We felt that that had been elevated into a principle to allow the Government to introduce measures that would make it very difficult for many people to register. That is worth bearing in mind in our discussion today.

Secondly, we were concerned about how the dovetailing of the present system would work with the introduction of a new system—the move from household registration to individual registration. We thought it important to have sufficient resources to ensure that that was done properly and also that there was a sufficient period of time for that to happen. My concern, therefore, is why the Government have decided, despite what was agreed by Parliament, that a full implementation date for IER would be December 2016. Why have they decided to bring it forward by a year? I will return to that point later.

Individual electoral registration is important for next year because we are concerned to make sure that we have as many people as possible on the register to participate in a whole raft of important elections. Also, it is possible that we will have the referendum on Britain's membership of the European Union. That is very important indeed. So there are good electoral reasons to make sure that as many people as possible are on the register.

My concern is about bringing forward the date for registration for the full implementation of IER from December 2016 to December 2015. Throughout the passage of the Electoral Registration and Administration Act 2013, we had a lurking suspicion, which reared its head frequently, that the Government were really interested not in democracy and full participation, but in political advantage. We had that concern all the way through the passage of the Bill. Occasionally, the Government blew the gaff and it was pretty clear what they were trying to do. It has to be said. There is no clearer example than when the Government tried to introduce full IER without the necessary preparation and safeguards for December 2015 so that it would happen to coincide with the boundary review beginning on exactly the same date. We all know the Boundary Commission takes as essential and fundamental to its work the state of the electoral register at the point it starts its work.

Is it simply a coincidence that the two processes are coming together? I suggest not. If we look at the work done by the Electoral Commission, we see clearly that despite the rhetoric and the warm words of the Government, many people will not be on the electoral register by December this year. The Electoral Commission says that the number could be as high as 1.9 million, although we accept that that number will deplete as we move closer to December this year. Other people have suggested the number will be slightly less. Some have suggested it could be as low as 1 million people. Nevertheless, it is true that a heck of a lot of people will not be on the electoral register—not because they have been on it fraudulently, but because, for reasons well explained by others, they have not been able to register and will therefore not be included on the register. They will not be able to vote and will not be taken into account when the next boundaries for the parliamentary elections in 2020 take place.

Why have the Government decided to ignore the objective and impartial advice of the Electoral Commission? There are plenty of instances where the commission says things that Labour does not like. It is not a Labour poodle, but an objective body. It has looked at all the information, analysed all the facts and figures, and come to the best conclusion. I will quote from its detailed report issued in June this year:

“If the transition ends in December 2015, there is a potential benefit to the accuracy of the register—with any retained entries which are redundant or inaccurate being removed”—

I accept that—

“but also a risk to the completeness of the register and to participation, with retained entries relating to eligible electors being removed...In contrast, if the transition continues to December 2016”,

as Parliament wanted,

“the main benefit relates to completeness—with entries for any eligible electors who are not registered individually retained on the registers”.

Surely we all believe in democracy and that there should be as many people as possible on the electoral register. We should not seek to manipulate this critical democratic process for party political reasons. I know the Government have decided to bring forward the date for full implementation, but even at this late stage I ask them to keep in mind the democratic principle that our election method should be above party political considerations. We are talking about the democracy of this country and, dare I say it, that is more important than the Labour party's interests—or, indeed, the Conservative party's. We are talking about democracy and that should be of concern to everyone.

4.56 pm

Tommy Sheppard (Edinburgh East) (SNP): It is a pleasure to make my first speech under your chairship, Mr Davies. There is no opposition from my party to the principle of IER. We can all agree it is high time to move away from the Victorian process of the patriarch registering the household and to individual registration. However, the process of transferring the responsibility from the state to the individual means that not all individuals are equal. We know that in many areas there have been problems with some groups being able to take advantage of their ability to join the electoral register: people who live in the private rented sector, students, and people who are recent migrants or who have no fixed abode in communities and are moving around. Also, there are people with various problems—poverty, addiction or other social problems—who are very much on the margins of society and, frankly, registering to vote in an election is not at the top of their list of priorities. Such factors do not affect all constituencies equally. I guess that is why we have an apparent imbalance of interest in the debate today. I guess there is a disproportionate interest the other way round in a debate on tax credits, but who knows?

In Scotland we have had an exercise in our recent history that I think has set the gold standard in electoral registration. During the Scottish referendum, we reached registration levels of 95% plus—previously unseen in these islands and lauded by everyone as a remarkable achievement. I recall asking the then First Minister Alex Salmond, now my right hon. Friend the Member for Gordon (Alex Salmond), what his most vivid memory

[Tommy Sheppard]

of the entire referendum was, and he said the thing that stood out for him most was being in the city of Dundee in late August in the bright sunshine and having a queue of more than 200 people waiting in line around the block to sign up before the deadline for registration. Such was the enthusiasm of people wanting to participate.

We will wait and see what the effect will be in December in terms of the drop in the register as a result of moving to the new process, but the initial indications are not good. The interim register in April was 3.4% down on the register on which the referendum took place. That is in part because of the presence of 16 and 17-year-olds, but if we compare over-18s on the register, there is still a drop of 1.8%, which is a fairly significant drop. Hundreds of thousands of people could lose their right to vote.

It strikes me that we need to do two things. First, we need processes that are external to Government, but wherein the Government encourage people to take part in the electoral process to begin with. That should be done, as the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) says, through schools, through advocacy and through trying to educate people about the importance of their being on the register. We need state and local government-funded publicity campaigns to drive people towards that process.

Secondly, we need to look at the processes involved and how we can make them a lot simpler and easier. It is ridiculous that when a woman gets married and decides to change her name, she then has to provide two further pieces of identification in order to re-register to vote. Surely it is the state that is agreeing to the marriage and recording it in the first place; I would not think it beyond our wit, in the 21st century, to find a way to transfer that information to the electoral register.

Emily Thornberry: I am listening carefully to the hon. Gentleman. The problem that I have is that because of his fear of patriarchy, he is saying that individual people should grasp their right to vote. That is putting the whole thing on its head. It should be everyone's right to vote. It seems obvious to me that the state should ensure that people have the right to vote; it is then for the individual to decide whether they want to.

Tommy Sheppard: I agree, of course, that without question everyone should have the right to vote. I am trying to suggest that it is the state's duty to promote the availability of that right and to encourage people and advocate that they take it up.

I agree completely with the points that the hon. Member for Dwyfor Meirionnydd made about identity. I asked my electoral registration officer why people could not indicate in the relevant place that they felt themselves to be Scottish—I represent the capital of Scotland. The electoral registration officer said that they would happily change the form but could not do so because it would need to be changed on the Cabinet Office portal. I wrote to the Minister on that on 3 September and am still awaiting a reply. I am not trying to bounce him into replying today, but I shall be grateful if he will speed up the process.

I do not want to pre-empt what the Government are going to say, but I guess they would say that they have brought the date forward because they are extremely

confident that everything will be all right on the night and okay in the end. Surely the question today is: what if it is not? What is plan B? We need to be prepared. When the registers are announced in December, if there is a dramatic drop-off in some areas, it is the Government's responsibility to take emergency action to ensure that people are not disfranchised in the elections and referendums that are coming next year.

5.2 pm

Gloria De Piero (Ashfield) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies.

I join others in congratulating my hon. Friend the Member for Blaenau Gwent (Nick Smith) on bringing the extremely important matter of individual electoral registration to Westminster Hall at this crucial time for our democracy. As he says, this change represents a potential body blow to our democracy, as 1 million people might be ignored.

We should all reflect on the comments of my hon. Friend the Member for Torfaen (Nick Thomas-Symonds), who pointed out that the boundary review is intrinsically tied up with the process of individual electoral registration, which could distort the electoral map. My hon. Friend the Member for Neath (Christina Rees) mentioned the Association of Electoral Administrators, which points out that the block registration of those in sheltered or university accommodation is crucial—so why has it not happened? My hon. Friend the Member for York Central (Rachael Maskell) pointed out that in her constituency they are trying to do all this work in just a two-week window.

My hon. Friend the Member for Islington South and Finsbury (Emily Thornberry) made the point that we must all be democrats and should not be putting barriers in the way of democracy, and my hon. Friend the Member for Dulwich and West Norwood (Helen Hayes) asked an extremely important question, which I hope the Minister will answer, about whether an equality impact assessment has been conducted. Finally, my hon. Friend the Member for Caerphilly (Wayne David) pointed out that the issue is not the principle of IER but having a reasonable time to adjust to it.

In the short time remaining to me, I have some additional questions for the Minister. Will he tell us one good reason for the change of date, other than politicking to give the Tories an electoral advantage? The Opposition have suggested a number of common-sense solutions. Why have the Government refused measures such as the block registration of students this year? We also suggested that the Government work with letting agencies to take such simple measures as reminding new tenants to register and helping them to do so, but they have not carried out any of them. In my constituency 900 people are predicted to fall off the register, but look at Hammersmith and Fulham and we are looking at the loss of 8,000 people. Does the Minister agree that that would be unacceptable?

I will finish by coming back to the words of the Electoral Commission. It has said that the proposed change to the IER implementation date poses

“a risk to the completeness of the register and to participation”.

I remind the Minister that the Electoral Commission is an independent body set up by Parliament and has no partisan axe to grind. Why do the Government believe

that their party political agenda should override the advice of a body that exists to increase trust and participation in our democracy? Will the Minister reconsider and stop this rush to implement a change that poses profound risks to participation and the completeness of the register? I urge him to heed the Electoral Commission's sound advice.

5.6 pm

The Parliamentary Secretary, Cabinet Office (John Penrose): It is a pleasure to serve under your chairmanship for what I think is the first time as well, Mr Davies. Thank you for guiding us safely through the debate.

Perhaps I will surprise the hon. Member for Blaenau Gwent (Nick Smith) by saying that there is a great deal on which we can agree. In fact, there is a great deal on which all the speakers can agree. For example, I agree with the hon. Member for Edinburgh East (Tommy Sheppard) that the existing processes for sorting out registration and chasing after people in the under-represented groups leaves a great deal to be desired. Often, those processes are set in stone in an analogue age, and we are now in a digital world. They are long overdue for some updating and modernising.

If the hon. Member for Edinburgh East, or anyone else present, would like to come along to Policy Exchange on Thursday, I will be giving a speech on how we need to update and modernise our approach to registration, because I agree with the underlying tone of many of the remarks made today: we have a major problem with not all but some groups in society that are under-represented. We have heard a list of some of them today. People in the private rental sector are difficult to keep track of, as are young black males in particular but many ethnic minorities—it is difficult to persuade them to register, even if we can find them. Students have also been mentioned.

The group that is probably worst represented of all and has not been mentioned so far is expatriate voters. Even of those who are legally allowed to vote and are enfranchised—those who have been abroad for less than 15 years—only between 3% and 5% are registered to vote. That is after the previous Government threw quite a lot of money at the problem in the run-up to the general election and raised the proportion from a paltry 1% to a relatively risible 3% or 5%—that is all. That is a good, if extreme, example of a fundamental problem. We need to update and modernise what we are doing on voter registration.

Nevertheless, it is important that if, when and as we do that—I completely agree with the sentiments expressed: we need to do so—in the vast majority of cases we are going to find people who are not registered at all. A large number of people are missing from the registers entirely, either pre or post-IER. What we do to end the transition to IER will not affect the people who are not currently on the register. We need to update and modernise because it is right and democratic, but let us not fool ourselves that it will have a great deal of impact on the decision about when we end the process of individual electoral registration, because these people are overwhelmingly not on the register as it stands.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): On that point, the Minister will know from previous exchanges on this subject that last year the University

of Sheffield used flexibilities that his Department gave it significantly to improve the number of students registered. We heard from my hon. Friend the Member for Blaenau Gwent (Nick Smith) that that is not being repeated by other universities this year. If we had a further year—if the Minister had not brought this scheme forward by a year—we could have a much more complete register of students in a year's time.

John Penrose: I invite the hon. Gentleman to come along and hear my speech on Thursday at Policy Exchange, where we will talk about not just that but other initiatives, which I will mention briefly in a minute. Even if we were able to extend what has been done successfully the University of Sheffield and Sheffield Hallam to many other universities, given that the people we are talking about are not on the register, either before or after individual electoral registration, the date at which we end the transition to IER would make no difference to whether they are registered. This is something worth doing, regardless of whether we are doing IER and the transition. It is worth doing at all times, in all places, in any case. The transition date will make no difference to those people.

I completely agree that it is important that we roll out some of the exciting innovations that are being tried in places such as the University of Sheffield and Sheffield Hallam for students. There are all sorts of other things we could do with the online registration process. It is now possible to register to vote online in less than three minutes—less time than it takes to boil an egg. It is an incredibly convenient and simple process.

However, we make it more difficult for people to renew their registration after they have been registered for a year. The hon. Member for Edinburgh East said, and I am sure we all agree, that there is a natural seasonality to electoral registration: registration rates tend to dip after a major electoral event, such as a general election or the Scottish referendum, because people are less interested and registration is less relevant to them if there is no poll in which they can vote in the next 12 months. Some of those people re-register nearer the time, but we should ask ourselves why we ask all those people to re-register every single year once they have made their individual decision to register to vote. We do not ask them to re-register for their tax credits, their TV licence or their benefit claims every single year.

Everybody in this room, except perhaps the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts)—I am not sure whether she is in favour of this principle as a fundamental—accepts the noble cause of individual electoral registration and ensuring that people make an individual decision to register to vote. However, we need to ask ourselves whether it is necessary to ask people to renew that vow every year. Are we still being true to individual electoral registration if we relax it and make a decision on it every couple of years? That would allow us to deal with some of the natural electoral seasonality that the hon. Member for Edinburgh East mentioned.

There is a huge amount we can do, and there is a huge amount that I believe should be done. I hope, based on hon. Members' comments today, that there can be some sort of cross-party agreement on some of these things, which could then be introduced. There may not be

[*John Penrose*]

cross-party agreement on everything. The hon. Member for Ashfield (Gloria De Piero) gave a couple of examples, and we do not necessarily agree on all the detail.

Gloria De Piero: Can the Minister give me examples of any measures that will be introduced in the next six weeks?

John Penrose: I cannot, partly because I have not given the speech yet, and partly because, as I said to the hon. Member for Liverpool, West Derby (Stephen Twigg), registering people who are not on the register needs to happen, regardless of when the transition from the old system to individual electoral registration ends, because the transition will not affect people who are not already on the register. It is a parallel process that needs to be done anyway.

Wayne David: That is missing the point entirely. We are asking the Minister to give us one good reason why it is better to introduce IER in December 2015, rather than December 2016. We are still waiting.

John Penrose: I was just coming on to that. I want to address the fundamental point about how we are going to deal with the problem of under-represented groups on our registers, which is crucial and underlies many of the concerns.

Let me move on to the timing of the transition to IER. As we have heard in many speeches today, there is a presumption that this process is going to remove eligible voters from the electoral roll. I want fundamentally to question that presumption. During the course of a year a large number of people on the electoral register—a very large number in some places, and in other places fewer people—move house. Some sadly die, and there are fraudulent entries in some parts of the country, although not in all—the hon. Member for Caerphilly (Wayne David) rightly said that fraud is not an issue in all parts of the country. That is the natural state of any database. It is natural for any electoral register to contain such data errors.

We have to sort through the 1.9 million people whose entries are incomplete and who had not made the transition as of the general election date of May this year to find which are genuine voters with a pulse—people who are eligible to vote. We need to identify them, confirm their ID in the way that we have been discussing and ensure that they are confirmed on the electoral register. Then the only entries left will be the people who are no longer there—the people who have moved, died or were never there in the first place because they were fraudulent.

Nick Smith: Will the Minister give way?

John Penrose: I will in a second. Let me finish this point.

That crucial distinction is absolutely central. It is not my intention—I am a democrat, like everybody else here—to get rid of any valid elector from any electoral roll anywhere.

Christina Rees: Will the Minister give way?

John Penrose: I will give way to the hon. Member for Blaenau Gwent first.

That is why we have made it so simple for people to register to vote and why by the end of the year, with the £3 million of extra funding we have introduced, the remaining 1.9 million entries on the electoral roll will have been contacted up to nine times over the past 18 months—in some cases, more. They will have had their doors knocked on and their phones rung, and they will have had letters and emails. At the end of that process, the chances of a genuine voter with a pulse who lives in a particular area being disfranchised are vanishingly small. Even if, by some terrible mischance, after all that effort they are genuinely disfranchised and should be able to vote, it takes less time than it takes to boil an egg to re-register.

Nick Smith: It is good that people can vote online now, and I know it is a very efficient process. Of the 1.9 million people we are all worried about, what is the Minister's assessment of how many will be registered after the numerous interventions he is talking about? How many extra people does he believe will be on the register?

John Penrose: I do not have that number yet because, as a number of the hon. Gentleman's colleagues said, the autumn canvass is still going on. Because by definition those people were, without getting too Rumsfeldian about it, known unknowns, we were not sure how many were genuine people with a pulse and how many were data errors. Nobody will know the answer to that question until the autumn canvass process is complete.

Given that over 18 months those people will have been contacted nine times—in some cases more—in a variety of different ways, the chances of genuine voters being disfranchised is tiny. The fact is that the only entries left on the register, which will then be deleted, are the ones who are no longer there, not real voters. I hope we can all sign up to that crucial distinction. I am sure—we have heard this from a number of colleagues—that we would all sign up to the principle of keeping a clean register, which underpins the health of our democracy.

Christina Rees: If the transition is brought forward a year, that leaves less time to check out those 1.9 million people. That applies only to the people who were on the register in the first place. What about 18-year-olds and other people?

John Penrose: Look at the number of reminders we get about everything else in our lives. We do not remind people nine times about their TV licence or anything else, and we certainly do not take 18 months. With this process, we have gone not just the extra mile, but the extra 10 miles. Once the point has been reached at which the remaining register entries can only be people who have moved away or died or were fraudulently there—those who are not real voters—it seems pointless to wait.

Several comments were made about the Electoral Commission. Although that is an august body, I gently remind hon. Members that there is another body: the Association of Electoral Administrators. Its members are the people in charge of administering elections up and down the country and they are in favour of the

change. This is not a one-way street. An awful lot of objective, independent non-politicians think that the idea is good because the transition is sensible and they are reminded of what happened in Northern Ireland, where the change was made in one day, not 18 months and let alone two and a half years. Northern Ireland has been using the system happily for several years.

Stephen Twigg: I am grateful to the Minister for his generosity in giving way. He referred to Donald Rumsfeld's known unknowns, but are not the unknown unknowns the bigger problem? I refer to the students who were not living at a university address last year, but are this year. Due to the lack of the focus that universities had last year, as previously described, fewer such students will be on the register. The Northern Ireland example is particularly relevant here, because schools and colleges there have a duty to work with the electoral registration officer to get 17 and 18-year-olds registered. We argued for that in the previous Parliament, but the coalition Government sadly did not agree to it. Would the Minister agree to that, even at this late stage?

John Penrose: At the risk of sounding like a broken record, the hon. Gentleman makes an entirely valid point about the importance of getting attainers and students on the register. We have already discussed some of the good examples going on in Sheffield that bear examination and could be copied.

As I mentioned before, because such people are not on the register at the moment, getting them on the register is something that we should do and is a challenge that will recur every single year forever as long as there are students, universities and colleges. It makes not a jot of difference, however, to the timing of the ending of the transition to IER if such people are not on the register already, because they cannot be crossed off and potentially disfranchised. I hope that the hon. Gentleman accepts that fundamental piece of logic.

Stephen Twigg: I understand the logic of the Minister's argument, but universities have not had a lot of time to learn from the Sheffield experience. I know from talking to universities in Liverpool that they have not adopted the Sheffield system this year. With more time and a concerted effort from Universities UK, the Government and ourselves, we could get all universities doing it next year.

John Penrose: That is an interesting and intriguing idea on which I would welcome cross-party discussions if the Labour party is interested. It is just one example of a whole series of things that could be done. The hon. Member for Ashfield, the Opposition spokeswoman, mentioned letting agencies. I am unsure whether I agree with block registration, because it strays perilously away from the turf of individual electoral registration. Again, I am open to being convinced on that, but it is a potential danger that I might not want us to go near. There are many other such opportunities.

The hon. Member for Edinburgh East referred to data cross-matching. A large number of local authorities say, "Look, we have all this data from a range of other sources that we are itching to use." We could effectively do nine tenths of the annual canvass automatically in a trice just by running some cross-matching between existing

databases and the electoral register. We could prove that 90% of people have not moved and are in the same situation. We could then focus our annual canvass efforts on the 10% who do not match up and who are causing the problem, on under-represented groups or on places that seem to have empty houses when we know that people are living there.

With those points, I hope that the debate has begun to unpick the two important parallel but distinct issues. One is the question of how to get more under-represented groups to register. The other is how to deal with data errors in respect of the 1.9 million people, as of last May, and how we distinguish between real voters, ensuring that they are confirmed and not disfranchised, and the errors that need removing to guarantee the strength of our democracy.

5.24 pm

Nick Smith: It has been a pleasure to serve under your chairmanship, Mr Davies. We have had a really good debate. I want to thank Opposition colleagues who have contributed and added value. Strong contributions included that from my hon. Friend the Member for Dulwich and West Norwood (Helen Hayes), who made an important point about the equality impact assessment.

John Penrose: I have just remembered that I did not answer the question asked by the hon. Member for Dulwich and West Norwood (Helen Hayes). There was indeed an equality impact assessment.

Nick Smith: My hon. Friend the Member for Caerphilly (Wayne David) talked about the fundamental importance of registration for our democracy. The hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) had some good ideas about voter vouchers for 18-year-olds. The hon. Member for Edinburgh East (Tommy Sheppard) talked about how exciting campaigns can boost registration, which is the gold standard for us all.

We want exciting campaigns that energise our voters and promote democracy. We had interventions from my hon. Friends the Members for Neath (Christina Rees), for Islington South and Finsbury (Emily Thornberry), for Torfaen (Nick Thomas-Symonds) and for York Central (Rachael Maskell). My hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) probed an important point about student registration.

In this important debate, I have tried to emphasise that bringing forward individual electoral registration at this time is a body blow to our democracy. Colleagues have highlighted under-registration in their constituencies, where key groups of people, such as those in rented accommodation and young people, are being squeezed off the register. The Minister made some constructive comments, and I look forward to reading his speech once he has given it in a few days. I would be grateful if he sent me a link.

Wayne David: He could send a copy to all of us.

John Penrose *indicated assent.*

Nick Smith: All here present are good democrats who want to see progress in this area. Nevertheless, the Minister has failed to provide the Government's assessment

[Nick Smith]

of how many of the 1.9 million people will be on the register after the Government's intervention. It is a shame and a great pity that he failed to answer that important point. The Government have failed to listen to independent organisations such as the Electoral Commission and have done our democracy a disservice as a result. I hope that the Minister will take on board the messages of today's debate, rethink the Government's strategy and decide to build our democracy, rather than undermine it.

Question put and agreed to.

Resolved,

That this House has considered the matter of individual electoral registration.

5.27 pm

Sitting adjourned.

Written Statements

Tuesday 20 October 2015

BUSINESS, INNOVATION AND SKILLS

UK Steel Industry

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

The steel industry across Europe and around the world is facing challenges on a scale unprecedented in recent history. The situation facing the people of Redcar, Scunthorpe, and other communities across the UK where the local economy is built on steel is unbearably difficult.

There is no straightforward solution to any of the complex issues involved, but this Government have no intention of simply standing aside.

We have already announced a package worth up to £80 million to support people who have lost their jobs as a result of SSI's liquidation, and to mitigate the impacts on the local economy.

We have asked Amanda Skelton, chief executive of Redcar and Cleveland council, to chair a local task force. We have ensured money is in workers' pockets quickly via the redundancy payments service. We have brought workers and opportunities together at a jobs fair, at which more than 1,000 vacancies were showcased by more than 50 local employers. We have provided additional flexibilities to local FE colleges to allow people to take up training to enhance their future job prospects. And we have set aside money to fund those proposals from the task force which will make an immediate and lasting impact on the local economy.

We will do what we can to soften the blow of any further redundancies among steelworkers.

Alongside our immediate help for laid-off steelworkers, we are also taking steps to ensure there is a future for Britain's steel industry in what is an exceptionally difficult market. Excess capacity in global steel is enormous—about 576 million tonnes last year, almost 50 times the UK's annual production. The price of steel slab has fallen by a half in the past year alone. And in the three years since SSI restarted production at Redcar, the plant has lost more than £600 million.

There are limits to what we can do in response. No Government can change the global price of steel or dictate foreign exchange rates.

To identify where progress can be made, on Friday I hosted a top-level summit with the key players from the UK steel industry. Bringing together industry leaders, trade unions, Members of Parliament and senior figures from Government, the summit created a framework for action that will help us to support steelworkers now and in the future.

We will drive up the number of public procurement contracts won by UK steel manufacturers and their partners through fair and open competition. This Government are committed to a major programme of infrastructure spending, and while we must always secure the best possible deal for British taxpayers that does not have to mean the lowest price. The new Public Contracts Regulations give us more scope to offer greater flexibility

around how we include social and environmental considerations in our procurement activities. We intend to help other Departments and business take full advantage of these flexibilities building on what was learnt from projects like Crossrail.

We will consider what lessons can be learned from other countries in the EU and beyond. This will include the resilience of the steel sector in competitor countries and market penetration of national manufacturers.

We will look at what Government can do to boost productivity and cut production costs. This includes addressing energy and environmental costs, regulation, skills and training. An extensive review of business rates is already under way and the Government will look very closely at all proposals.

These steps will come on top of action we have already taken. For example, we have already paid out more than £50 million in compensation to energy-intensive industries in the steel sector. We also plan to offer further compensation in respect of feed-in tariffs and the renewables obligation; this constitutes state aid, which must be approved by the European Commission. The approval process is under way but it is taking longer than anticipated, and longer than I would like. My Department is working closely with the Commission to answer their concerns and impress upon them the importance of prompt approval.

I also plan to meet Commissioners next week to reinforce our concerns about unfair trade issues and gain their support for further action. We have already taken action by voting to support the extension of duties on wire rod and will continue to consider future cases on their merits where there is clear evidence to support doing so.

We showed, following SSI's closure, that we will not hesitate to support local partners in dealing with the impacts of large-scale redundancies. I am sure that also applies in Scotland and Wales where some of the responsibilities are devolved.

[HCWS252]

TREASURY

ECOFIN

The Financial Secretary to the Treasury (Mr David Gauke): A meeting of the Economic and Financial Affairs Council was held in Luxembourg on 6 October 2015. Ministers discussed the following items:

Mandatory automatic exchange of information in the field of taxation

Ministers reached a political agreement on the text of a Council directive on mandatory automatic exchange on information on tax rulings.

Current Legislative Proposals

The Council took note of ongoing work on financial services dossiers.

Implementation of Banking Union

The European Commission provided an update to Council on the status of transposition of the bank recovery and resolution directive (BRRD), on ratification

of the intergovernmental agreement on the single resolution fund and on the transposition of the directive on deposit guarantee schemes.

Capital Markets' Union

The European Commission presented its action plan on Capital Markets' Union as released on 30 September, followed by an exchange of views.

European semester—Lessons Learnt

Council held an exchange of views on ways to improve the European semester, based on lessons learnt from the 2015 semester process.

Stability and Growth Pact

Ministers received an update on the current state of play on discussions on common positions on flexibility in the stability and growth pact.

Preparation and follow-up of international meetings

Council received an update on discussions at the G20 Finance Ministers' meeting on 4-5 September in Ankara. Ministers then endorsed EU terms of reference for a meeting of G20 Finance Ministers in Lima on 8 October and endorsed an ECOFIN statement for the IMFC meeting in Lima on 8-11 October.

[HCWS255]

HOME DEPARTMENT

Right to Rent Scheme

The Minister for Immigration (James Brokenshire): I am announcing today the roll out of the second phase of the measures relating to the private rented sector as prescribed by sections 20-37 of the Immigration Act 2014, otherwise known as the Right to Rent scheme. Where these provisions apply, landlords are prohibited from renting accommodation to people who are disqualified from a right to rent by virtue of their immigration status.

The provisions will come into force across the whole of England as of 1 February 2016.

The provisions were implemented on a phased basis starting on 1 December 2014 in Birmingham, Wolverhampton, Dudley, Walsall and Sandwell, in line with the commitments made by the then Government. The impacts of the first six months of the scheme have been subject to an evaluation exercise. I have considered the findings of the evaluation and the advice of a panel of experts in arriving at this decision. The evaluation can be found at: www.gov.uk

The Government have continued to engage with the private rented sector and the new Immigration Bill 2015, introduced to Parliament on 17 September 2015, provides new powers to evict illegal immigrants and offences where unscrupulous or rogue landlords choose to flout the law and are exploiting illegal immigrants for their own gain.

This demonstrates the Government's determination to control immigration in the interests of the whole country and in ensuring that people here unlawfully are not able to enjoy a settled life here in defiance of our laws.

[HCWS253]

LEADER OF THE HOUSE

English Votes for English Laws

The Leader of the House of Commons (Chris Grayling):

The Government wrote to the Procedure Committee on Monday 19 October 2015, in response to the publication of its report on "Government proposals for English votes for English laws Standing Orders: interim report" (First report of Session 2015-16—HC410). The Government are grateful to the Chair of that Committee for agreeing that the Government response, reproduced below, could be unusually published by written ministerial statement. This allows speedy and transparent publication of this information to Members of Parliament, and others, ahead of the debate on the issue on Thursday 22 October 2015.

The Government are grateful to the Procedure Committee for publishing its interim report in advance of the debate and decision on the proposed Standing Order changes to implement English votes for English laws on 22 October 2015. The Government are also grateful that the Committee was willing to indicate its initial findings by way of a letter of 10 September to the Leader of the House of Commons, subsequently published on its website. This letter was important in allowing the Government to reflect the Committee's views in the updated proposals published on 15 October 2015.

The Government's proposals deliver their commitment to introduce English votes for English laws. The Government are determined to strengthen the Union and are devolving more powers across the United Kingdom, and now is the time to give the English more say. These plans provide a fair balance by giving England, and Wales, more control over decisions which they alone are affected by, while ensuring that Westminster continues to be a place where those from across the UK govern in the best interests of those living within the Union.

The Government's responses to the recommendations of the Committee are indicated below.

Recommendation: In the experimental phase following the introduction of any new Standing Orders, we consider that the Speaker should not give the reasons for his decisions on certification to the House. We nevertheless consider it inappropriate that the role of the Speaker should be confined in this way through Standing Orders proposed by the Government, and we recommend that the matter should be left to the Speaker's discretion, so that he may choose to enter into the spirit of this experiment by being himself free to experiment. (Paragraph 45)

The Government are content to give the Speaker the discretion on whether or not to give reasons for his decisions on certification to the House. The Government will reflect this when it tables updated Standing Orders by omitting the phrase

"without giving the reasons for the decision"

from Standing Orders 83J(9), 83L(6), 83O(10), 83P(5) and 83U(7). We note the Committee's view, following evidence, that the Speaker should not give the reasons for his decisions on certification during the experimental phase following the introduction of any new Standing Orders.

Recommendation: We recommend that provision should be made for the Speaker to consult two senior members of the Panel of Chairs, to be appointed by the Committee of Selection, if he chooses before determining his opinion on certification, but should not be obliged to do so. This provision would, we believe, help underpin the House's confidence in the Speaker's decisions. (Paragraph 47)

In response to earlier discussions, the Government considered this issue and the updated Standing Orders published on 15 October 2015 contain an additional sub-paragraph relating to the certification of Bills, clauses and schedules (SO 83J (8)(a)), and similar additional paragraphs at SO 83P(4), SO 83U(6), SO 83L(8) and SO 83O(13).

These new additions enable the Speaker to consult two members of the Panel of Chairs to assist him in the process of certifying Bills, clauses and schedules as relating exclusively to England or England and Wales, should he wish to do so. The two members of the Panel of Chairs should be appointed on a Session-by-Session basis by resolution of the Committee of Selection. We agree that this will help underpin the House's confidence in the Speaker's decisions.

Recommendation: We recommend that, in considering the interaction of the proposed new procedures with the present procedure for programming stages of Bills, the Government should allocate set periods of time for the consideration of amendments or groups of amendments, for elements of consent stage and for Third Reading. Without such protected time, there is a high risk of bringing the procedures of the House in considering legislation into further disrepute and of failing to show the electorate that we take our task of making the law seriously and are prepared to give sufficient time to do the task properly. (Paragraph 92)

The Government accept the principle of the Committee's recommendation, that adequate time should be given for the scrutiny of legislation. The Government will consider all legislation on a case-by-case basis and note that the Committee will undertake detailed monitoring of the time spent on the various elements of the new consent stage, as part of its review following the introduction of the revised Standing Orders.

Recommendation: We recommend that the Government amend their proposals for Standing Orders to provide that Bills and instruments be sent for the Speaker's decision on certification only after the House has debated and agreed to a motion to this effect moved by a Minister of the Crown. (Paragraph 98)

The Government have given this matter careful consideration, and note the Committee's desire to ensure that the House's time and resources are allocated to items which are politically important. However, the Committee also recognises that there are implications for the development and drafting of legislation, which needs to be undertaken in the anticipation that these proposals will apply to it. The requirement for a separate decision having the effect of applying the procedure to Bills and instruments could add additional time and complexity to the system, and introduce uncertainty. The consequence of these proposals on the resources of the House, in the longer term, is a matter that the Procedure Committee may wish to consider.

Recommendation: We recommend that Departments should as a matter of course instruct parliamentary counsel to draft legislation intended to apply to England or England and Wales only with the express intention of meeting the certification tests. (Paragraph 99)

The Government will be as helpful as possible to Members in identifying those provisions of a Bill which are likely to be certified. In practice, this information will be in supplementary material to a Bill such as the explanatory notes rather than in the Bill itself but parliamentary counsel will, so far as practicable, take account of the need to assist Members when drafting the Bill.

Recommendation: We recommend that the Government's proposals be amended to provide that certified amendments, new clauses and new schedules, whether made in Committee or proposed on Report, only pass Report stage if they are unopposed or, if put to a vote, when an appropriate double majority in the House has voted in favour. (Paragraph 100)

The Committee's proposal to introduce double majority voting as suggested aims to make the procedure simpler. However, the Government believe that the proposal would actually increase complexity and unbalance the proposals away from Members of the relevant constituencies having a specific body through which to have their voice heard.

As outlined in the report, the suggestion does not indicate how it would deal with clearing unamended certified provisions at Report. In the absence of a clause or schedule stand part debate, a Legislative Grand Committee would still be needed to clear these.

Where there has been amendment since Second Reading, a different sort of certification would be required depending upon whether the amendment had been made in Committee or on Report. If made in Committee, it is not clear what the subject of the vote would be at Report stage. It could not be on the clause/schedule as amended because there is no clause/schedule stand part debate. A separate procedure would need to be devised and separate votes at Report on clauses amended in Committee which would alter the nature of Report stage.

For amendments proposed on Report, there would be added complexity because these amendments would have to be certified before, and as they are tabled, during Report stage. A new process would have to be devised for certifying amendments because, except on Commons consideration of Lords amendments and for special cases (S083L(4)), it is Bills, and clauses and schedules that are already in Bills, that are certified and not amendments. The test for the amendments would have to be whether, if agreed, they would produce an England or England and Wales clause or schedule. This would not be easy for Members to follow during what is the most important stage of the Bill.

Finally, the proposal suggests, if there were a disagreement between the House and Members of the relevant constituencies, that there would be a full and nuanced debate on the substantive issues at the Legislative Grand Committee stage. However, this would introduce another stage to the process because, even after this, there would still have to be a process for resolving the disagreement.

Recommendation: We recommend that the Government's proposals should be amended to make it clear that all Members can speak and intervene in Legislative Grand

Committee proceedings in the Chamber at the discretion of the Chair. We note that in common with analogous proceedings in Delegated Legislation Committees, Members who are not members of a Legislative Grand Committee will not be able to move motions, propose amendments or vote. (Paragraph 103)

The Government were grateful for an indication of the Committee's view on this issue in its letter of 10 September 2015 and was able to reflect this in the updated proposals published on 15 October 2015. New text has been proposed in paragraph SO 83W(8) in the Standing Order relating to Legislative Grand Committees. This paragraph makes clear that any MP may take part in debate at Legislative Grand Committee stage, though only members of the Legislative Grand Committee may vote, make any motion or move any amendment.

Recommendation: We recommend that the procedures be piloted on statutory instruments, and no more than three Bills, in the remainder of the 2015-16 Session. The House should be invited to agree to the Bills to be piloted under these procedures, using the process we have outlined in paragraph 98 above. (Paragraph 104)

The reality is that it seems likely that there will be a limited number of Bills to which the proposals will apply in the remainder of this Session of Parliament, and the Government and relevant Committees will be able to undertake the necessary review based on the experience of those Bills and instruments. While this is not a pilot in the exact terms of the Committee's report, the outcome will be very similar.

Recommendation: We recommend that the new procedures should not be applied to any Bill in the 2016-17 Session until after we have reported on our evaluation. (Paragraph 105).

The Government are seeking to implement a manifesto commitment. Introducing a system in the knowledge that it will be concluded at the end of a Session and then reintroduced, possibly in amended form, halfway through the next Session of Parliament may cause confusion for Members of Parliament, Government Departments and members of the public, not least in the example of carry-over Bills, which might be part way through their amending stage at the end of the current Session.

The Government take the work of the Procedure Committee seriously, and will reflect fully on any evaluation of the proposals the Committee may choose to undertake in order to make the proposals work as effectively as possible.

[HCWS251]

WALES

Draft Wales Bill

The Secretary of State for Wales (Stephen Crabb): I am pleased today to publish the draft Wales Bill for pre-legislative scrutiny.

The draft Bill sets out the Government's plans for a stronger, clearer and fairer devolution settlement for Wales that will stand the test of time. It implements the commitments made in the St David's Day agreement and set out in the Command Paper Powers for a Purpose: Towards a lasting devolution settlement for Wales (CM 9020), published in February.

The key measures include a new reserved powers model for Welsh devolution, similar to the one which currently operates in Scotland, providing a clear and complete boundary between devolved and reserved subjects. The draft Bill devolves important new powers for Wales in areas such as energy, transport and local government and Assembly elections. It also provides greater powers to the Assembly over its own affairs, including the ability to change its name.

The new devolution settlement provided for in the draft Bill will create a stronger Wales within a strong United Kingdom. It will work better for the people of Wales and allow more time for the Welsh Government to focus on delivering growth, jobs and better public services.

I am grateful to the Welsh Affairs Committee for agreeing to undertake pre-legislative scrutiny of the draft Bill and I look forward to receiving their report. The Government will continue discussions with the Welsh Government on the detail of the reserved powers model alongside pre-legislative scrutiny. It is vital that we deliver a robust new devolution settlement that works for the people of Wales.

[HCWS254]

ORAL ANSWERS

Tuesday 20 October 2015

	<i>Col. No.</i>		<i>Col. No.</i>
FOREIGN AND COMMONWEALTH OFFICE	793	FOREIGN AND COMMONWEALTH OFFICE—	
European Union Reform (Negotiations).....	799	<i>continued</i>	
India (Outstanding Payments to British Companies).....	797	Paris Climate Change Conference.....	796
Israel and Palestine	802	Refugee Camps (Syria-Turkey Border).....	806
Japanese Foreign Policy	798	Second Gulf War	806
Libya.....	805	Somalia	801
Mass Migration	793	Syria.....	807
		Topical Questions	809

WRITTEN STATEMENTS

Tuesday 20 October 2015

	<i>Col. No.</i>		<i>Col. No.</i>
BUSINESS, INNOVATION AND SKILLS	37WS	TREASURY	38WS
UK Steel Industry.....	37WS	ECOFIN.....	38WS
HOME DEPARTMENT	39WS		
Right to Rent Scheme	39WS		
LEADER OF THE HOUSE	40WS	WALES	44WS
English Votes for English Laws	40WS	Draft Wales Bill	44WS

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CONTENTS

Tuesday 20 October 2015

Oral Answers to Questions [Col. 793] [see index inside back page]
Secretary of State for Foreign and Commonwealth Affairs

Steel Industry [Col. 815]
Answer to urgent question—(Sajid Javid)

Paramilitary Groups (Northern Ireland) [Col. 829]
Statement—(Mrs Villiers)

Victims of Crime Etc (Rights, Entitlements and Related Matters) [Col. 843]
*Motion for leave to bring in Bill—(Keir Starmer)—agreed to
Bill presented, and read the First time*

Opposition Day [7th allotted day]
Tax Credits [Col. 845]
Motion—(Seema Malhotra)—on a Division, negatived

Cosmetic Surgery [Col. 929]
Debate on motion for Adjournment

Westminster Hall
Cancer Drugs [Col. 265WH]
Post-study Work Visa (Scotland) [Col. 289WH]
Air Passenger Duty: Regional Airports [Col. 297WH]
Travellers (Mole Valley) [Col. 321WH]
Individual Electoral Registration [Col. 327WH]
General Debates

Written Statements [Col. 37WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
