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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Thursday 5 November 2015

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

TRANSPORT FOR LONDON BILL [LORDS]

Motion made, and Question proposed,

That the promoters of the Transport for London Bill [Lords], which was originally introduced in the House of Lords in Session 2010-12 on 24 January 2011, may have leave to proceed with the Bill in the current Session according to the provisions of Standing Order 188B (Revival of Bills).—(*The Chairman of Ways and Means.*)

Hon. Members: Object.

The debate stood adjourned; to be resumed on Monday 16 November.

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Farm Produce (Fair Practice)

1. **Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): What steps she is taking to ensure that farmers receive a fair price for their produce from retailers. [902017]

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): First, I welcome the new shadow Front-Benchers to their positions. I am sure they will find DEFRA to be a fascinating and rewarding, if somewhat unpredictable, brief to be involved with.

In the last Parliament, we introduced the grocery code adjudicator to enforce the principle of the grocery supply code relating to fair practice in contracting arrangements. In addition, we have encouraged large retailers to offer contracts with prices linked to the cost of production. Many of them now do so for their liquid milk, and such contracts are popular with farmers.

Dr Cameron: What steps is the Minister taking to alleviate the severe cash-flow pressures on our farmers, and will he consider placing a floor in the market to protect the dairy and lamb industry?

George Eustice: We have worked hard with the European Commission to get a support payment. The Rural Payments Agency is processing that now—for Scotland, England and all other parts of the UK. We aim to get that out in

the first week of December. That will offer some support to dairy farmers with their cash-flow problems. In addition, we are working hard in England to ensure that we can get the basic payment scheme payments out to farmers on time.

Helen Whately (Faversham and Mid Kent) (Con): I thank my hon. Friend the Minister for his response to last week's debate on the impact of the living wage on fruit farmers. As he knows, fruit farmers in my constituency support the living wage, but they are worried that supermarkets will not pay them a price that recognises the increased cost of production. What steps is he taking to support the fruit farming industry on this issue?

George Eustice: My hon. Friend is right that we had a good debate on this issue last week. As a former strawberry farmer, I can say that supermarkets pay a premium for English fruit—the quality is superior and we have better varieties. It commands a premium over both Dutch and Spanish fruit.

John Mann (Bassetlaw) (Lab): The English Christmas could not exist without Stilton cheese, yet the Minister is refusing to allow the name Stilton to be given to the only English cheese made in the traditional way—Stilton cheese—because of some bureaucracy from DEFRA and him. An entire herd of cows in my constituency survives because of real, traditional unpasteurised English Stilton, with 45p a litre paid, keeping the dairy farmers in good profit. Will the Minister accept a full Stilton cheese to give to the Cabinet, and perhaps provide the biscuits to go with it, so that they can understand the price we pay by denying England its true traditional English cheese—and rethink?

George Eustice: I think that the company to which the hon. Gentleman refers is called Stichelton. It produces cheese using raw milk, and as a high-quality product it commands a premium over Stilton. Every single Stilton producer opposed changing the protected food name status for Stilton, and we believe that there should be some sense of consensus before changes to recipes are imposed on producers.

Antoinette Sandbach (Eddisbury) (Con): Dairy farmers in my Eddisbury constituency, who are on non-aligned contracts, are suffering from the volatility in world dairy prices. What is the Minister doing to assist in making them resilient to that market volatility?

George Eustice: My hon. Friend makes an important point. One of the key long-term aspects we are looking at is developing a dairy futures market so that farmers can help to mitigate and manage the risks of price volatility. Such a market works quite effectively in the United States, and the European Commission is setting up a high-level group to look at how to develop such a scheme in the European Union.

Calum Kerr (Berwickshire, Roxburgh and Selkirk) (SNP): I, too, welcome the new shadow Front-Bench team. The failure of the market to provide a fair price for what farmers produce means that, for many of them, common agricultural policy payments make the difference between bankruptcy and continuing in business.

The Secretary of State has been repeatedly asked to confirm whether those payments would continue in the event of a Brexit. Simply batting that question away is no longer acceptable. What will happen?

George Eustice: The RPA is making emergency payments worth about £2,500 to help the average Scottish dairy farmer through this difficult period. We are doing our bit to ensure that Scottish dairy farmers are helped.

Edward Argar (Charnwood) (Con): Farmers can be helped to obtain a fair price for their produce if they act as retailers themselves through, for example, farmers markets and farm shops such as the excellent Roots in Barkby Thorpe and Cook's in Newtown Linford, in my constituency. What assessment has the Minister made of farm shops as a small part of the way in which producers can be helped to sell their produce at a fair price?

George Eustice: I should declare an interest. My family run a farm shop, and I can add to my hon. Friend's list Trevaskis Farm in Cornwall, which is one of the best farm shops in the country.

My hon. Friend makes an important point. In the last 15 years we have seen a huge surge of interest in food provenance—people want to know where their food comes from—and a significant rise in the turnover of farm shops, which are a good way of enabling farmers to protect their margins.

Mr Mark Williams (Ceredigion) (LD): There is a perception among the dairy farmers whom I represent, and particularly among small farmers, that they are being individually picked off by some of the big supermarkets. What can the Government do to encourage and support the development of producer organisations and real collaboration between individual farmers?

George Eustice: I entirely agree with the hon. Gentleman. We have been trying to foster the development of producer organisations, and Dairy Crest runs one that is very successful. We provided funds to support the development of dairy producer organisations through the most recent rural development scheme. As the hon. Gentleman says, ensuring that farmers can negotiate collectively is key to enabling them to deal with the fact that they are small and fragmented.

Mr Philip Hollobone (Kettering) (Con): The number of dairy farms and dairy cattle in Northamptonshire has fallen by more than a third since 2001, largely because the common agricultural policy is rigged in favour of the French dairy industry. Other countries have negotiated early payments from the CAP this year. Why have we not done the same?

George Eustice: This year we decided to issue the full BPS payments as quickly as possible and as early as possible in the payment window. About 60% of the entry level and higher level stewardship payments have now been made. We are working on the dairy crisis fund, and we aim to issue the majority of basic payment scheme payments in December and the vast majority by the end of January.

Nick Smith (Blaenau Gwent) (Lab): Given that farmers are struggling, may I ask by what date the last farmer will have received this year's cheque from the Rural Payments Agency?

George Eustice: As with all years, the payment window runs from 1 December until June. In each year there are some highly complex cases—typically involving non-governmental organisations, such as the Royal Society for the Protection of Birds, which run large schemes and do not receive their payments until later—but, as I have said, we expect to issue the majority in December and the vast majority by the end of January. We hope to issue the payments in respect of common land during February, because those cases are more complex.

Flood Plans (Gloucestershire)

2. **Richard Graham** (Gloucester) (Con): What assessment she has made of progress on flood plans for Gloucestershire; and if she will make a statement. [902018]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart): There are two forms of flood plan that affect Gloucester. The Gloucestershire county council plan was agreed in 2014, and the national plans from the Environment Agency will be in place for the Severn and the Thames by next month.

Richard Graham: The Minister will know how vulnerable Gloucester is to flooding. I am delighted to assume from his answer that the Environment Agency will have plenty of funds with which to establish a robust flood protection scheme, but does he see a role for other partners, such as Severn Trent Water? If so, will he tell us how that might work?

Rory Stewart: There are three elements in my hon. Friend's question. First, I entirely agree that Gloucester is particularly vulnerable, because of its combination of fluvial and tidal flooding. Secondly, there is money in place for Gloucester: £5 million, with a six-year guarantee from the Treasury. Thirdly, I met the chief executive of Severn Trent two days ago. We are always interested in the role that other partners can play in ensuring that we have effective flood protection at a reasonable cost.

Food Waste

3. **Holly Lynch** (Halifax) (Lab): What progress her Department has made on meeting the UN target of halving food waste by 2030. [902019]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart): Britain is a leader in addressing the problem of food waste. We have managed to reduce household waste by 15% and retail waste by 7.2%, and the figures for 2014 suggest a further 3.2% reduction, but that will be dealt with mainly through the Courtauld 2025 agreement.

Holly Lynch: We know from Hugh Fearnley-Whittingstall's documentary "Hugh's War on Waste", which was shown earlier this week, that supermarket practices such as unnecessarily strict cosmetic specifications for products are contributing to the huge amounts in waste in the

supply chain. What is the Minister doing to ensure that supermarkets take much more responsibility for reducing food waste in their supply chains?

Rory Stewart: The supermarkets and retailers in general are a very important part of the Courtauld agreement. I pay tribute to some of the retailers: Tesco has made progress on bananas, and there has been progress from the Co-op on potatoes with the Marfona range, which reduces potato waste by 30%, but I absolutely agree retailers have to play a larger role in reducing food waste in general.

Michael Fabricant (Lichfield) (Con): Does the Minister agree with me that consumers have a role to play, too? What is wrong with an over-bent banana? What is wrong with a particularly twisted turnip? They can still taste just as good. We have got to educate the consumer. What will the Minister do about doing just that?

Rory Stewart: The records of Ministers and shadow Ministers walking around with strange-shaped fruit is not always very positive. However, in order to encourage this I would be delighted to be seen eating a wobbly banana.

Mr Speaker: Notably in the company of the hon. Member for Lichfield (Michael Fabricant).

David Simpson (Upper Bann) (DUP): Will the Minister give the House some details of what discussions he has had with supermarkets in relation to food waste, and will he welcome the announcement by KFC who have done a deal with the Salvation Army to help hand out food so it is not wasted?

Rory Stewart: There have been a number of discussions. I absolutely welcome that move and pay tribute to that work with the Salvation Army. We should also pay tribute to Tesco, which now has a new app running with FareShare, and Morrisons, which has announced it will be putting all the food within the sell-by date over to charitable purposes. This is a really good lead and it is showing that a voluntary approach is working.

Tree Planting

4. **Andrew Bridgen** (North West Leicestershire) (Con): How many trees the Government plan to plant during this Parliament. [902021]

9. **Jack Lopresti** (Filton and Bradley Stoke) (Con): How many trees the Government plan to plant during this Parliament. [902027]

12. **Jeremy Quin** (Horsham) (Con): How many trees the Government plan to plant during this Parliament. [902031]

14. **Bob Blackman** (Harrow East) (Con): How many trees the Government plan to plant during this Parliament. [902033]

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss): We are committed to plant 11 million trees this Parliament. That is in addition to

the 11 million we planted in the last Parliament, which is contributing to the highest woodland cover in Britain since 14th century.

Andrew Bridgen: The new national forest that covers much of my constituency has seen 8.5 million trees planted in the last 25 years, with another 126,000 planned for next year alone. Does my right hon. Friend agree that it is not all about quantity—quality is also important and these woodlands need managing so that the trees thrive for future generations?

Elizabeth Truss: I completely agree with my hon. Friend. The national forest has been a fantastic achievement. We are celebrating its 20th anniversary this year. It was put in place by the John Major Government in 1995. It is an incredible boost to tourism, but I completely agree that we need to see a mixed variety of woodland being planted, including many of our important native trees such as the oak, the ash and the beech. We also need to make sure those woodlands are managed, and thanks to the Grown in Britain campaign we are seeing more of our woodland under management.

Jack Lopresti: Does the Minister share my view that it is important for planning guidance to recognise the inherent interest in maintaining ancient woodland, and veteran trees in particular?

Elizabeth Truss: I completely agree with my hon. Friend. Ancient woodland is of huge historical value to our country. It also provides very important soil that we will never get back if we lose it, as well as a huge variety of trees, and we are committed to protecting it in the planning system.

Jeremy Quin: The Secretary of State will be pleased to hear I represent the most biodiverse constituency on earth given the presence within it of the millennium seed bank at Wakehurst Place. Will she join with me in congratulating Wakehurst on the work being done on the UK national tree seed project, testing the resilience of our native species?

Elizabeth Truss: Wakehurst Place is a fantastic national asset and is part of the Kew group, which is the jewel in DEFRA's crown. Not only do we have the millennium seed bank and the important work it provides; we also have the world's largest database of plants, which we are now digitising so we can benefit everybody in society.

Bob Blackman: I thank my right hon. Friend for her answers thus far. The importance of a well-maintained, well-managed woodland capability is clearly dependent on demand for timber. What role is there for Grown in Britain to manage that demand, and what extra role can it fulfil in future?

Elizabeth Truss: Grown in Britain is a fantastic campaign that is bringing together people from right across the timber supply chain to ensure that more of our buildings use British wood, perhaps by adjusting building standards, and that more of the furniture that we buy uses British woods such as oak and beech. Thanks to the Grown in Britain project, we have seen an 8% increase in domestic timber production between 2010 and 2014, and more of our woodland is now under management.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): But may we have a note of realism from the Secretary of State? Until recently, her Government wanted to sell off those jewels in the crown. They wanted to sell off our national forest. Is it not a fact that more trees are dying of disease than are being planted? When will she take on the great estates of this country that have owned our land and exploited it for hundreds of years—[*Interruption.*] No, some of us remember, because we like John Clare, that there was something called the enclosures. Is it not about time that those great estates were made to do something positive, rather than just seeking planning permission for residential building?

Elizabeth Truss: I thank the hon. Gentleman for his question. We are taking positive steps. We want to put our woodland in trust for the nation. I have just announced an extension to the Yorkshire Dales national park and the Lake District national park that will create the largest area of almost continuous national park in our country. We are building up Kew as a fantastic organisation and using our expertise to benefit countries around the world. I am incredibly proud of what we are doing in this area, and I wish that the hon. Gentleman would take more pride in it as well.

Angela Smith (Penistone and Stocksbridge) (Lab): The Secretary of State said a moment ago that ancient woodland needed to be properly protected in the planning system, but it is the clear view of the Woodland Trust that the planning protections that are in place are not good enough. What representations will she make to the Department for Communities and Local Government to ensure that planning protection for ancient woodland is improved and made robust?

Elizabeth Truss: I think we have excellent protection for ancient woodland in our planning system.

Angela Smith *indicated dissent.*

Elizabeth Truss: We absolutely do. What is more, we have just launched our 25-year plan for the environment. We are looking at natural capital and at the value of woodland. We also want to ensure that trees are planted in the right place, because where we plant them makes a tremendous difference. We must ensure that we build for the future.

Ms Margaret Ritchie (South Down) (SDLP): Will the Secretary of State outline what plans the Government have, aside from the planting of new trees, for protecting and developing arboretums, which can contain some fine indigenous species as well as trees, flora and fauna from across the world, particularly in landed estates, which are a tourism asset?

Elizabeth Truss: The hon. Lady is absolutely right. I have mentioned Wakehurst Place, and I also have a fantastic arboretum in my own constituency, the Lynford arboretum. We are making sure that all the elements of DEFRA work much more closely together so that we can get the data out there to enable people to understand about our natural heritage and so that we can protect that heritage for the future.

Jim Shannon (Strangford) (DUP): The Woodland Trust is doing a significant amount of tree planting across the whole of the United Kingdom, and this Saturday a centenary wood will be planted near Limavady. What discussions are the Secretary of State and her Department having with the Woodland Trust to ensure that lots of woods and trees are planted in this centenary year?

Elizabeth Truss: The hon. Gentleman is absolutely right; the Woodland Trust is a fantastic organisation. We are working closely with it and with other voluntary organisations as part of our tree-planting programme.

Alex Cunningham (Stockton North) (Lab): I very much welcome the progress that the Secretary of State has mentioned, but the industry is still predicting a shortage of home-grown timber by the 2030s. Confor estimates that the UK needs to plant 12,000 hectares of productive woodland a year for the next 25 years in order to maintain supplies and preserve the tremendous contribution that trees make to our environment. Will she tell the House how she proposes to close that gap, to secure the land required and to help farmers and other landowners to play a greater role in developing new forests?

Elizabeth Truss: First, may I welcome the new Opposition Front-Bench team to their places? I am looking forward to meeting them over the Dispatch Box in the coming months.

The hon. Gentleman is right to say that we have a burgeoning timber industry in this country. We now have more demand for our native woods, which is important. It is important for biodiversity to bring more of our woodlands and forest under management. As part of the 25-year environmental plan and the natural capital approach, we will be looking at things such as how we can use the planting of trees to help flood defences. Last week, I went to see “Slowing the Flow” in Pickering, which is using the woodland—putting trees upstream—to help slow the flow downstream. There are a lot of opportunities to look at the environment more holistically so that we can both plant trees and help address our other environmental priorities.

Air Quality

5. **Kate Osamor** (Edmonton) (Lab/Co-op): What progress she has made in consulting on her Department’s draft plans to improve air quality; and when she plans to respond to that consultation. [902022]

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss): Our consultation on plans to improve air quality in our towns and cities closes tomorrow. Plans will be submitted to the commission by the end of this year. This builds on £2 billion of Government investment since 2011 on measures to improve air quality.

Kate Osamor: I thank the Minister for that response. What action are the Government taking to address the fact that 7,000 Londoners a year are now dying prematurely as a result of toxic air?

Elizabeth Truss: We have launched a consultation on putting clean air zones in place across the country. This is the first ever national network of clean air zones, which

will help to address our target of getting to compliance by 2020 in other cities and by 2025 in London. We are working closely with the Mayor to make sure that we introduce the ultra-low emission zones to help deliver that.

Mrs Caroline Spelman (Meriden) (Con): Is it not the case that 27 out of 28 member states in Europe are non-compliant with the air quality directive? Does my right hon. Friend see this proliferation of clean air zones as one very good way in which the UK could comply with those standards?

Elizabeth Truss: My right hon. Friend is absolutely right. I know that she did a lot of work on this when she was Secretary of State. Our plans have been modelled and will achieve compliance by 2020 in cities outside London and by 2025 in London. Of course we need to work at a European level to make sure that we have real driving conditions reflected in the tests and that we have a coherent framework that reflects both air quality and car tests. There is still some way to go on that front.

Mr Ben Bradshaw (Exeter) (Lab): Two Government decisions in the past week will have a dramatic impact on air quality. One was the decision to support a watering down of the tests that the Secretary of State has just referred to in Brussels. The other was the decision to announce half a billion pounds of taxpayer subsidy to a generation of diesel generators to plug the energy gap. Was she consulted on either of those?

Elizabeth Truss: On the right hon. Gentleman's first point, this is the first time at a European level that we have agreed that the lab tests do not reflect the reality of what vehicles are emitting, and we have put in place a process to get to real-world conditions. This country has been pushing for that for some time and last week we succeeded in getting a path to achieving it. That is major progress, which will help us to deliver our air quality commitments.

Mr Peter Bone (Wellingborough) (Con): I welcome what the Minister has said and what the Government are doing. More generally, does she agree that climate change must be partly responsible for changes to air quality?

Elizabeth Truss: We need to look at both carbon dioxide emissions and nitrogen oxides emissions to make sure that we are delivering reductions in both. That is exactly what our air quality plans are about.

Kerry McCarthy (Bristol East) (Lab): The truth is that the Secretary of State launched her air quality consultation only after she was forced to do so by the Supreme Court ruling in April. As we have heard, there are now big question marks about the reliability of vehicle emissions modelling, particularly for the newest cars. Does she really care about the clean air crisis or is this something she is just trying to pass off to local authorities? Is the consultation just a cosmetic exercise to get ClientEarth and the Supreme Court off her back?

Elizabeth Truss: We are clear that the clear air zones that we have modelled use the very best data, so we acknowledge that there is a difference between laboratory

tests and real-world performance, and that is factored in to our plans. In our consultation, we are considering incentives to ensure that what we want happens. I am absolutely determined to deal with the issue of air quality and to ensure that we are in compliance by the dates that I outlined earlier. We are looking at the incentives at the moment—that is part of the consultation—so that we can submit those final plans to the European Commission by the end of December.

Urban and Rural Areas: Inequality

6. Christian Matheson (City of Chester) (Lab): What steps she is taking to reduce inequality between rural and urban areas. [902023]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart): We are focusing on rural productivity, and we have 10 main priorities: mobile broadband, transport, communications, investment in education and skills, investment in apprenticeships, houses, affordable childcare, making sure that we have in place everything that we need for businesses, rural enterprise zones and the localism to underpin all of that to deliver rural productivity.

Christian Matheson: I thank the Minister for his answer, and I am pleased that he mentioned rural broadband. In the village of Saughall, in my constituency, residents are being told to pay an extra £7 a month in premium to access fast broadband because they live in a rural area. Ofcom is acquiescing in that, but I remind the Minister that there are large amounts of public and European money to develop those networks. Will he please make representations to Ofcom to stop this discrimination, which is increasing the inequality?

Rory Stewart: I would be very interested to meet the hon. Gentleman and to hear more about this matter. That does seem an unjust situation. I would be interested to know the identity of the provider and why they are charging in that way. It certainly seems an important issue for rural areas in general, so I would be delighted to meet the hon. Gentleman.

16 [902035]. Lucy Frazer (South East Cambridgeshire) (Con): I am also delighted to hear that the Minister is conscious of this issue. Some of the houses in about a third of the villages in my constituency do not have access to superfast broadband. What steps is the Minister taking to ensure that broadband generally is as fast and as effective in rural areas as it is in urban ones?

Rory Stewart: I pay tribute to my hon. and learned Friend for the meeting that she held in North East Cambridgeshire last week, with more than 20 parish councils, British Telecom and Broadband Delivery UK. It is a really good example of how local MPs—and this is true across the House—can lead this kind of progress. There are new technological solutions that we are putting in place. We are very proud that, by the end of this year, the universal service commitment of 2 megabits will be available, but that will not be enough for the future, which is why I would also like to draw her attention to the Fell End build and benefit model where the Government, the Department for Environment, Food

and Rural Affairs, BT and local communities are finding out how to deliver fibre to the most remote rural communities.

Food Security

7. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): What estimate her Department has made of the number of households affected by lack of food security. [902024]

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): The factors that affect household food security are complex and difficult to measure. However, a recent report comparing OECD countries found that a proportion of those who said that they are finding it difficult to afford food went down from 9.8% in 2007 to 8.1% in 2012.

Debbie Abrahams: One million people relied on food-bank meals last year, which is an increase of 38% on 2013. In Oldham, 5,000 people, including 1,500 children, relied on Oldham food bank. Given the Resolution Foundation's estimate that an additional 200,000 children will be pushed into poverty as a direct result of the social security and tax changes that this Government are intending to implement, what is the Minister doing, working across Government Departments, to address the issues of food insecurity?

George Eustice: Let me point out a number of things. First, food prices have fallen for the first time in around 15 years. They went down by 2.3% over the past year. In addition, since 2010, we have seen an increase in household disposable income; it is up by around £900 according to the Office for Budget Responsibility. Finally, we must bear in mind that the way to get people out of poverty and to tackle poverty is to get people off benefits and into work. That is exactly what our welfare reforms are doing.

Regional Food and Drink

8. **Chris Davies** (Brecon and Radnorshire) (Con): What steps the Government is taking to promote regional food and drink. [902026]

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss): This week, we launched the great British food campaign with some of our most talented food and drink pioneers across the country, including the Welsh Venison Centre in my hon. Friend's constituency. The year of great British food will be 2016, and it will include trade missions, fantastic events and an incubator space at DEFRA.

Chris Davies: Welsh lamb and Welsh water are key ingredients in the recipe of our economy's success, so will my right hon. Friend commend the Radnor Hills water company in my constituency for investing in a new £7 million production line, securing the future of production and jobs? With lamb prices so low, will she also assure farmers in my constituency that she is doing everything she can to ensure that Welsh lamb remains on the menu for generations to come?

Elizabeth Truss: It sounds to me like my hon. Friend's constituency is a food powerhouse and I congratulate him on the success of the Radnor Hills water company. We are the No. 1 exporter of lamb in the world and Welsh lamb is an important part of that success. I will be in China next week, trying to open that market for lamb, and I will continue to push the case here in Britain.

John Pugh (Southport) (LD): Lamb aside, and without being too specific, is there not a possible policy conflict between promoting some regional foods and the Government's anti-obesity strategy?

Elizabeth Truss: I believe in everything in moderation.

Food and Farming Industry: Productivity

10. **Chris Green** (Bolton West) (Con): What steps the Government are taking to use science and data to increase productivity in the food and farming industry. [902029]

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): The Government are investing £90 million in centres for agricultural innovation to ensure that our world-leading science is improving farm productivity. Just last week, I visited the Rothamsted research institute to launch a new agrimetrics centre that will develop the use of modern data analysis and management.

Chris Green: I understand that the Minister is working on a 25-year food and farming plan and that many farmers and businesses in the north-west have been involved in the discussions. How central will data and technology be to the plan and what benefits will it bring to farmers and food producers in the north-west?

George Eustice: We held a workshop in Manchester as part of our food and farming strategy development and I am delighted that some of my hon. Friend's constituents were able to contribute. Data and technology will form a crucial part of our food and farming plan. We are using the way in which we can harness data to improve plant health, animal health and crop yields, for instance. It is therefore vital to the future of our agriculture.

Flood Defences

11. **Mark Menzies** (Fylde) (Con): How many flood schemes are due to begin construction in 2015 under the Government's six-year flood defence programme. [902030]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart): The Government planned to launch 161 schemes in this financial year, providing extra protection for 70,000 households. As this is the Environment Agency's flood awareness week, let me take the opportunity to remind everybody living in risk areas for flooding that there is a very important personal responsibility to remain in touch with the Environment Agency, particularly through the winter months.

Mark Menzies: I think the Minister for the work that the Department is doing with the flood protection schemes in Fairhaven in my constituency. Fylde also suffers from inland flooding, so will the Department consider schemes to alleviate the flooding impacting on high-quality farmland in Fylde?

Rory Stewart: My hon. Friend raises an important point. I am glad that he recognises the work that has already been done along the Fylde coast, which is one of the top six projects for the Environment Agency. Nearly £80 million has been spent on protection along the Fylde coast. On farmland, the Dock Bridge pumping station and the work that my hon. Friend has done with farmers in situ are extremely important and I look forward to meeting him and the Environment Agency.

Ian Lavery (Wansbeck) (Lab): Insurance companies are suddenly ignoring the £23 million flood defence system in Morpeth in my constituency, telling residents that it is “irrelevant”. Christine Telford, who has lived in the same property for 21 years, has just been quoted between £3,000 and £4,800, with an excess of £7,500. What will the Minister do to put pressure on insurance companies to give affordable and realistic insurance premiums?

Rory Stewart: This is a very important point. With the Government spending a record amount of money on flood defence—about £20 million in this case—it is important to have a standard that flood insurance companies recognise so that when we make the investment householders can benefit from it. I am happy to consider the individual case.

17 [902036]. **Mr Robin Walker (Worcester) (Con):** I was pleased to welcome the Government’s investment in repair work for the Barbourne brook culvert in my constituency last year, but investigations have since found significant deterioration in that culvert and there might be a need for some extra support. Will the Minister convene a meeting with the Environment Agency and Worcester City Council to discuss the issue?

Rory Stewart: Again, I shall be delighted to do so. Worcester is a special case, as it is on the Severn, like Gloucester. Much of the flooding there has affected assets, such as road assets. That culvert is central and I am happy to sit down with my hon. Friend and with the Environment Agency in order to address the challenges of that culvert.

Topical Questions

T1. [901997] **Mr Peter Bone (Wellingborough) (Con):** If she will make a statement on her departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss): This week we launched the great British food campaign to grow more, buy more and sell more British food. We will be harnessing the expertise of pioneering chefs, entrepreneurs and farmers to build the UK’s reputation as a great food nation. In the new year we will be establishing the great British food unit to bring together DEFRA exports and UK Trade and Investment into a single team to support great British food companies. [Interruption.]

Mr Speaker: I think we are all aware that the hon. Member for Bassetlaw (John Mann) is still chuntering away from a sedentary position about Stilton. We have heard what he has to say about Stilton.

Mr Bone: On 22 January I expect to get a Second Reading for my private Member’s Bill—it is not a Government hand-out Bill, but I hope it will have Government support—abolishing the Department of Energy and Climate Change. The Department for Business, Innovation and Skills is, I understand, keen to have the energy element. Would the Secretary of State like to have the climate change section in her Department? I think the Government are looking favourably on this Bill.

Elizabeth Truss: Our Department already has a strong responsibility for climate change—climate change adaptation, which is baked into everything we do.

Kerry McCarthy (Bristol East) (Lab): DEFRA’s budget was slashed by a third at the last spending review and it is in line for cuts of up to 40% this time, yet the Secretary of State does not seem to be fighting her corner to protect her Department. What is she doing to convince a Chancellor who is notoriously dismissive of environmental concerns and a Prime Minister who pays only lip service to them that DEFRA’s work on flood defences, marine conservation, biodiversity and much more matters, or which of those Tory manifesto commitments will she ditch?

Elizabeth Truss: DEFRA is a crucial Department. We respond to animal disease outbreaks, we are responsible for flood defences and we represent the largest manufacturing industry, the food industry, which I think has tremendous growth potential. But that does not mean that we cannot do things better. Today we have been talking about how we can digitise our records and help digitise such things as our farm inspections. We can do things more efficiently so that we can spend more money on the frontline, which is what I want to do.

T2. [901998] **Neil Parish (Tiverton and Honiton) (Con):** I very much welcome the Secretary of State going to China to promote great British food that is being produced to high welfare standards. What more would she like to do in co-operation with UK Trade & Investment to liberate more exports of great British food?

John Mann (Bassetlaw) (Lab): Stilton.

Elizabeth Truss: Of course, we will be promoting Stilton in China, alongside other British cheeses. It looks as though the hon. Member for Bassetlaw (John Mann) would like to accompany me on the visit. It is not too late, if he gets in touch with my office. We are linking up UKTI and the DEFRA export—[Interruption.]

Mr Speaker: Order. I am all agog. I want to hear the rest of it.

Elizabeth Truss: What I want to say is that we are creating a one-stop shop so that any food business—a cheese maker, a pork producer, a “gin-trepreneur”—can have a single point of contact to deal with the Government, and get their products overseas as soon as possible.

Mr Speaker: Who knows, we might have a statement to the House subsequently about the Secretary of State's visit. I am sure the House would be extremely interested.

T4. [902000] **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): To aid reduction in our carbon footprint, from 2018 it will be unlawful to grant new property leases with an energy performance certificate rating below E. What progress are the Government making on ensuring that as many of these properties meet that rating before civil penalties are introduced, and what encouragement are they offering to landlords to ensure that they bring their properties up to the highest possible EPC rating, rather than just making the necessary improvements to take them up to the minimum standard?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart): I am afraid that I do not have a great deal of detail on that issue now, so I will be happy to sit down with the hon. Gentleman and discuss it further. Climate adaptation is baked through our departmental policy. It sounds to me as though this is something we need to discuss with the hon. Gentleman, communities, local government and, in particular, the housing taskforce.

T3. [901999] **Victoria Atkins** (Louth and Horncastle) (Con): "Water adds value." That was the conclusion of the Canal & River Trust when it studied the economic, social and environmental benefits of waterways restoration projects over the past 20 years. Will the Minister join me in praising the hard-working volunteers of the Louth Navigation Trust, who for the past 30 years have been working hard to restore the Louth canal to its full glory?

Rory Stewart: I pay real tribute to the work of the Louth Navigation Trust. We are at an exciting moment with the Louth canal, with the potential removal of the Phillips 66 pipe. If we are able to deal with some of the land ownership issues and, in particular, work with my hon. Friend to talk with Merton College, Oxford, which appears to control access to the canal, then we can get what she and the Louth Navigation Trust have fought so hard for. I thank her for her interest.

T6. [902002] **Matthew Pennycook** (Greenwich and Woolwich) (Lab): Among my constituents there are real concerns that the recently approved Enderby Wharf cruise liner terminal in east Greenwich will have a detrimental impact on already dangerously high levels of air pollution. Can the Minister outline how the forthcoming air quality strategy will protect my constituents from the noxious emissions that berthed cruise ships will generate at the site?

Elizabeth Truss: Of course, all emissions are factored into our air quality plans. We are working closely with the Mayor of London to ensure that London is brought into compliance by 2025, but we will look specifically at this issue, which was also raised in the Environment, Food and Rural Affairs Committee.

T5. [902001] **Huw Merriman** (Bexhill and Battle) (Con): As a beekeeper, I recently met the British Beekeepers Association, with which I am keen to restart the all-party

parliamentary group on bees. One of our prime objectives is to bring together farmers, scientists and environmentalists with the common aim of improving the nation's bee colonies. Is the Minister willing to offer support and encouragement to such a move?

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): I am absolutely delighted to offer my hon. Friend that support and encouragement, and I will be more than happy to attend the all-party group. We have a new pollinator strategy in place, and around half the expressions of interest that we have received for the new mid-tier countryside stewardship schemes include pollinator packages. I can also report that our own DEFRA beehives are doing quite well and that we harvested our first honey this year.

T8. [902004] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): This Government are all over the place on the issue of fracking in national parks and protected areas. Having vowed to ban it in January, they last week proposed to allow it, and now they say that they want to ban surface drilling inside those areas again. Can the Secretary of State confirm whether fracking will be allowed under national parks and protected areas, and what effect that will have on noise, light and air pollution?

Elizabeth Truss: I would have thought that the hon. Gentleman would welcome the extra protection that the Department of Energy and Climate Change has put in place. Let us be clear that under the Environment Agency we have the best possible protection for the environment, to ensure that any fracking is done in a safe and environmentally friendly way.

T7. [902003] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): South Essex is home to many small and medium-sized food businesses. What progress has been made since the launch of the 2013 food and drink international action plan to help those businesses export more?

George Eustice: We run a food export forum with industry, which I chair, and we are making progress. We have now helped around 4,000 companies to export overseas, which is four times more than we intended to in the initial strategy.

T9. [902005] **Danny Kinahan** (South Antrim) (UUP): There seems to be a vast gap between the Government's ambition for forest and woodland planting and reality. Yesterday, Confor and the Woodland Trust proposed at the all-party group on forestry a target of 7,000 hectares of planting a year. If it is planted sensibly, that could mean 15 million trees a year, but the funding currently available will help deliver only between 2,000 and 2,500 hectares a year. How will the Government work with Confor and the Woodland Trust to achieve more?

Elizabeth Truss: We are planting 22 million trees over the period 2010 to 2020. In the natural capital work that we are doing at the moment, we are looking at the value of trees in the natural environment and the contribution they can make to the economy, through

the timber industry, and to things like flood defences. I am sure that that means there will be more in future as well.

T10. [902006] **Ben Howlett** (Bath) (Con): Bath residents will welcome the consultations in the Department on air quality, given the high levels of air pollution in the city, as the Secretary of State will know from her visit earlier this year. Will she confirm that this will help cities such as Bath to introduce low-emission zones?

Elizabeth Truss: I remember standing with my hon. Friend by the roadside in Bath and breathing in the fumes. The clean air zones that we are introducing provide, for the first time, a national framework that local authorities can adopt and put in place in their area to address air quality issues, so I hope that Bath is looking at that.

Andy Slaughter (Hammersmith) (Lab): Given that Heathrow already breaches legal maximums for nitrogen dioxide, what advice is the Secretary of State giving to her Cabinet colleagues pondering the decision on the Davies commission report, and can we still expect that decision before Christmas?

Elizabeth Truss: The decision is clearly a matter for the Airports Commission, which is looking into this issue. On London air quality, the plans that we are putting in place, and have modelled very carefully, will bring London into compliance by 2025, which is well before the date for the airport.

Several hon. Members *rose*—

Mr Speaker: Order. We have overrun, but I want to accommodate a couple of colleagues very briefly. I call Mr James Heapey.

James Heapey (Wells) (Con): Thank you, Mr Speaker.

The dastardly EU has moved the goalposts on bathing water quality, and this morning we have found out that Burnham-on-Sea in my constituency has fallen short of the new standards. This will be of great concern to many in my constituency, particularly those involved in tourism. Will the Minister reassure us that all will be done to improve standards before next year's readings?

Rory Stewart: This is an extremely important issue. I underscore the fact that these are advisory notices; they do not prohibit people from swimming in the water. In relation to Burnham-on-Sea, 250 missed connections have been identified by Wessex Water, which will invest £36 million. I have every hope that through its Streamclean initiative we should be able to bring Burnham-on-Sea back into compliance.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): I am sure that the Secretary of State is aware of the vital work being carried out by the National Wildlife Crime Unit. With its current funding ending in March 2016, will the Minister take this opportunity to reassure it, and the public, that the Department, alongside the Home Office, will ensure that funding is maintained beyond 2016?

Elizabeth Truss: I am very happy to discuss that issue further with the hon. Gentleman.

Several hon. Members *rose*—

Mr Speaker: Last but not least, I call Mr Henry Smith.

Henry Smith (Crawley) (Con): Thank you, Mr Speaker.

I congratulate the Government on last year starting the national pollinator strategy. Will my right hon. Friend join me in welcoming the establishment of small bee habitats, particularly in urban areas, as set out by the BeeWorld initiative?

Elizabeth Truss: We are leading the way at DEFRA because we not only have beehives on our roof that have produced their first honey, but have established a pollinator-friendly garden with plants that attract pollinators. Putting in these pollinator-friendly plants is something that anybody can do, at school or at home.

Several hon. Members *rose*—

Mr Speaker: I am sorry to disappoint remaining Members but we really must now move on.

CHURCH COMMISSIONERS

The right hon. Member for Meriden, representing the Church Commissioners was asked—

Women Bishops

1. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment she has made of the effect of the introduction of the first woman bishop to the Lords Spiritual on the Church of England; and if she will make a statement. [902007]

The Second Church Estates Commissioner (Mrs Caroline Spelman): I am delighted to be able to share with the House that the first female bishop, the Bishop of Gloucester, was introduced into the House of Lords on 26 October. The Church would like to put on record its thanks to my predecessor and to many hon. Members, including the hon. Lady, who have campaigned long and hard to see this day.

Diana Johnson: I am delighted that in July I was able to go along to the installation of the Bishop of Hull, Alison White, the first woman to hold that position, and of course we now have a woman bishop in the House of Lords. Will the right hon. Lady comment on whether the Church has an objective as to when we will see parity between male and female bishops in the House of Lords?

Mrs Spelman: There are already seven women bishops. The next Bishop of Newcastle, to be introduced into the Lords on 26 January, will also be a woman. There are currently three vacancies in Oxford, Leicester and Lichfield, all of which are eligible seats in the House of Lords and which may be filled by women. The legislation passed this year enables these vacancies to be filled by female bishops in a quest to get a much better gender balance.

PUBLIC ACCOUNTS COMMISSION

The hon. Member for Gainsborough, representing the Public Accounts Commission was asked—

BBC

2. **Michael Fabricant** (Lichfield) (Con): What discussions the commission has had on the potential extension of the scope of the National Audit Office's auditing of the BBC as part of the BBC charter review. [902008]

Sir Edward Leigh (Gainsborough): The commission has had no discussions on the potential extension of the scope of the National Audit Office's auditing of the BBC as part of the BBC charter review. However, it is aware of the Government's recent consultation on framing the new BBC charter, particularly the question of whether the NAO should be given statutory access to BBC accounts. The commission notes that the BBC's own response to the consultation acknowledged the value of the NAO's value-for-money studies of the BBC. Statutory access would give the NAO the right to audit the BBC's annual report and accounts, and strengthen its scrutiny of value for money. I understand that the Government are considering the outcome of their consultation.

Michael Fabricant: Although I am quite a fan of the BBC—I do not expect any cheers for that—I believe that no organisation should be its own judge and jury. Given my belief that Ofcom should have greater powers over the BBC, similar to those it has over commercial broadcasters, what is my hon. Friend going to do about making sure that the National Audit Office has full powers of investigation into the BBC?

Sir Edward Leigh: That is an excellent question. I am proud that when I was Chair of the Public Accounts Committee we forced the BBC to accept, for the first time, that the NAO should do value-for-money accounts. There has been no complaint since then that the PAC has ever involved itself in any editorial decision whatsoever. The fact is that the BBC is a public body. It taxes everybody and has to be held to account. The Comptroller and Auditor General must be given full financial powers to go into the BBC and hold it to account for value for money.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I beg the hon. Gentleman not to get carried away with the vendetta against the BBC that is being carried out by the Murdoch press and members of the Conservative party? The Public Accounts Committee has an honourable heritage of being fair minded, and I hope it will keep to that.

Sir Edward Leigh: May I say absolutely clearly that the PAC will not get involved in any "vendetta" against the BBC? This is simply about value-for-money inquiries. For instance, the Comptroller and Auditor General, who certainly is completely outside politics, has expressed in public his concerns about the current arrangements. He does not have a statutory right of access to information. His staff are entirely dependent on what information the BBC chooses to give them in answer to their questions. His reports are badged with the BBC logo and they are

always prefaced by a preamble prepared by the BBC Trust. The fact is that the BBC is a public body. It must be like other public bodies and held to account for value for money.

Mr Peter Bone (Wellingborough) (Con): Long ago I used to do auditing of companies, and it seems to me that the BBC would be a prime target for that. Is not my hon. Friend surprised that the BBC has not requested that the National Audit Office gets involved?

Sir Edward Leigh: It is not for me to question what goes on inside the mind of the BBC. All I can say is that there is general consensus that we must move forward into the modern age and the BBC must be like all other public bodies, and that this Parliament, through our Public Accounts Committee, must have full financial oversight so that we have a well-run organisation that uses public moneys efficiently.

CHURCH COMMISSIONERS

The right hon. Member for Meriden, representing the Church Commissioners was asked—
Funeral Charges

3. **Valerie Vaz** (Walsall South) (Lab): What assessment the Church Commissioners have made of the effect of funeral poverty on fees paid for funerals. [902010]

The Second Church Estates Commissioner (Mrs Caroline Spelman): The clergy witnesses at first hand the trauma when a family feel unable to give due recognition to a loved one. The Church does all it can to keep funeral costs down. A simple funeral in a Church of England parish church would cost a family between £200 and £300, depending on the style of burial.

Valerie Vaz: I thank the right hon. Lady for her answer and welcome her to her place. Is she able to provide an estimate—if not now, in writing—of whether the write-off that some parishes are able to make for funerals is going up or down?

Mrs Spelman: I do not have the details, but I am more than happy to write to the hon. Lady.

Jeremy Pemberton

4. **Mr Ben Bradshaw** (Exeter) (Lab): How much the Church of England has spent on the employment tribunal involving Jeremy Pemberton; and if she will make a statement. [902011]

Mrs Spelman: I am unable to answer the question about the cost of that case, because it is still litigation in progress and we are currently in the period when the claimant may appeal the tribunal's decision.

Mr Bradshaw: I very much hope that the claimant does appeal. Do we not have a right as members of the Church of England to know exactly how much our Church has spent in our name to persecute this excellent priest? He has been stopped from being a hospital chaplain, a job which by all accounts he did superbly,

because of the discriminatory approach of the Church of England. Particularly when we are celebrating the democratic election of the first openly gay, married priest to the General Synod, this is a ridiculous situation.

Mrs Spelman: I come back to my point that the litigation is still in progress, and at the moment there is therefore no definitive sum that I can make transparent in the House. This is an ongoing matter. The Church Commissioners do not seek to incur legal bills, but the action was initiated by the litigant in this case. It is important to say that there will be a variety of views in the Church of England on the doctrine of marriage, and the Church has encouraged a conversation within the Church about that.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): The Church of England has made many strides forward in the acceptance of gay unions among its clergy, especially in the acceptance of civil partnerships. As we have heard, despite that evolution, there are clear discrepancies in how the Church treats gay clergy who enter into a civil marriage. Will the right hon. Lady therefore speak to Church leaders to resolve such matters so that gay clergy do not feel discriminated against when it comes to practising their faith by devoting their life to God, while also marrying the person they love.

Mrs Spelman: In respect to the specific case referred to in the question, the employment tribunal's findings are known: it did not find in favour of Canon Pemberton. As I mentioned earlier, the important point is that the bishops themselves have initiated a two-year process of conversations about the Church's approach to human sexuality. That process is underway, and it is for all of us to be involved with it.

PUBLIC ACCOUNTS COMMISSION

The hon. Member for Gainsborough, representing the Public Accounts Commission was asked—

Kids Company

5. **Mr Philip Hollobone** (Kettering) (Con): What assessment he has made of the effectiveness of the work undertaken by the National Audit Office on the charity Kids Company. [902012]

Sir Edward Leigh (Gainsborough) (Con): The Public Accounts Commission's role is to assess the overall effectiveness of the NAO, not that of individual reports. I note, however, that the NAO conducted this investigation very rapidly—in about six weeks—to support timely parliamentary scrutiny by the Public Accounts Committee of this important subject earlier this week.

Mr Hollobone: What did Ministers do wrong in relation to Kids Company, and how will the lessons learned be applied in future?

Sir Edward Leigh: As Chair of the Public Accounts Commission, it is not my job to sit in judgment on Ministers. I would say, however, that the Public Accounts

Committee and the NAO have moved very rapidly on this matter. They have had records from Departments going back 15 years, and they are producing a report as quickly as they can. Sadly, Kids Company has gone into receivership, so the NAO has not had access to any of the records held by it.

CHURCH COMMISSIONERS

The right hon. Member for Meriden, representing the Church Commissioners was asked—

Carbon Footprint

6. **Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): What progress the Church Commissioners have made on their commitment to reduce the Church of England's carbon footprint by 40% by 2020. [902014]

The Second Church Estates Commissioner (Mrs Caroline Spelman): Five years ago, the Church of England made a commitment to reduce its carbon footprint by 80% by 2050, which is the same as the Government's objective. Its interim target is 40% by 2020, and that has almost been reached already.

Dr Cameron: The director of investments of the Church Commissioners has co-signed a letter to the Chancellor outlining concerns about future renewables investment resulting from unsupportive Government policy. What steps are being taken to address those serious concerns?

Mrs Spelman: The Church Commissioners have applied an ethical investment strategy to all their investments. As a result, the Church has withdrawn from investment in tar sands and other polluting forms of fossil fuel. The Church believes you must practise what you preach. In talking to the Government, it is itself demonstrating its commitment to tackle climate change.

Memorial Service: Civilians Killed in World War 2

8. **Robert Neill** (Bromley and Chislehurst) (Con): Whether the Church of England plans to introduce an annual national memorial service to honour British civilians killed during the second world war. [902016]

Mrs Spelman: As we approach Remembrance Sunday, this is an excellent time to remind hon. Members that during the remembrance service on Sunday, which we will no doubt all attend, there is a prayer that specifically relates to the suffering of civilians in the war. Coventry Cathedral is a national entity for recognising the suffering and loss of civilians, and other churches around the land recognise the loss particularly of civilians during the second world war.

Robert Neill: My constituent George Taylor, who attends the Church of the Annunciation in Chislehurst, lost his mother and his young brother among 160 people killed when a V2 bomb fell on a shop in south-east

London. It is perfectly right that we remember civilians on Remembrance Day, but equally, we want a special day to remember our armed forces and their dedication in all wars. Could we consider putting the work being done in individual churches and with the prayer on a more systematic basis, and could we also consider some further physical memorial in which the Church might play a part?

Mrs Spelman: I invite my hon. Friend to look at the example of a church in Kennington Park, Lambeth, which unveiled a memorial in 2006 to those who had died in the blitz. In a single bomb attack, 100 people died. Perhaps his constituent and the churches in New Cross could look at whether they can achieve something similar in memoriam.

Burma

10.35 am

Valerie Vaz (Walsall South) (Lab) (*Urgent Question*): To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the release of political activists and human rights ahead of the elections in Burma on 8 November.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (James Duddridge): I thank the hon. Member for Walsall South (Valerie Vaz) for raising this matter at this important moment for Burma. Burma goes to the polls this very Sunday, which is possibly the most important democratic opportunity for the country in over 50 years. Credible, inclusive and transparent elections would represent a huge step in consolidating Burma's transition towards democracy, but we are under no illusions that the elections will be perfect. More widely, the human rights picture remains extremely troubling.

As the hon. Lady's question suggests, political prisoners remain a great concern in Burma. We have welcomed the release of more than 2,000 political prisoners under the Burmese Government's scheme, following President Thein Sein's commitment in 2012 here in London to release all political prisoners. However, that commitment remains unfulfilled. We are concerned about the continued arrest, detention and sentencing of political activists in the lead-up to the elections on Sunday.

We are concerned about the estimated figure that a minimum of 96 political activists remained behind bars at the end of September 2015, according to the most recent statistics we have, and that 460 more people have been detained under repressive laws and are awaiting trial following their arrests throughout 2014 and 2015. As the hon. Lady will be aware, they can campaign politically while undergoing a trial procedure. The arrests of activists and candidates for engaging in peaceful protests and social media posts—people such as Patrick Kum Jaa Lee and Chaw Sandy Tun—raise particular concerns over the freedom of expression in the lead-up to the elections.

More widely, we continue to have many serious concerns about the human rights situation in Burma, particularly the appalling situation of the Rohingya in Rakhine state. Thousands of people remain housed in supposedly temporary camps following the violence in 2012, when they were forced from their homes. The situation in the camps is desperate and worsening. We will continue to hold the Burmese Government to account. Most recently, the Foreign and Commonwealth Office Minister of State, my right hon. Friend the Member for East Devon (Mr Swire), raised these concerns with the Minister of the President's Office when he visited Burma in July.

There has been an incredible amount of engagement on this issue, including the hon. Lady's recent debate. I am happy to be in the House to add more flesh to that debate, particularly given that the elections are happening on Sunday.

Valerie Vaz: I thank the Minister for coming to the House and welcome him back. I appreciate that he is stepping in for the Minister of State, who told me that he would be in Luxembourg.

The Minister mentioned that there are political prisoners. The Assistance Association for Political Prisoners, a Thailand-based advocacy group, believes that there are many political prisoners and that more than 450 other people are awaiting trial. It says that the Burmese Government's actions have intensified ahead of the polls, with the authorities continuing to lock up activists in the months leading up to the election. It stated:

"It is a great opportunity for the government to release all remaining political prisoners ahead of the election so that these people can participate in the historic polls... If the government really wants to move forward to democracy, no political prisoner should be behind bars."

Father Thomas Htang Shan Mong, the director of the bishops conference's justice and peace commission, has said that locking up activists contravenes basic social justice principles. He stated:

"Scores of political prisoners remain behind bars".

He went on to say that

"the country has yet to move forward to democracy"

and that

"civil society groups...need to push for amending the draconian laws that attempt to silence activists."

The Minister helpfully mentioned the case of Patrick Kum Jaa Lee who was arrested because he shared a photograph of a man wearing a Kachin-style longyi and stepping on a portrait of Commander-in-Chief Senior-General Min Aung Hlaing. A woman was detained after she shared a satirical picture on social media, comparing Burmese army uniforms to a feminine longyi used by opposition leader Aung San Suu Kyi. Will the Minister say whether, ahead of these apparent free and fair elections, all activists awaiting trial and political prisoners are still in prison? He mentioned 96 prisoners, but perhaps he could update the House with another figure.

Large parts of Christian-majority Kachin state effectively remain in a state of civil war. More than 100,000 people have been displaced as a result of clashes, and they remain in temporary camps in Kachin and Shan states. The conflict shows that the Government have failed to deliver on their promise to end armed clashes in Myanmar before the vote on 8 November. In fact, only eight of 15 groups who participated in the national peace process were involved in the 15 October agreement. A Yangon-based political analyst said the fact that only some of the country's armed ethnic groups have signed the agreement shows that it is more of a "cosmetic political show" than a historic benchmark, and stated:

"The peace process must be inclusive of all ethnic armed groups and the Government has not allowed some ethnic groups to be involved in the cease-fire agreement."

Will the Minister update the House on whether the ceasefire agreement included all the ethnic groups, and will he say whether it is still in place ahead of the supposed free and fair elections on 8 November?

The United Nations special rapporteur on human rights in Burma said that the restrictions on rights to freedom of expression, assembly and association—including arrests and excessive force against protesters—put genuine elections at risk. Yanghee Lee said that there were worrying trends of undermining the democratic space, and a clear need for continued legislative and constitutional reform to bring the country's legal framework in line with international human rights laws and standards.

[Valerie Vaz]

Given this country's incredible investment in Burma, that is a matter of public policy. On Tuesday, Ben Rogers and Mark Farmaner updated us with their concerns about what is happening during the election, ahead of your historic round-table discussion in Speaker's House, Mr Speaker.

Will the Minister ensure that he supports the United Nation's call for all actors to work together to support further reforms in Burma? Given that a third of the population are from an ethnic minority background, internally displaced people and disenfranchised Rohingya people must all be part of that peace process to build a new nation that will encompass everyone after 8 November. Finally, will the Minister report back on this issue to the House?

James Duddridge: I thank the hon. Lady for those questions. It is totally unacceptable to imprison people in the run-up to the election, even if they are then freed, and particularly given that they cannot campaign under Burmese law. It is concerning that such things have happened, given that in 2012 the President asserted that political prisoners would be freed. Much progress had been made since that visit to London, but things have gone backwards recently. Getting precise numbers out of Burma is difficult. The figures that I gave in my opening remarks were the most recent, but they are on the low side and cover the people we know about. Anecdotally, we are receiving reports that more people are being arrested, and the trend is getting worse.

I believe that eight out of 15 or 16 groups have signed up to the ceasefire, and that the ceasefire is broadly still in place. If I have any more information, I will return to that issue. We will continue to work closely with the UN and the special rapporteur on Burma, both in country and in New York. On parliamentary engagement, over the past few months oral questions have been raised and the hon. Lady secured a debate in Westminster Hall. More than 60 questions have been tabled in this House and the other place, and we must maintain that communication and highlight the issue. Her Majesty's Government will continue to report on this issue, in particular following the elections on Sunday.

Jeremy Lefroy (Stafford) (Con): You very kindly hosted a round-table meeting on Burma earlier this week, Mr Speaker, to which the hon. Member for Walsall South (Valerie Vaz) has already referred. In that meeting, I was shocked to hear of the wholesale disenfranchisement of the Rohingya people from the elections. Will the Minister update us on what representations have been made by Her Majesty's Government on this specific issue?

James Duddridge: I thank my hon. Friend for his long-standing advocacy on this issue. When the Minister of State, my right hon. Friend the Member for East Devon, visited Burma, he went first to Rakhine to look at the situation of the Rohingya people. They are oppressed and, in relation to the election, are being denied a democratic voice. The UK Government are deeply concerned about this issue. We have raised it on a consistent basis with the current Burmese Government and will continue to do so with any future Government.

The position of the Rohingya people is unacceptable in the modern democracy Burma aspires to be and which we want to see.

Catherine West (Hornsey and Wood Green) (Lab): I thank my hon. Friend the Member for Walsall South (Valerie Vaz) for her urgent question, which follows on closely from her excellent debate on progress in securing better human rights and better elections in Burma. There is an enormous amount of interest across the Chamber and in the other place on this important question.

The people of Burma have faced decades of brutal oppression. In a few days' time, they will have their first openly contested election in 50 years. This progress should be widely welcomed. The release of thousands of people, as part of a presidential prisoner amnesty in July, was an important step, too. In the previous prisoner amnesty that took place in October 2014, when thousands were released a few weeks ahead of Burma's hosting two major international summits, there were reports of an upsurge in arrests and harassment of peaceful activists. Amnesty International states:

"Myanmar's authorities have a track record of announcing prisoner amnesties...at politically opportune times. The government must prove that this is more than an empty gesture to curry favour ahead of the November elections".

Will the Minister set out what steps have been taken by the UK and the international community to ensure that this will be a lasting amnesty?

Opposition leader Aung San Suu Kyi has criticised the electoral process, saying it has been less than totally free and fair and that the electoral commission has failed to deal with certain irregularities. Does the Minister share her concerns and has he raised them with the Burmese Government?

The Minister will be aware—it was raised in the urgent question—that the Rohingya and some Christian minorities are experiencing harassment and persecution. The Muslim minority are not classified as citizens and will not have a vote. Does the Minister agree that it is wrong that their voice will not be heard in this election? What efforts are being made to encourage the Burmese authorities not to follow this election, whatever the outcome, with arrests and harassment of peaceful activists who have been campaigning?

On Sunday, it will be for the Burmese people to decide their election. The whole House will be watching, looking on with hope that the election will be fair and free and that there will be a peaceful outcome that works towards greater human rights.

James Duddridge: The eyes of the world and this Chamber are certainly on the elections to try to ensure they are free and fair. The hon. Lady's comments were very balanced, reflecting not only the fears that things might go wrong and the fact that we should flag up any issues with the election, but the optimism that this is arguably the biggest opportunity for free and fair elections in more than 50 years. It has been a brutal, brutal decade. I congratulate all Members, some of whom are in the Chamber today, and organisations such as Amnesty International, which she mentioned in her question, that have worked so tirelessly.

The Rohingya have no voice and cannot be heard. They do not have the vote that we take for granted. I suspect it troubles all hon. Members that so many of

our constituents do not vote in elections, but they do have a voice indirectly. The Minister of State, my right hon. Friend the Member for East Devon, visited and spoke to the Rohingya, and we will continue to press, in the strongest possible terms, for their democratic participation. Sadly, it is too late for Sunday, but we can, I hope, build on a strong election this weekend and move towards future elections that include the minority Muslim Rohingya population, so that Burma can proudly say that its election results represent the whole population, not just the vocal majority.

Mr Peter Bone (Wellingborough) (Con): It is a real pleasure to see the Minister at the Dispatch Box.

Burma has been of considerable interest to the whole House, including you, Mr Speaker, for many years. I think that hon. Members can be congratulated on what they have done. Will the Minister say how we actually influence what happens in Burma? How do the Government go about influencing change?

James Duddridge: Diplomacy is incredibly complicated. One thing I have learned in my short time at the Foreign Office is that sometimes softer diplomacy—the sort that you have exercised in relation to Burma, Mr Speaker—is among the most effective. When change does happen, as with the promise to release political prisoners in 2012, it is sometimes difficult to pinpoint exactly what was done and by whom. It is rather a menu of activity, including by campaign groups outside this place and individuals within this place.

From a ministerial viewpoint, it is important to raise the subject consistently and not to let short-term interests, be they regional or British, get in the way of our firmly raising an unacceptable situation. At the same time, however, other things carry on. The approach is about getting the right balance, focus and message, and it is having some success. It is encouraging to see the elections on Sunday, but we have concerns, and clearly we all need to do more.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I thank the hon. Member for Walsall South (Valerie Vaz) for raising this important question at such a timely moment.

SNP Members, too, believe that this weekend's national elections in Burma must be free and fair, but we have concerns about human rights and all citizens having a vote. Human Rights Watch yesterday identified concerns about the electoral process being

“undermined by systematic and structural problems including the lack of an independent election commission, ruling party dominance of state media, the reservation of 25 percent of seats for the military, discriminatory voter registration laws, and mass disenfranchisement of voters in some parts of the country.”

It also noted:

“Election observers planning to monitor polls are challenged by limits on resources and training. Civil society monitors have been active only one year and will cover less than one-third of all townships.”

Given these serious concerns, we urge the Government to press the Burmese Government to engage in progressive electoral reform and to take every opportunity to raise these important issues in their communications with them.

James Duddridge: I very much support the hon. Lady's comments about encouraging greater progressive electoral reform. It would be anathema to us in this House to think that 25% of the seats in this Chamber might be filled by military generals. This is not something recognised as part of a modern democracy. While we have issues with our media in the UK, it would be fair to say that Burma needs to do a lot more in that regard.

On the structure of the elections and the election commission, again more work could be done on future elections, but the EU did deploy an extensive election observer mission—more than 100 people went there, some on a short-term basis and some, crucially, on a long-term basis, to witness the preparations and understand exactly what was happening in the run-up to the elections. The deputy chief observer is a British national, which is something we should be proud of.

Paul Scully (Sutton and Cheam) (Con): I welcome the fact that the hon. Member for Walsall South (Valerie Vaz) took this opportune moment to raise this important question. I also welcome the Minister back to this House; it is fantastic to see him here.

We have talked about the influence that Britain can bring to bear. A Facebook message I posted on the Burma Campaign UK has been seen by 147,000 residents of that country. It encouraged the people of Burma to go out and use their votes, despite their concerns about whether the election would be free and fair. Does the Minister agree that whatever the human rights situation in Burma, the only way to effect change in that country is to go out and vote as the people see fit? That is how to effect change and how Burma can move to becoming a more democratic country.

James Duddridge: I thank my hon. Friend for welcoming me back to the House; I do not think I had the courtesy to welcome him to the Commons, but it is a pleasure to do so now. After hearing about his social media experience in relation to Burma, when I leave the Chamber I am immediately going to tweet a copy of my speech. It is clear that social media are picked up differently: people are not poring over their copy of *Hansard*, which might have been sent to them several days later, as some hon. Members might recall from their youth; social media allow people to access information speedily. I look forward to my hon. Friend re-tweeting me.

Tom Brake (Carshalton and Wallington) (LD): I wish the Minister well in getting 147,000 views for his speech! More seriously, he may want to respond now or perhaps in writing. In relation to the UN Human Rights Council universal periodic review recommendations, will he advise us what progress, if any, has been made on ensuring the independence of the judiciary; prohibiting the use of torture; ensuring that clear information is provided about the arrest and charging of political detainees; and ensuring that they have access to legal representation?

James Duddridge: I am more than happy to raise these issues with the UN special rapporteur—I understand it is not the only forum through which they can be raised—and will update the right hon. Gentleman on the success of that lobbying. As was pointed out earlier,

[James Duddridge]

this is a multi-pronged attack to try to improve the situation in Burma, and engagement with the UN is an important part of that.

Michael Fabricant (Lichfield) (Con): My hon. Friend said a little earlier that Burma has regressed from 2012. I am wondering what travel advice the Foreign Office gives to people considering going to Burma from the United Kingdom for holidays and recreation.

James Duddridge: I would advise anyone thinking of travelling to look at the Foreign Office website for travel advice, particularly if they are going to places such as Burma where a significant event is happening on Sunday. Travel advice can change very quickly around the world. I spoke to consular staff yesterday on a number of issues, and I know that our consular support is some of the best in the world. The advice provided on the website is bang up to date and easily accessible; if things change on an hour-by-hour basis, that is the right place to look.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I, too, welcome my very good hon. Friend back to this place. I very much look forward to working with him on Zimbabwe, in which, as he knows, I have a very keen interest. As you may know, Mr Speaker, the Minister's parents-in-law used to live in my constituency and one was a councillor in Plymouth.

On my way to work this morning, I heard on the radio that the military in Burma was suggesting that if Aung San Suu Kyi should end up winning this election, it would not allow her to become President. Will my hon. Friend comment on that? He may not have heard this news.

James Duddridge: I thank my hon. Friend, whose lobbying on Zimbabwe knows no bounds. He has raised the issue with me five times in four days, Mr Speaker, and now he raises it on an urgent question on Burma—and gets away with it! That is great advocacy.

Aung San Suu Kyi stood as a Member of Parliament in 2012 and was elected. She is standing again in the election on Sunday, just as a Member of Parliament would do here before taking a position in government. The Government in Burma will need to be formed by February. There are constitutional bars that will make it difficult for her to take up the role of President—specifically, the constitution states that anyone with any offspring who maintain non-Burmese passports cannot be President. That provision was inserted specifically to bar Aung San Suu Kyi from taking the presidency if she were democratically elected.

Normally, the United Kingdom Government strongly support the constitutions of sovereign nation states, but in this case the constitution simply does not follow the democratic principles that we should be encouraging the people of Burma to move towards. I do not know whether a balance can be found between 8 November and February, but I noted Aung San Suu Kyi's statement that she intended to govern if she was victorious and if the National League for Democracy had a workable majority. I think that, regardless of the constitution, people should take note of the democratic will of the people in Burma.

Mr Speaker: I thank the Minister for his response to the questions—and, indeed, for his initial statement—and I join colleagues in warmly welcoming him back to the House. I also thank all colleagues for taking part in that series of exchanges.

Human Rights (Egypt)

11 am

Tom Brake (Carshalton and Wallington) (LD) (*Urgent Question*): To ask the Foreign Secretary to make a statement on the visit of President el-Sisi of Egypt and the human rights record of his Government, and, in particular, their use of the death penalty.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): The Prime Minister invited President Sisi to the United Kingdom because it is in Britain's interest to help Egypt to succeed as a stable, prosperous and democratic country, and to boost our strong commercial relationship. The Prime Minister will meet President Sisi today and will discuss a range of issues, including how to combat terrorism and counter-extremism in Egypt and the region, and how best to help Egypt to succeed as that stable, prosperous and democratic country.

It is no secret that we want to see more political progress in Egypt. We want to see better protection of Egyptians' constitutional rights, freedom of expression, and more space for non-governmental organisations and civil society. These rights and freedoms are essential to Egypt's long-term stability. However, megaphone diplomacy is not the way for us to succeed in putting our views across effectively. Instead, we need to treat each other as real partners, and to have frank and honest conversations. This visit gives the Prime Minister an opportunity to emphasise his desire to see more political progress in Egypt, including progress on human rights and political freedoms, which are essential foundations for long-term stability.

We welcome Egypt's current parliamentary elections as an important step towards the restoration of its legitimate institutions. By representing the Egyptian people, legislating, and holding the Government to account, the new Parliament should have a vital responsibility in building a more secure, prosperous and democratic country. Through our own conflict stability and security fund, we are working with officials from the Egyptian Parliament to help prepare it for the new session, and look forward to continuing that co-operation after the elections.

Since President Sisi was elected in May 2014, we have raised concerns over a number of human rights issues, including the large number of death sentences and the prosecution of international journalists. The United Kingdom respects the independence of the Egyptian judiciary, but we remain concerned about judicial processes that result in mass sentences, and by reports of a lack of due process in Egypt's courts in some cases. Those factors damage the reputation of Egypt's judiciary, and undermine international confidence in the fair application of law. The United Kingdom opposes the death penalty in all circumstances, as a matter of principle.

We have raised concerns, and will continue to do so, at ministerial meetings and in the United Nations Human Rights Council. We hope that this visit to the United Kingdom will provide an opportunity for us to hold an open dialogue on all issues, and to develop a programme of practical co-operation for the future.

Tom Brake: I thank the Minister for that statement.

The Minister will be aware of a range of human rights concerns in relation to Egypt—he has mentioned many of them today—including the detention and condemning to death of ex-President Morsi and the fate of Karim Ashraf Mohamed al-Banna, a student from Cairo sentenced to three years in prison for announcing on Facebook that he was an atheist, thereby “insulting Islam”.

The UK Government's position on human rights also appears to be weakening. Asked whether human rights was now one of their “lower-priority activities”, Sir Simon McDonald, permanent secretary at the FCO, replied:

“Well, answering as permanent secretary, I say that although it is one of the things we follow, it is not one of our top priorities...I would not dispute that right now the prosperity agenda is further up the list”

of priorities. Will the Minister take this opportunity to confirm that the UK Government are not downgrading human rights in favour of trade?

Will the Prime Minister raise directly with President el-Sisi the case of Ibrahim Halawa, the Irish teenager who may be subjected to the death penalty? My right hon. Friend the Member for Orkney and Shetland (Mr Carmichael) met his sisters yesterday. Will the Prime Minister raise the cases of the different faiths suffering persecution in Egypt, including the Coptic Christians, for instance, who are experiencing kidnappings, arson and attacks on their churches? Finally, will the Prime Minister have that frank and honest conversation with President el-Sisi today and press him to commit to an end to the death penalty, political detentions, mass trials and torture in Egypt?

Mr Ellwood: The right hon. Gentleman raises a number of very important issues and many of them will be raised by the Prime Minister and when I have the opportunity to meet the President and Foreign Minister Shukri. The right hon. Gentleman mentioned up front the question of the priority Britain places on human rights, so let me clarify the remarks of Simon McDonald. It is now our view that we raise human rights as a matter of course—it is not instead of; it is part of the package. It is part of the process, so that every time I—or the Minister of State, Department for International Development, my right hon. Friend the Member for New Forest West (Mr Swayne)—go into a meeting, we raise these matters. They are part of the broad area of concerns that we raise, along with the prosperity agenda.

The right hon. Gentleman mentions the trial of President Morsi. We have raised concerns about the legal process in that case, along with others that I have mentioned. The legal process is yet to be complete, but as I said in my opening remarks, we have concerns about the roll-out of these mass trials and the need to meet international standards.

The right hon. Gentleman mentioned specifically Ibrahim Halawa. Foreign Office officials have raised the matter this summer. The Irish Government are taking the lead, but we are in touch with them.

Let me end on the importance of the prosperity agenda. In order to ensure that countries are able to take the necessary steps of reform, and particularly after the decade of turbulence that Egypt has endured, it is important that there are jobs, as that provides stability and denies the space for extremism to flourish. It is absolutely right that we press human rights matters,

[*Mr Ellwood*]

but we are also very forward-thinking in our work to assist Egypt in a variety of sectors. Indeed, the largest company operating in Egypt is a British company: Vodafone.

Crispin Blunt (Reigate) (Con): I agree with the Minister's definition of Britain's interests in our relationship with Egypt, but conducting diplomacy often requires some rather ugly compromises of our values. I accept that practical engagement with Egypt is essential; it is the largest country in the Arab world by some distance. Some would claim that in 2013 the then General Sisi and the military reclaimed stability and security for Egypt by removing President Morsi and his Administration from office, but no one should be in any doubt about what the price has been. Possibly thousands of people were killed when the squares were cleared, 40,000 are in prison, we have seen death penalties being handed out in batches of several hundred, and many of us will have heard first-hand testimony of people being tortured in the Egyptian justice system. I am not entirely sure that inviting President Sisi to the United Kingdom is wholly appropriate until such issues are properly addressed and there is some accountability for the conduct of the operation of 2013 and of policy since.

I accept that it is absolutely necessary for us to engage with the Egyptian Government in policy terms, and to try to give them advice privately about the possible danger they are presenting to us through the scale of the suppression, which could have the effect of widening the insurgency they face and increasing support for the most extreme Islamist jihadism in the region. It has been reported that the Foreign Office was not exactly enthusiastic about this visit, and that the decision was taken in No. 10. I wonder whether the Minister would like to comment on all that.

Mr Ellwood: I am grateful to my hon. Friend for his statement. I am not sure whether he was speaking as an individual—in fact, I hope that he was speaking as an individual and not as the Chairman of the Foreign Affairs Select Committee, because I am not sure that the Committee would be in synergy with everything that he has said. On his last comment, I can tell him that the Foreign Office is very much in support of the visit.

My hon. Friend began by explaining the difficulties that Egypt is facing at the moment, and I absolutely agree with him. Egypt is in a very difficult neck of the woods, given the problems that we are facing in Libya and in Gaza. He also mentioned that Egypt was the largest Arab country in the region, and where Egypt goes, other countries often follow. It is therefore important that we help it to take those important footsteps towards being an open, democratic place. The Prime Minister invited President Sisi to this country precisely so that we can have a frank dialogue on a range of issues, including the very matters that my hon. Friend has just raised. We want to encourage a prosperity agenda, but we also want to emphasise the importance of political reform. That is the way in which we can help Egypt to succeed in taking steps towards being a stable, prosperous and democratic place.

Diana Johnson (Kingston upon Hull North) (Lab): I thank the right hon. Member for Carshalton and Wallington (Tom Brake) for raising this important issue.

I should also like to thank the Minister for his response, and in particular for setting out the Foreign and Commonwealth Office's current approach to human rights. When the original demonstrations took place Tahrir Square in January 2011, the Egyptian people had a great sense of hope and expectation for a better future. Events since then have dashed those hopes, but we all want to see stability in Egypt and the wider middle east.

The House will be only too aware of the terrorist threat in Egypt, given the possible cause of the Russian plane crash, but does the Minister think that security will be furthered by the mass arrests and trials that we have seen since President Sisi seized power? Amnesty International assesses that tens of thousands of people are currently being detained in a crackdown on dissent that has targeted alleged supporters of the banned Muslim Brotherhood as well as human rights activists, journalists and perceived opponents of the Government. Has the Minister received assurances that British and other journalists are free to operate in Egypt?

Mass trials have resulted in courts handing down death sentences, including on former President Morsi, and long prison sentences. What assessment have the Government made of the fairness of those trials, given the concerns that have been expressed about the lack of proper legal representation and the wholly inadequate opportunities to present a defence? There are also reports of torture being used against those being detained, including the use of sexual violence against women. Has the Minister seen those reports and, if so, what representations have been made to the Egyptian Government?

The Minister said that the Prime Minister would be raising a range of issues with President Sisi today. Can he confirm that the Prime Minister will raise all those specific human rights issues with the President during their discussions? Will those discussions also cover the status of the Muslim Brotherhood in the United Kingdom, and if so, can the Minister tell the House when the review carried out by John Jenkins will be published?

Mr Ellwood: May I thank the hon. Lady for her observations and questions, and welcome her to her place? I look forward to further dialogue and exchanges. Her opening remarks contained much on which we can agree. First, we want to see a stable Egypt, and huge concerns have been expressed about the terrorism situation that the country faces, which has been underlined, not least, by the Russian plane incident—a statement and more detail will follow on that. She mentioned the concerns about the mass arrests, and my opening remarks showed that I concur with her. We are concerned about two laws: the protest law, which we do not want to see used to limit freedoms of expression and the rights contained in the new constitution; and the anti-terror law. Egypt is facing a terrorist threat, but the law must not be used to limit the rights and freedoms of normal people wishing to express themselves. She asked about the Muslim Brotherhood report, and I can tell her that its key findings will be published shortly. Finally, on the question of the agenda of the meeting with the Prime Minister, all I can say is that nothing is off the table.

Sir Gerald Howarth (Aldershot) (Con): As Chairman of the all-party group on Egypt, along with the right hon. Member for Warley (Mr Spellar), may I fundamentally

disagree with my hon. Friend the Member for Reigate (Crispin Blunt) and say to the Minister that we warmly welcome President Sisi's visit? We think it is a tremendous opportunity for the United Kingdom to engage, for all the reasons that the Minister has set out. Does he agree that Egypt is an ally of ours and that it is a key component in bringing about regional stability, not least in the work it has done in trying to bring about a solution between Israel and the Palestinians? Does he agree that it is very important that the British Government provide their expertise in counter-terrorism, because Egypt is under serious threat and although human rights and democracy are of course vital—nobody in this House would disagree on that—stability in the region and stability in Egypt are nevertheless unquestionably a precondition to human rights?

Mr Ellwood: I very much welcome my hon. Friend to his position as chair of the all-party group on Egypt—

Sir Gerald Howarth: I am the chairman, not the chair.

Mr Ellwood: I stand corrected—I welcome him as the chairman of the all-party group on Egypt. I was personally involved in making sure that he and I, and other members of the all-party group, will have the opportunity, as parliamentarians, to meet President Sisi in order to raise many of the important issues that have been brought up today. He speaks appropriately about Egypt's wider regional role and the responsibility it is taking to bring about peace and bring together parties. The Minister of State, Department for International Development, my right hon. Friend the Member for New Forest West (Mr Swayne), who is in his place, and I attended a meeting in Cairo as part of the Gaza donors conference to look at the humanitarian support—that was an initiative on the part of President Sisi. Finally, we are providing expertise to assist Egypt in defeating terrorism in the Sinai peninsula and elsewhere.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): I thank the right hon. Member for Carshalton and Wallington (Tom Brake) for bringing this important question to the House and the Minister for his answer. A stable Egypt is important for that country and is of course vital for the wider region, but we cannot support stability at all costs. We do not just have a humanitarian responsibility to the people of Egypt to stand up for human rights in their country; we also have an interest in promoting a fair and just country, because a fair and just Egyptian Government will create an inherently more stable Egypt. What assurances can the Minister give that the importance of human rights in Egypt will remain on the agenda for the discussions between the Prime Minister and the President today, given this morning's reports that the UK Government's decisions to suspend flights to and from Sharm el-Sheikh will mean that the Egyptian Government are likely to be less receptive to discussions on wider issues of concern?

Mr Ellwood: I pay tribute to the hon. Lady for her knowledge, interest and expertise in this area, but, as will become apparent when the statement is released—without wishing to take away from that statement—two separate issues are being conflated. There is an urgent security threat that affects flights, which is why flights

have been temporarily suspended. That is quite separate from our commitment to encouraging advances in human rights laws and the prosperity agenda. I hope that the urgency of our having to deal with British citizens abroad and ensuring that they are secure does not affect the importance of the visit that is taking place.

Helen Whately (Faversham and Mid Kent) (Con): Does my hon. Friend agree that we need stronger relationships with countries in the middle east and that it is right that we are engaging in dialogue with President Sisi, as it is providing us with an opportunity to raise our concerns about human rights? As my hon. Friend the Member for Aldershot (Sir Gerald Howarth) said, stability in Egypt is vastly preferable to chaos both for people in the region and our own security.

Mr Ellwood: My hon. Friend articulates the exact question that many Governments have to ask themselves—how best do we influence and exert change in those countries that need encouragement to take steps forward to a more open and democratic space. One way of doing that is by shouting from afar in the hope that we can exact change. The other way to facilitate change is by engaging with those countries, having private conversations with them and providing assistance and expertise. I am afraid that that way is not so open or overt, but it is, I believe, a better way to achieve change than by shouting from afar.

Peter Grant (Glenrothes) (SNP): I, too, commend the right hon. Member for Carshalton and Wallington (Tom Brake) for bringing this matter to the Floor of the House. In his comments, he suggested that the Foreign and Commonwealth Office may believe that democracy and respect for human rights are less of a priority than financial prosperity and stability. Does the Minister not accept that those priorities are the wrong way round? Any Government who are founded on democracy and respect for human rights will see that stability and prosperity inevitably follow. A Government who are founded on oppression and denial of human rights will never be stable and will never govern a prosperous country. Will the Minister assure the House that the FCO will review its priorities and will, in all cases, put democracy and respect for human rights at the top of its list of priorities?

Mr Ellwood: At the beginning of this year, I had the honour of taking 50 companies on a delegation to Cairo, and we visited the new Suez Canal as well. It was during the private meetings there that we were able to raise many of those issues. Companies will not invest in places if they do not feel secure and that there is an advancement in human rights, the rule of law and the judicial process. I hear what the hon. Gentleman says, but I make it very clear that I never shy away from any opportunity in any country to raise concerns on human rights. It will not necessarily make the front pages of the local newspapers or even here, but I can guarantee that these matters are raised by us, by the Department for International Development and, where appropriate, by the Ministry of Defence.

Stephen McPartland (Stevenage) (Con): Stevenage is home to the Coptic cathedral in England, and I am very concerned about the plight of Coptic Christians in

[Stephen McPartland]

Egypt. In the frank exchange of views that the Minister referred to earlier, will he ensure that religious freedoms and the plight of those Coptic Christians being kidnapped and murdered is raised with the President?

Mr Ellwood: I had an opportunity to visit one of the Coptic churches in Cairo, and I raised that very important matter of the minorities in Egypt. It will also be raised during President Sisi's visit in the next couple of days.

Helen Goodman (Bishop Auckland) (Lab): In July 2013, after the military coup, the then Foreign Secretary said that

"we cannot support military interventions in democratic processes."—
[*Official Report*, 10 July 2013; Vol. 566, c. 385.]

The new regime in King Charles Street seems to be taking a completely different tack. What has happened since that time is that the human rights record in Egypt has plummeted. The Minister knows that there was a trial in which 520 death sentences were issued after one hour, and 683 death sentences were issued without a single defendant being present. We do not hear about it, because 125 journalists are locked up. Does the Minister not understand that appearing to endorse President Sisi is likely to make people more engaged with radical terrorism than the other way round?

Mr Ellwood: I do not agree with the hon. Lady. President Sisi was elected and has had a referendum as well. The first round of parliamentary elections took place in October and the second round will take place on 23 November. That will provide additional scrutiny of what the Executive are doing. We take every opportunity to raise the issue of the mass arrests, as I said in my opening remarks; perhaps the hon. Lady did not hear that, but I am happy to send her a copy. In December 2013, 20 al-Jazeera journalists were arrested and we took every opportunity to make it clear that we had

concerns about the manner of the arrests, not least because two Britons were involved. They were convicted in absentia and we are encouraging a full pardon to ensure that their names are cleared.

John Howell (Henley) (Con): What assessment has the Minister made of how effective the parliamentary elections in Egypt will be in tackling human rights and will the Prime Minister raise that in his discussions with President Sisi?

Mr Ellwood: The elections were well overdue and we are pleased that the first round has taken place, as I have just mentioned. This is a new Parliament. There is an awful lot of work to be done as it takes its infant footsteps in understanding how it, as a legislature, needs to hold the Executive to account. I am pleased that the Arab Partnership scheme and the Westminster Foundation for Democracy and funds from the FCO will provide financial assistance to help train the Parliament and ensure that it is as effective as possible in holding the Executive and the presidency to account.

Jeremy Lefroy (Stafford) (Con): I commend my hon. Friend for all the work he is doing in this area, and I particularly encourage him to raise the question of human rights on every possible occasion. Will he also thank the Egyptian people, through their Government, for the hospitality they are giving to so many thousands of refugees from Syria? Egypt is not often mentioned in that context, but it is doing vital work in that respect.

Mr Ellwood: I concur with my hon. Friend. The work that perhaps goes unnoticed is the effort that Egypt is making to combat ISIL and terrorism in its own backyard; Ansar Bayt al-Maqdis is a terrorism group in the Sinai peninsula that has pledged its allegiance to ISIL, making matters ever more difficult in that area. Egypt should be congratulated not only on its work to combat terrorism but, as my hon. Friend points out, on taking on numbers of refugees as well.

Business of the House

11.27 am

Chris Bryant (Rhondda) (Lab): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Chris Grayling): The business for next week is as follows:

MONDAY 9 NOVEMBER—Remaining stages of the Scotland Bill.

TUESDAY 10 NOVEMBER—Remaining stages of the Trade Union Bill.

Colleagues will wish to be reminded that the House will rise for the short November recess at the end of business on Tuesday 10 November and will return on Monday 16 November.

The business for the week commencing Monday 16 November will include:

MONDAY 16 NOVEMBER—Business to be nominated by the Backbench Business Committee. To follow, the Chairman of Ways and Means has named opposed private business for consideration.

TUESDAY 17 NOVEMBER—Conclusion of consideration in Committee of the Cities and Local Government Devolution Bill [*Lords*] (day 2).

WEDNESDAY 18 NOVEMBER—Opposition day (10th allotted day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 19 NOVEMBER—Business to be nominated by the Backbench Business Committee

FRIDAY 20 NOVEMBER—Private Members' Bills.

I remind hon. Members that Parliament week, which this year runs from 16 to 22 November, is a programme of events that seeks to connect people across the UK with parliamentary democracy. Organisations from across the UK are taking part and running talks, debates, walks and exhibitions in support of Parliament week. I know that Members on both sides of the House will wish to support activities in their constituencies as well as the institution as a whole.

Chris Bryant: On Sunday, we shall all stand with our heads bowed in memory of the fallen. I shall be in Ferndale, where the cenotaph had one name added just three years ago, that of former miner Private John Murray of 16th Battalion the Welsh Regiment, who enlisted in 1914 aged 17 and was killed in action along with 4,000 or so other Welshmen at Mametz Wood at the Somme two years later. We owe them all an enormous debt of gratitude, as we do to today's serving personnel and veterans.

Can the Leader of the House confirm that the Government's plans to cut working tax credits will leave a level 1 private in the British Army, with two children, earning £18,000 a year, even including the increase in personal allowance and the free childcare, £2,000 a year worse off? Is it not a disgrace that the Government are letting down 28,000 of our soldiers like this? The Prime Minister yesterday and last week pointedly refused to guarantee that nobody will lose out when the Chancellor revises his plans on working tax credits on 25 November, so may I repeat my request for a three-day debate on the autumn statement so that we on the Opposition Benches

and those on the Government Benches who are unhappy with the Chancellor's proposals can properly scrutinise his plans?

This is national trustees week, so may we have a debate to celebrate the enormous contribution that so many people throughout the country make to the 10,000 or so local and national charitable trusts? I know that many right hon. and hon. Members do their bit for charities as well. The Leader of the House is an ex officio trustee of the National Portrait Gallery and we look forward to his portrait appearing there soon. Apparently, there was massive public demand. Five Members ran the London marathon this year, and I gather that the shadow Home Secretary is running next year. I have run three times, for Mind, for prostate cancer research and for the Army benevolent fund. The last time I ran, just as were getting to the final moments outside Buckingham Palace, I was rather depressed to be overtaken by two men dressed as custard tarts. It is probably not the first time an MP has chased a tart down the Mall.

That brings me to Movember, when we raise awareness of men's health issues, including prostate and testicular cancer. I have mentioned this to the hon. Member concerned: has the Leader of the House noticed that the hon. Member for Huntingdon (Mr Djanogly) has sprouted a nasty—sorry, natty; no, actually it is pretty nasty—moustache and is beginning to look like an extra in a 1970s Mexican porn movie? That is according to the hon. Member for Braintree (James Cleverly). I personally have never—well, maybe I have.

Earlier this week driving instructors in Pontypridd were informed that the local driving test centre is being closed by the Government, though so far not a single Government Department has managed to answer a question on this. Can the Leader of the House assure us that at least some driving test centres are going to stay open? I am beginning to worry that Ministers do not know the difference between an elegant three-point turn, a hasty U-turn and an illegal hand-brake turn. After all, on the issue of Channel 4 the Culture Secretary said categorically on 26 August:

"The ownership of Channel 4 is not currently under debate", but yesterday the Prime Minister made it clear that he is considering selling it off. Does he not realise that the only way Channel 4 would be worth selling is if it were stripped of its entire public service remit, and that would be a profound mistake?

That brings me to fracking in our national parks. Last week the draft Onshore Hydraulic Fracturing (Protected Areas) Regulations were considered in Committee, and eagle eyes have been trained on the Order Paper to see when they might appear for a vote of the whole House. These measures, I believe, will harm our world heritage sites and national parks, such as the north moors and the south downs, and will endanger drinking water protection zones and important wildlife sites, so will the Leader of the House ensure that there is a proper debate in the House? Will he tell us where the measure has disappeared to? Will he explain why the Department yesterday announced publicly a consultation on the very subject that is theoretically mid-passage through this House but did so without even bothering to tell this House?

On secondary legislation, have the Government learned nothing? They are pushing through enormous welfare changes via the Universal Credit (Work Allowance)

[Chris Bryant]

Amendment Regulations, which will slash the work allowance from £9,000 to £5,000 and will provide a real disincentive to work for more than 12 hours a week. These regulations will not even get a 90-minute debate unless the Leader of the House allows it, so will he do so now, following on from early-day motion 620 tabled in the name of the Leader of the Opposition and others?

[That an humble Address be presented to Her Majesty, praying that the Universal Credit (Work Allowance) Amendment Regulations 2015 (S.I., 2015, No. 1649), dated 7 September 2015, a copy of which was laid before this House on 10 September, be annulled.]

I know that the Government are tempted to emulate Guy Fawkes by blowing up the House of Lords, but can he clarify that these measures are not in a money Bill and could not be in a Finance Bill, and that therefore their lordships are perfectly entitled to vote on them, even if we are not allowed to?

Several hon. Members, including my hon. Friend the Member for Swansea West (Geraint Davies), have been campaigning to end the scandal of gay conversion therapies. As the hon. Member for Finchley and Golders Green (Mike Freer) said in the debate he secured on the subject in Westminster Hall earlier this week:

“Being gay is not a disease, it is not an illness...Not a single medical body supports the concept of a ‘gay cure’.”—[Official Report, 3 November 2015; Vol. 601, c. 300WH.]

Will the Government please now move to end conversion and aversion therapies?

Incidentally, I urge the Leader of the House personally to backtrack—whether a hand-brake turn, a U-turn or whatever kind of turn, but turn he must—on something he said last week. Speaking about the Freedom of Information Act, he said:

“It is, on occasion, misused by those who use it as, effectively, a research tool to generate stories for the media, and that is not acceptable.”—[Official Report, 29 October 2015; Vol. 601, c. 522.]

I gather from one Conservative central office friend of mine—I have a few—that when in opposition CCHQ virtually drowned Whitehall in FOI requests, and when some nugget was found the name on the press release was always that of the right hon. Member for Epsom and Ewell (Chris Grayling). I do not know what the word for that is, Mr Speaker. The truth is that countless public interest stories have come to light only because of FOI. It is an essential part of a free press today. It is not FOI that the Government do not like, but legitimate opposition.

Chris Grayling: Let me start by echoing the hon. Gentleman’s words about events this Sunday. He is absolutely right to pay tribute to the veterans of past wars, and indeed to our current armed forces. My constituency has a cemetery commemorating a number of Commonwealth soldiers who came to Europe to fight the war and lost their lives. They are often forgotten as we commemorate those from this country who gave their lives. I would therefore also like to pay tribute to all those from around the world who came to Europe to fight a war in the defence of freedom and who lost their lives. In doing that, it is also particularly appropriate to remember those Indian soldiers who lost their lives, because next week we will be receiving in this building

the Prime Minister of India, which is the world’s largest democracy and a friend of the United Kingdom. We look forward to welcoming him and hearing his speech. Although the House will be in recess, I very much hope that hon. Members from this House and peers from the other place will be able to listen to his words.

A couple of weeks ago the shadow Leader of the House said that this House should always be good at celebrating anniversaries, so I am sure that he will want to join me in celebrating in the coming days the 20th anniversary of the passing of the Disability Discrimination Act 1995. I am proud to be a member of a party that has steered through some of the great social reforms in the history of this country. We have delivered electoral reform, great social and public health reforms, and we were the first party to deliver a disability discrimination reform—
[Interruption.]

Chris Bryant: This is your joke, isn’t it?

Chris Grayling: I am proud to mark that anniversary, and I am sad that the hon. Gentleman feels unable to join me in celebrating a moment when this House did the right thing. Of course, he does not even like remembering that we were the party that elected the first woman Prime Minister.

The hon. Gentleman asked about working tax credits. I will simply reiterate what the Prime Minister said yesterday, which is that he will have to wait until the autumn statement. We will of course provide the House with an opportunity to question the Chancellor about the autumn statement in the usual way, just as his party did over 13 years in government. He mentioned our armed forces. Let me just remind him that this Government have strengthened the military covenant and done more than any previous Government to celebrate and look after our veterans, and we will continue to do that.

The hon. Gentleman asked about driving test centres—he also mentioned Channel 4, so he has clearly not quite got over being moved from his Culture, Media and Sport brief—and I must say that, having seen the Labour party’s complete inability this summer to do an emergency stop in its leadership contest before driving into a wall, I do not think that Labour Members should be arguing that they know all about driving test centres.

The hon. Gentleman raised the issue of fracking. We have a statutory instrument passing through this House in the normal way and it will be voted on in the normal way. Yesterday the Department launched a technical consultation. We in Government do not simply stop talking to people when a matter is being considered by the House. We are talking to external stakeholders, and these matters will be brought before this House in the normal way. He said, extraordinarily, that this House would not be able to vote on universal credit SIs. Of course it will be able to vote. This House votes on every measure that comes through this House, and this will be no different. It will come to the Floor of the House in due course. Every single statutory instrument that comes before Parliament is voted on by this House and this will be no exception.

The hon. Gentleman mentioned national trustees week, and I echo him in that. He is right to mention the very good work done by volunteers up and down the country. Indeed, this afternoon I will attend a meeting of the trustees of the National Portrait Gallery.

I pay tribute to those who serve that great institution and those who serve other great institutions, as well as local trustees of local charities; they do a great job of work for us.

Finally, I wish everybody who is going out tonight, on 5 November, a great bonfire night. I have to say that this place can be slightly cruel sometimes. I think it was very unfair of one of our colleagues to suggest a few days ago that the hon. Gentleman will be spending 5 November out at a bonfire of the vanities.

Sir Greg Knight (East Yorkshire) (Con): May we have a debate on helping people to save on their use of energy, on boosting tourism, and on cutting the number of accidents on our roads? Is the Leader of the House aware that all those things could be achieved if we started to use British summer time in winter? Is it not about time that in winter we stopped plunging this country into darkness and misery by mid-afternoon?

Chris Grayling: This issue has been brought before this House on a number of occasions. I suspect that there may be a slight difference between my right hon. Friend and those on the Scottish National party Benches. It is an argument that is often made and an issue that will, I think, return to this House on a regular basis. It should be a subject of continual debate to make sure that we get it right.

Pete Wishart (Perth and North Perthshire) (SNP): I, too, thank the Leader of the House for announcing next week's business.

I associate my party with the remarks about Remembrance day on Sunday. All my colleagues will be at services right across their constituencies in Scotland. I also reinforce the Leader of the House's remarks about the contribution from overseas soldiers. On Sunday, I laid a wreath at the Polish war graves in Perth. This demonstrates that people fleeing Nazi persecution came to this country only to go back again in order that Europe be made free. It is a very important day that my colleagues will be sharing in.

On this inauspicious day for parliamentarians, I hope there will be a bonfire reserved for the Tories' callous welfare reform plans, stoked up with the plans to curtail trade union rights, while the proposals for tax credits are shredded and continue to go up in smoke.

Last week, I asked the Leader of the House, without any great expectation, whether he could reserve more time for the Scotland Bill, which will be before the House on Monday, and of course he has not obliged me or my hon. Friends. It therefore looks as though we are going to have some five hours to discuss and debate over 100 amendments to the Scotland Bill—amendments that are critical for the resolution of the Scottish devolution settlement. This is so frustrating, because we had four days in Committee on the Scotland Bill where no amendments were accepted by the Government and they offered no amendments of their own. We were told in response to those four almost-wasted days that this is now a listening stage. Is this where we have got to in Parliament—that a Committee of the whole House is just a listening stage? Surely we would better off just going round to see the Secretary of State or writing to him about the things that were not picked up. Surely we must have real time to have real debates about real

legislation. If a Committee stage of this House is just a listening stage, we are going to have to rethink how we bring business through this House.

This week there was a historic vote in the Scottish Parliament when Trident renewal was voted against by a majority of 96 to 17. The SNP combined with most of Scottish Labour to vote down Trident, which will defile our beautiful country by being placed there. They now join the 57 out of 59 Scottish Members of Parliament who are resolutely opposed to spending billions of pounds on this obscene weapon of mass destruction. How will the Leader of the House respond to this very clear call from Scotland and from Scottish parliamentarians? Will we see support from the Labour party when it comes to debating this in order that it gets through? We know that the Blairites have a difficulty and an issue with Trident renewal, but surely the voice of Scotland must be listened to in this respect.

This week, we had our first certified EVEL—English votes for English laws—Bill and it is been an absolute disaster thus far. We have heard of all sorts of panic in the Clerks Office and no one has a clue how this weird legislative hokey cokey will be played out as the Bill progresses through this House. Meanwhile, there is a dispute about the clauses that may be vetoed and uncertainty about whether or not they apply to Scotland. Mr Speaker, you said that this was an experiment. If it is shown at a very early stage that this experiment has become the dog's breakfast we expected it to be, will the Leader of the House withdraw his EVEL plans and reinstate every Member in this House to the same status and class?

Lastly, at yesterday's Prime Minister's questions the exchange between the Prime Minister and the Leader of the Opposition did not conclude until 12.16 pm, leaving less than half the available time for Back Benchers to ask questions of the Prime Minister. If PMQs are going to be so slow, will the Leader of the House agree to look at how they are conducted? As a starter for 10, perhaps we could limit the time available to the Leader of the Opposition to 10 minutes. He would still have a third of the available time and he could ask as many questions as he wants on behalf of whoever he wants, and then Back Benchers would have the opportunity to put their questions to the Prime Minister. If the Leader of the House agrees to that, the prospects of Back Benchers will be lit up as much as any firework display this evening.

Chris Grayling: Before I respond the hon. Gentleman, I will respond to the question asked by the shadow Leader of the House about the issue of gay conversion therapy, which I forgot to address earlier. It might be slightly unusual to pay tribute to one's Parliamentary Private Secretary, but my hon. Friend the Member for Finchley and Golders Green (Mike Freer) has done a really good job in raising this issue. He is establishing himself as one of this House's foremost champions—possibly its foremost champion—of lesbian, gay, bisexual and transgender rights, and I commend him for that. The concept of gay conversion therapy is an insult to the LGBT community. It has no place in our society and I am very pleased that the head of the national health service has said that he also believes it has no place in the NHS.

The hon. Member for Perth and North Perthshire (Pete Wishart) mentioned the time reserved for the Scotland Bill, which was debated extensively on Second

[Chris Grayling]

Reading and will be debated again on the Floor of the House next week. It will give him and his colleagues in Scotland a substantial additional range of devolved powers. I cannot understand why they are so keen to continue debating the Bill rather than to get it through and start using the powers. Surely this is about giving extra power and responsibility. If I were in the hon. Gentleman's position, I would want to get my teeth into that power and responsibility and get on with the job. I cannot understand why the Scottish National party wants to delay the Bill further rather than to turn it into law.

On Trident, I have great sympathy with the hon. Gentleman, because he is right to identify the fact that the Labour party is all over place. I am at a loss to understand the situation whereby shadow Defence Ministers are saying that our independent nuclear deterrent is good for this country and necessary for our future defence strategy, and yet their party leader says he wants to get rid of it. I well understand the confusion of the hon. Member for Perth and North Perthshire and I am sure that confusion is reflected in the Labour party in Scotland. I have to disappoint him, however, and say that it is the settled view of the Government—and, I think, of the majority of the United Kingdom Parliament—that, at a time when the world is a potentially dangerous and unstable place, the worst thing we could possibly do is get rid of our independent nuclear deterrent.

The hon. Gentleman's faux outrage on EVEL made a return today. The truth, however, is that, privately—and, indeed, when he is away from this House—he has said on more than one occasion that he sees no reason why the English should not have an English votes for English laws-type system. That is what we have now got. I think the hon. Gentleman is uncomfortable with the decisions you have taken, Mr Speaker, over the certification of the EVEL measures. My view is that in this House your word is final. Whether we like it or not, we have to take your judgments on matters such as EVEL as the defining word on how they are to be handled. The hon. Gentleman may not like the certification, but the certification is the certification, and that is how it is going to be in future.

On Prime Minister's questions, again I have every sympathy with the hon. Gentleman, but Government Members cannot be responsible for the Leader of the Opposition and the amount of time he takes to ask his questions. As far as I can see, the Prime Minister is being as succinct in his responses as he has ever been. The reality is that it is for Mr Speaker to decide whether the sitting is running too long, and he certainly does that.

Maggie Throup (Erewash) (Con): Ahead of next Saturday's world diabetes day, will my right hon. Friend consider holding a debate on what more can be done to help educate those with diabetes on how to manage their condition? Will he join me in congratulating Diabetes UK on its "Taking Control" campaign, which is already doing fantastic work in this area?

Chris Grayling: The whole question of diabetes has become much more of an issue in this country in recent years. There is greater awareness of it and of its implications for the health of individuals. The work done by

organisations such as Diabetes UK, but also the teams of local volunteers—those who have experienced it themselves and those who suffer from the condition—is invaluable.

I commend my hon. Friend for raising the issue in the House. It is quite regularly brought up in Adjournment debates in the Chamber and in Westminster Hall debates, and I encourage her to think about such debates as a future opportunity for ensuring that the issue stays at the forefront of the considerations of Ministers and of society as a whole.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Many people across the north-east will be disappointed by the report of the quality contract scheme board on the future of local bus services in the region. The report puts at risk a key devolution commitment, made less than a fortnight ago, to give the north-east bus franchising powers once again. Will the Leader of the House clear up the confusion by arranging for a statement to be made, and will he offer some reassurance that our devolution deal is worth the paper that it is written on?

Chris Grayling: Devolution deals are very much worth the paper that they are written on. It is our intention to move powers away from Whitehall. On the buses front, that matter is subject to debate, discussion and planning in the Department for Transport. Clearly, when we are ready to make further announcements, we will do so.

Mr Peter Bone (Wellingborough) (Con): Page 49 of the Conservative party manifesto for 2015 says:

"We have improved the operation of Parliament, strengthening its ability to hold the Government to account, with reforms such as the election of Select Committee chairs".

It also says in very bold print: "We will reform Parliament". Will the Leader of the House provide at least a written statement next week on all the reforms he proposes for Parliament?

Chris Grayling: I will certainly consider my hon. Friend's request, but I would say to him that I tend to want to wait for Committees—such as the Procedure Committee, which I know is considering a number of different options at the moment—to bring forward proposals, so that anything we do in Parliament is driven not by the Government, but by Parliament itself. A number of Committees are looking at making recommendations about the way Parliament works, and I look forward with interest to seeing what they suggest.

Ian Mearns (Gateshead) (Lab): The Leader of the House can be assured that the Backbench Business Committee has enough on the stocks to fill the time allocated to us on 16 and 19 November. However, I am afraid I have to say again to him that the communication lines between his office and our Clerk are not brilliant. I was first informed that we had been allocated Monday 16 November by my Chief Whip on Monday of last week. I really wish we could get that line of communication to work better so that the Backbench Business Committee is the first to be made aware of the time allocated to it.

Last Saturday, I had the privilege of attending the unveiling of a permanent memorial to Corporal Steven Thomas Dunn and Rifleman Mark Turner at Saltwell

park in Gateshead. We also had the opening of the north-east field of remembrance there last Saturday to mark this Remembrance week. The Royal British Legion has the aim that, for the commemoration of the end of the first world war in 2018, the north-east field of remembrance will have a poppy or cross for every member of service personnel from the north-east of England killed in the first world war, with a target of over 120,000 poppies and crosses. Will the Leader of the House spare the time for a statement about the support that the Government are giving to the Royal British Legion in such endeavours all over the country?

Chris Grayling: I pay tribute not just to those involved in what is clearly an important symbol of remembrance in the north-east, but to all those around the country—in churches, local authorities, voluntary sector groups, the Royal British Legion and, indeed, other forces charities—who will play a supporting role in ensuring that the commemorations we will all be part of can take place. This is a really important moment in our national calendar, and I pay great tribute to all those involved in making it a reality.

With regard to the time available for the Backbench Business Committee, in a sense I make no apology for having tried to squeeze out a bit more time for the hon. Gentleman: he now has a day and a half in that week, rather than just a day. However, I take note of the points he has made.

Mr Christopher Chope (Christchurch) (Con): At this time of remembrance, may we have a debate about the right to wear medals? One of my constituents who serves with Her Majesty's forces is the proud recipient of the NATO Africa medal. He has been told by the Foreign Office that it is a keepsake and he is not allowed to wear it. It seems extraordinary that at this time we can wear our poppies with pride, but people such as my constituent who have won the NATO Africa medal for their services against piracy are not allowed to wear it.

Chris Grayling: I do not approve of anyone who has served this country being denied the opportunity to wear a medal. I will ensure that my colleagues at the Ministry of Defence are aware of my hon. Friend's concerns.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Today, 5 November, I would like to raise the question of fire safety—that is appropriate given the history of these buildings and fire, but it is a total coincidence. I have written to the Leader of the House to raise the disappointing number of parliamentary colleagues and our staff who have completed their online fire safety training, which is available on the intranet and takes less than 10 minutes. For the safety of ourselves, our staff and, more importantly, the visitors and guests who come to this place, I ask the right hon. Gentleman what he can do to encourage more colleagues to do their own training and to encourage their staff to do the same.

Chris Grayling: I commend the hon. Gentleman for his work in this area. When I took on this role and became involved in the restoration and renewal project, I took the cellar tour, as a number of colleagues will have done. I was slightly disappointed because, although the building burned down in the 1830s, I had an image

of great medieval cellars having survived, where once Guy Fawkes and his team had hung out. As he will know, that is not the case. It was all rebuilt and we now have something that is not tall enough for me to stand up in. The fact is that this is an old and enormously complex building where fire safety is and should be a priority for us all. I commend him for his suggestion and encourage people on all sides of the House to take his wise advice today.

Philip Davies (Shipley) (Con): May I join the shadow Leader of the House in calling for a debate on freedom of information? I take rather the same line as him on that issue. In such a debate, perhaps we could highlight the land deal done by the Labour-controlled West Yorkshire fire authority, in which it has given up two existing sites in return for one new site, which most people think is costing it in the region of £50,000 to £100,000. It refuses to release the valuations for the three sites, which would allow taxpayers to know whether their money is being used in an appropriate fashion. I urge the Leader of the House to hold a debate on freedom of information so that we can try to get to the bottom of whether my local taxpayers are being ripped off by the Labour-controlled West Yorkshire fire authority.

Chris Grayling: I assure my hon. Friend that there will be no changes to freedom of information without a debate in this House. I am sure that he will take part in that debate when it happens.

Karin Smyth (Bristol South) (Lab): My constituents are extremely worried about the National Grid's ability to keep the electricity supply going through the winter. Will the Leader of the House bring forward a statement on what the Government are doing to assure the electricity supply and bring forward his own plans to assure us that the lights will be kept on in this place throughout the winter?

Chris Grayling: That is clearly an important issue. We have been dealing with a lack of investment in energy generation in this country over the past decade. The Government take that enormously seriously and monitor the situation closely. We are trying to find the right balance between ensuring that we have sufficient generating capacity in this country and fulfilling our obligations under the climate change agreements we have reached. The Secretary of State for Energy and Climate Change will undoubtedly be available to the House throughout the winter and provide regular updates.

Ben Howlett (Bath) (Con): As we heard earlier, last week the Delegated Legislation Committee voted through the fracking provisions. Although there are protections for UNESCO world heritage sites, such as that in my constituency of Bath, the spa water that feeds into the spas sits outside the protected zone. My constituents are genuinely concerned about that. Does the Leader of the House agree that a debate is desperately needed on that issue?

Chris Grayling: That matter will clearly come before the House, and provisions for fracking include tight rules on the level at which it can take place. Through the Health and Safety Executive, we have probably the finest regulators of safety in the energy industry and

[Chris Grayling]

workplace anywhere in the world. My hon. Friend should be confident that they will ensure that any fracking that takes place will be done with the utmost technological care.

Chris Stephens (Glasgow South West) (SNP): After Business questions last week, my right hon. Friend the Member for Gordon (Alex Salmond), and others, raised a point of order. Many of us were expecting a Government statement on delays to the publication of the Chilcot inquiry, so that Members could express the views of our constituents. Given the allegations that delays are being caused by Whitehall Departments, will the Government make a statement or hold a debate in Government time, so that Members across the House can deliver a view on this serious matter?

Chris Grayling: I can only reiterate what I have said: the Government want the Chilcot report to be published at the earliest possible opportunity and we regret the delays that are taking place. This inquiry is outwith the control of Government—there is no benefit to us in the report's being delayed, and we want it to be published as soon as possible. The Prime Minister has offered Sir John additional resource to try to bring forward the publication date, but the content and the publication of that report are a matter for Sir John. We will continue to inform the House, as we did when we published correspondence between the Prime Minister and Sir John last week.

Henry Smith (Crawley) (Con): May we have a debate on the education funding formula in England? West Sussex local education authority is the second lowest funded, despite containing considerable pockets of deprivation, principally in my constituency.

Chris Grayling: There is a debate on education funding in Westminster Hall this afternoon, and I encourage my hon. Friend to take part. Funding is an issue around the country, and we endeavour to get it right and ensure that our education system is funded properly. We have sought to protect our schools budget, notwithstanding the tough financial challenges we face.

Angela Rayner (Ashton-under-Lyne) (Lab): As a Unison activist before I came to the House, I warned against the privatisation of NHS patient transport services in Greater Manchester. This week it has emerged that the private provider, Arriva Transport Solutions, has systematically overstated its performance figures, and wrongly claimed huge amounts of incentive payments from the public purse. Will the Leader of the House find Government time for a debate on that scandal, so that Ministers can confirm to the House whether there will be a police investigation?

Chris Grayling: As the hon. Lady will know, I take allegations of corporate fraud against the Government enormously seriously. When I was Justice Secretary I referred two of our major providers to the Serious Fraud Office, and I secured from them compensation of many tens of millions of pounds for events that were well recorded at the time. I will ensure that the Health Secretary is aware of her concerns. He will be taking

questions in the House on Tuesday week, and I will try to ensure that he is able to answer her question if she puts it to him directly.

Will Quince (Colchester) (Con): Last week I had the pleasure of speaking at the opening of the new studio at Mercury theatre in Colchester. Does my right hon. Friend agree that great theatre and the arts are not just the preserve of London, and will he allow time for a debate on the important role that community and regional theatres play in bringing arts to our communities, cities and towns?

Chris Grayling: I pay tribute to those who run regional and community theatres. Many of our constituencies have theatres that attract local performers as well as those from around the country, and they are to be celebrated. I am sure that my hon. Friend will take advantage of his many opportunities—such as the Adjournment debate system or the Backbench Business Committee—to ensure that such theatres stay in the public eye.

Jo Stevens (Cardiff Central) (Lab): This week is living wage week. Will the Leader of the House join me in congratulating Cardiff University in my constituency, which has won the 2015 living wage champion award for Wales—the only UK university to receive such recognition? Will he advise his colleague, the Chancellor, that his so-called national living wage is not a living wage?

Chris Grayling: I am afraid I do not really buy that, although I will commend Cardiff University. The Labour party was in power for 13 years and it did not seek to introduce a living wage. For the first time, we have brought forward proposals that will lead to a dramatic increase in the living wage to more than £9 an hour by the time of the next general election—another great Conservative social reform.

Oliver Colville (Plymouth, Sutton and Devonport) (Con): On Sunday, I will be attending a very solemn Remembrance Day service on the Hoe in my constituency. Unfortunately, this year we do not seem to have had a debate on, or an opportunity to pay tribute to, those who fought in the world wars. My grandfather served in Jutland, which we will have ample opportunity to commemorate next year. May we have a debate to make sure that next year we pay tribute to those servicemen and servicewomen who gave their lives to defend our freedoms?

Chris Grayling: My hon. Friend makes an important point. Traditionally, the House set aside five days for debates on different aspects of defence, armed forces and our veterans. That time has now been allocated to the Backbench Business Committee. He makes a strong case and I encourage him to make it to the Chairman of that Committee, because it should be a part of our calendar.

Mr Jim Cunningham (Coventry South) (Lab): May we have a debate or a statement on local government funding for the arts and museums? As a result of Government cuts, local authorities are finding it very difficult to fund the arts and museums.

Chris Grayling: There is no doubt that it is tougher than it has been for those in the public sector to run services, because we have had to eliminate the largest deficit in our peacetime history. Up and down the country, local authorities are adapting to those changing circumstances and are still delivering high quality services. I feel confident that that will be true in the hon. Gentlemen's constituency.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): The Aarhus convention establishes a number of rights for the public with regard to the environment. Will the Leader of the House think about having a debate in Government time on how it is being implemented in the UK parliamentary process to ensure fair and effective public participation in the preparation of infrastructure projects? We could perhaps at the same time examine why the Government have yet again called for a postponement of the hearing of a complaint relating to HS2 in front of the Aarhus convention compliance committee in Geneva. Perhaps we could ensure that the hearing takes place before the High Speed Two (London – West Midlands) Bill has completed its passage in this House.

Chris Grayling: As ever, my right hon. Friend is a powerful advocate for her constituency. I am not certain about the current state of play with regard to that complaint, but I will ask the Secretary of State to write to her in response to the issues she has raised today.

Wes Streeting (Ilford North) (Lab): Last weekend, the Metropolitan police had to apologise following the disproportionate and heavy-handed policing of the "Sikh Lives Matter" demonstration. During the demonstration, one of my constituents was beaten to the ground. His turban was removed and hair was ripped from his beard. He suffered concussion from the excessive force used by the police. Like the others present on the demonstration, he was released without charge. Given the recent urgent question on the policing of the China demonstration, will the Leader of the House ask the Home Secretary to commission a review of the policing of demonstrations and to make a statement to the House, so we can get the balance right between security and protecting the freedom of our citizens, while ensuring the liberty and the freedom to protest?

Chris Grayling: It is obviously a difficult challenge for the police to deal with demonstrations. I, and the Home Secretary, would always counsel them to try to be as measured and careful as possible in dealing with them. But I would say that their job is made more difficult when we have people in our society who encourage race hatred.

Hon. Members: What did that mean?

Mr Speaker: Order. Individual Members can undertake their own exegesis of the words of the Leader of the House. That is a matter for them. It would be unfair, however, to delay the delivery of the question from the hon. Member for North West Leicestershire (Andrew Bridgen).

Andrew Bridgen (North West Leicestershire) (Con): The UK is facing a critical shortage of heavy goods vehicle drivers. The average age of a lorry driver in this

country is now 53 years old, with only 2% of qualified drivers under the age of 25 and 60% over 45. The overall shortage is already estimated at more than 50,000 job vacancies, which could have an immense impact on our economic growth. May we have a debate on how we can get more people into the logistics industry, perhaps through a HGV apprenticeship scheme?

Chris Grayling: It would be timely to have a debate on apprenticeships in the HGV sector, and on apprenticeships more broadly because they are a priority for the Government. I encourage my hon. Friend to apply for either an Adjournment debate or a Backbench Business debate. It is also a matter to which the Government will be returning.

Tom Brake (Carshalton and Wallington) (LD): The Leader of the House and you, Mr Speaker, will have heard my hon. Friend the Member for Westmorland and Lonsdale (Tim Farron) ask the Prime Minister at last week's Question Time to support Save the Children's campaign to bring 3,000 unaccompanied minors to the UK. The Prime Minister said he would not because he was worried that some of those children had family. Now that the United Nations High Commissioner for Refugees has confirmed that none of them has identifiable family, has the Prime Minister informed the Leader of the House of his intention to come to the House to explain that he is now willing to take those 3,000 children, as requested by Save the Children?

Chris Grayling: Of course the programme is being co-ordinated by the Home Office, and the Home Secretary will be here on Monday week taking questions. We are working closely with the UNHCR to bring to this country some of those vulnerable refugees to whom the right hon. Gentleman refers. The Home Secretary will be able to answer detailed questions about the state of those discussions when she is before the House in 10 days' time.

Tom Tugendhat (Tonbridge and Malling) (Con): As we await a ministerial decision on increasing runway capacity in the south-east, may we have a debate on night flights? While a certain Boris from Uxbridge sleeps soundly in his bed at night, Anissia from Edenbridge, who sleeps in my bed, wakes me up regularly to complain about the flights. As we debate Gatwick and Heathrow, please may we consider carefully the effect of night flights on the communities underneath the flight paths?

Chris Grayling: I understand the concern. This issue is now subject to discussion in relation to the Airports Commission report. I have no doubt that the report, and the future of runway capacity in this country, will shortly be a matter for debate in the House when the Government respond to its recommendations, and I know that night flights will be part of that debate.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): The Government recently issued a call for evidence on their review of the secondary ticketing market. As co-chair of the all-party group on ticket abuse, I pressed the Government on how they were publicising this call. I received a written answer from the Minister for Skills assuring me that all main stakeholders had been alerted, but I know from conversations I have

[Mrs Sharon Hodgson]

had with major industry bodies and trade publications that in many cases I have been the first person to bring the matter to their attention. Will the Leader of the House urge all Ministers to make sure that when calls for evidence are launched, they are publicised fully and properly? If they do not, any recommendations arising from them will be the poorer as a consequence.

Chris Grayling: The hon. Lady makes an important point. The Minister will be here next week, and I encourage her to make that point directly to him.

Robert Neill (Bromley and Chislehurst) (Con): On 31 December, the Equitable Life payments scheme will close to new claimants. We have not yet had a chance to debate the scheme in this Parliament, although Members, on a cross-party basis, met victims of that scandal in the House on Tuesday, and my hon. Friend the Member for Harrow East (Bob Blackman) is attending the annual general meeting of the Equitable members action group today. May we have a debate on the scheme soon, in particular to make the case that once the number of claimants has been crystalised, on 31 December, we must ensure that any surplus funds are paid out to identified claimants, rather than returned, for example to the Treasury?

Chris Grayling: The Treasury has sought to broaden its support to Equitable members as much as possible, and it has operated in line with the recommendations of the ombudsman. I know that this remains a matter of concern to Members on both sides of the House. We have allocated a significant amount of time to the Backbench Business Committee, and my hon. Friend may wish to raise this issue in one of those debates.

Marion Fellows (Motherwell and Wishaw) (SNP): Will the Leader of the House ask his right hon. Friend the Secretary of State for Business, Innovation and Skills to update the House on the progress made by the three groups set up after the UK steel summit at Rotherham to find ways of supporting the UK steel sector in this time of crisis—a crisis reflected in my constituency with the recent announcement by Tata Steel of the imminent closure of the Dalzell works and Clydebridge?

Chris Grayling: I can assure the hon. Lady that this remains a matter of concern to Ministers. The responsible Minister will be in the House next Tuesday, and I encourage her to put this point directly at that time. I will make sure that Ministers are aware of her concerns and are properly equipped to give her the latest update.

Edward Argar (Charnwood) (Con): I have been contacted by a constituent concerned that the abolition some years ago of the 15-year “long stop” rule for claims against independent financial advisers leaves open time-unlimited opportunities to pursue such claims. This situation applies to no other profession. Will the Leader of the House find time for us to debate this important issue of fairness and the Financial Conduct Authority’s approach to it?

Chris Grayling: My hon. Friend raises an important point. Complaints should be brought in a timely fashion, although it is difficult to strike the right balance. It is

important that complaints be made in a timely fashion and that people are not left hanging on forever at risk of a case being brought against them, but occasionally the full facts only emerge after some time, so we cannot have too tight a deadline either. I will make sure that his concerns are drawn to the attention of my colleagues in the Treasury, and I will ask them to respond to him.

Carolyn Harris (Swansea East) (Lab): Today in Cardiff, there is a steel summit with the National Assembly’s Business Minister. Will the Leader of the House arrange for a statement and a debate in Government time on what discussions the UK Government have had with the Welsh Government regarding the urgent crisis in the steel industry?

Chris Grayling: Those discussions are happening, and we are very focused on this issue. Many aspects of the support provided in such situations are devolved; none the less it is a matter for the UK Government to provide leadership on the steel industry, and that is what we are seeking to do. As I said, BIS Ministers will be in the House next Tuesday, and I will make sure they are ready to provide an update to hon. Members with constituency concerns.

Neil Parish (Tiverton and Honiton) (Con): Successive Governments encouraged people to buy diesel cars because they were low on carbon dioxide, but now it turns out they are high on nitric oxide. May we have a debate in the Chamber on how to reduce emissions from diesel fuel additives in cars? Millions of people cannot suddenly buy petrol cars instead.

Chris Grayling: The issue of diesel is absolutely shocking. For those of us who defend and believe in free enterprise, our case is not helped by extraordinary corporate malpractice of the kind we have seen at Volkswagen and in the diesel sector. I hope that those issues can be resolved as quickly as possible; and clearly if individuals lose out financially as a result, they should be compensated. The automotive industry has a duty to be open and honest, and when something like this happens, it damages confidence in corporations and their products, and it makes the life of the public much more difficult. It should never have happened. It is shocking.

Mr Mark Williams (Ceredigion) (LD): Four towns in my constituency—Tregaron, Llandysul, Aberaeron and New Quay—have lost banks from their high streets. May we have a debate specifically on the retreat of the high street banks from rural areas? Many of those areas have inadequate broadband and cannot access internet banking.

Chris Grayling: Several hon. Members have raised this issue in the last couple of weeks, and I believe that the Backbench Business Committee is considering it for debate. Of course, banks are caught by the fact that more and more of us are banking online and that cashless systems are increasingly available, whether on our phones or through the cards in our wallets. Banks are finding it more and more difficult to sustain banking networks, but we do not want to lose key services in rural areas, so I suggest the hon. Gentleman adds his weight to those asking for a debate to bring a Minister to the House to discuss the matter.

Chris Green (Bolton West) (Con): Wingates brass band in my constituency has just celebrated a recording history of 100 years. Great bands need great venues. May we have a debate on securing better regional funding for our local arts venues, such as Bolton's Victoria hall and Octagon theatre?

Chris Grayling: My hon. Friend makes an important point, and I congratulate the band on its centenary. There are some great bands in this country, as we said last week, and we celebrate the work done in local communities, the musical groups and the local bands that add such value to this country. I know that even in these difficult financial times local authorities and grant-giving bodies will do their best to sustain those bands.

Grahame M. Morris (Easington) (Lab): May we have a debate on business rates, and specifically the time it takes for the Valuation Office Agency to consider appeals? A brewing business in my constituency has been waiting for 10 months. We need a debate so that Ministers can exert some pressure on the Valuation Office Agency to support small and medium-sized enterprises to get these cases heard in a timely manner.

Chris Grayling: Clearly, we do not want any barriers to businesses operating successfully in this country. We are a Government who have pursued a deregulation agenda, and where problems arise we will seek to address them. As I have said, next Tuesday is business questions, so I hope the hon. Gentleman will take advantage of that opportunity to ensure that Ministers in the Department are made well aware of the concerns he is raising.

Christian Matheson (City of Chester) (Lab): May we have a debate on the constitutional settlement and the relative powers of this place and the other place, particularly in the light of their lordships' recent vote on tax credits? That would provide an opportunity for Ministers to explain why, while they are gnashing their teeth about defeats in the House of Lords, they are slashing the number of MPs in this place by the same number of new Lords they are going to appoint in the other place.

Chris Grayling: If Labour Members are concerned about appointments to the House of Lords, they should have a look in the mirror. Over their years in government, the rate of appointments to the House of Lords was far higher than it has been under this Government. *[Interruption.]* Yes, far higher. I said last week that I would ensure that a statement was made to this House about the Strathclyde review. Details of the panel were put forward yesterday before they were issued publicly, as I committed to do. I will ensure that after the review is completed, the House will be fully informed.

Justin Madders (Ellesmere Port and Neston) (Lab): Speaking as a former local councillor, I am generally supportive of the Government's devolution agenda, as long as resources follow responsibility. Given the plethora of submissions and the lack of public awareness of the ongoing negotiations and implications of those bids, does the Leader of the House not think there is a role for this place to consider the agreements to ensure that they are consistent, transparent and fair?

Chris Grayling: There are, of course, many opportunities to question Ministers about the agreements they are reaching. It is not simply a matter of resources following responsibility; it is about making better use of public money. The hon. Gentleman will be aware from his time as a local councillor that there are many pots of public money that tend to do the same thing. Part of the devolution agenda is to make sure that we make better use of the resources available to local communities by giving greater power to local authorities to co-ordinate and deliver high-quality services for the public.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Now that the Leader of the House has prosecuted EVEL on this place, and has created second-class MPs for those of us from Scotland, does he agree that ahead of the debate on the Scotland Bill on Monday, we should have Scottish votes for Scottish laws? Given that the 56 SNP Members will be tabling measured amendments that have the support of the Scottish people, will he make sure that English Tory MPs do not exercise a veto against us?

Chris Grayling: Well, we do have Scottish votes for Scottish laws: it is called the Scottish Parliament. I keep listening to the outrage from SNP Members, but let me remind them, first, that they will not be excluded in future from any vote in this Chamber that they currently participate in; and, secondly, that when they discuss these matters away from this place, they appear to be rather less outraged than how they come across in this place. That was clear from a quotation that I read out last week.

Toby Perkins (Chesterfield) (Lab): I am one of 11 million Britons who suffer from hearing loss. Yesterday, there was a parliamentary reception for Action on Hearing Loss, and it was revealed that some health authorities, including North Staffordshire, no longer prescribe hearing aids for people with moderate hearing loss. That can be incredibly isolating for them. One in six people in Britain has a hearing loss, and it is likely to be one in five by 2035, so may we have a debate in Government time about how health authorities and health resources can be used to ensure that people with hearing loss do not suffer unnecessary isolation?

Chris Grayling: I pay tribute to the hon. Gentleman for the work he does on an issue that transcends party lines. Good work is done by all political parties in raising awareness of the challenges faced by people with hearing loss. Rightly or wrongly, of course, we have taken a decision to devolve responsibility to local areas for commissioning and spending decisions on healthcare matters. I hope that the hon. Gentleman's advocacy will encourage those parts of the country that might have taken a decision with which he disagrees to change their views. It is a consequence of devolution that there will sometimes be different decisions in different areas, whether we support them or not.

Liz McInnes (Heywood and Middleton) (Lab): Yesterday, I attended a parliamentary event at which businesses that pay the real living wage showcased their products. From micro-breweries to organic food suppliers, they all talked about the benefits of being a living wage employer—from better staff morale to improved public

[Liz McInnes]

perception. May we have a debate on how to encourage more employers to sign up to the real living wage, as set by the Living Wage Foundation, and thus achieve the high-pay economy this Government talk so much about?

Chris Grayling: Clearly, we want to see wage levels rise. That is why we have taken the steps that we have. This matter will be debated constantly in this place. We have seen the introduction of our own national living wage, and we have different economic debates at different times of the year, so the hon. Lady will have plenty of opportunities to raise this issue. I encourage all employers to look hard at the challenges faced by their employees and to look to try to pay the right wage for the environment in which those employees are working. The more we see employers paying a higher rate for jobs—not just a basic rate or just a living wage, as we want to see wages rise above that—the better it will be for this country. That can happen, of course, only if the economy is growing strongly, as it is now.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): May we have a debate on the use of children as suicide bombers? I recently had a Westminster Hall debate on the subject. The situation continues to deteriorate, not least for orphaned children who are often kidnapped in places such as Syria. It is estimated that somewhere close to 1,000 children are now in training as suicide bombers. Please may we have a debate on the topic?

Chris Grayling: The responsible Minister, the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Bournemouth East (Mr Ellwood), happens to be sitting alongside me, and I know he has taken note of the hon. Gentleman's comments. It is indeed shocking and it is a sign of a barbaric ideology that has no place in a modern world. That is what we are seeking to resist in the north-west of Iraq and the east of Syria. The sorts of extremist views that can send a child with a bomb attached to their body to blow themselves up in pursuit of a warped and perverse ideology are ones we should all continue to find abhorrent and do everything we possibly can to resist.

Paul Flynn (Newport West) (Lab): May we debate prime ministerial hubris, which is a disease that afflicts all Prime Ministers when the war drums start to beat? The symptoms include strutting like Napoleon and talking in the language of Churchill. It makes Prime Ministers susceptible to the “Give War a Chance” party. It also has an effect on Prime Ministers because writing their own bloody page in history often unhinges the balance of their minds. While the damage of this disease is not permanent to Prime Ministers, it can be lethal to the tens of thousands of soldiers ordered into battle to fight unaffordable, unwinnable wars.

Chris Grayling: I see the hon. Gentleman is paying tribute to the former Member for Sedgfield, our former Prime Minister. It is an interesting fact that while Conservative Members celebrate the Prime Minister who led us to three general election victories, Labour Members prefer to brush theirs out of history.

Peter Kyle (Hove) (Lab): It transpired that last winter the South East Coast Ambulance Service trialled a new triage system, which put 25,000 patients in danger and could well have led to the loss of life of up to 25 people. Will the Leader of the House bring Health Ministers before us to answer questions about what they knew and when they knew it, and ensure that this has not occurred in any other ambulance trust in the country?

Chris Grayling: We share the same ambulance trust, and I share the hon. Gentleman's concern. The Secretary of State for Health will be here on Tuesday week, so I would encourage the hon. Gentleman to put that point directly to him. I will make the relevant Ministers aware that this is a matter of concern to Members.

Mr Steve Reed (Croydon North) (Lab): The Government have chosen to exclude community energy from sustainable investment tax relief. This decision will severely undermine the growing co-operative and community energy sector right across the country. Will the Leader of the House agree to allocate Government time on the Floor of the House to debate this perverse decision?

Chris Grayling: We have made a number of decisions not only to encourage and support the growth of renewable energy so that we can keep the lights on—an issue that was raised earlier—but to meet the financial challenges that we face. However, I understand the point that the hon. Gentleman has made. The Energy Secretary will be in the Chamber the week after next, and he will have an opportunity to put it to her directly then.

Peter Grant (Glenrothes) (SNP): The Commons European Business Order Paper lists details of legislation and other documents which, although their source is the European Union, the House of Commons European Scrutiny Committee has deemed to be of sufficient legal and political importance to merit a debate in either the House or its Committees. It shows that there is currently a backlog of 24 documents awaiting debate, to only one of which even a provisional date has been allocated, and that no provisional date has been allocated to any of the 12 documents that have been deemed important enough to be debated on the Floor of the House by all Members. Will the Leader of the House tell us who is responsible for this lack of respect for the due process of parliamentary scrutiny?

Chris Grayling: I am happy to update the House. The Chairman of the European Scrutiny Committee raised the matter with me recently, and the Government have just written to him setting out plans for a series of further debates. There are enormous pressures on time in the House—as we have heard today, there are many demands for the use of its time for debates on a variety of subjects—but we take this issue very seriously. We have just made additional time available, and we hope to provide further time as the Session progresses.

Diana Johnson (Kingston upon Hull North) (Lab): Can the Leader of the House assure me that when the Government present their proposals to settle the contaminated blood scandal, a statement will be made in the House and Members will have an opportunity to ask questions? Will there also be a debate in Government

time? Given that these are Government proposals, we should not have to make an application to the Backbench Business Committee.

Chris Grayling: We have, of course, made statements on the issue before, and I see no reason why any further statement would be different.

Holly Lynch (Halifax) (Lab): Will the Leader of the House join me in congratulating Halifax on the launch of its new Fair Trade Towns campaign? Given that this is a big year for international development, will he consider finding time for a debate on how the parliamentary estate could do more to support fair trade, while also encouraging more towns and cities throughout the country to start their own campaigns?

Chris Grayling: I commend Halifax for its work. It is great to see local initiatives of this kind, and I hope that others will learn lessons from it. I have no doubt that the hon. Lady will want to share her experience of that work as it continues.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): Businesses in my constituency have recently expressed concern about the export of plastic waste, such as silage waste, to the far east. I understand that it is a breach of regulation, and it has been detrimental to the recycling industry. May we have a debate to discuss this important matter?

Chris Grayling: It is a matter that would be very fitting for an Adjournment debate. There are many opportunities to bring Ministers to the House to discuss such matters, and I advise the hon. Gentleman to seek one of those opportunities.

Matthew Pennycook (Greenwich and Woolwich) (Lab): I receive complaints about late, cancelled or overcrowded Southeastern train services nearly every day. Given the

importance of a reliable transport system for my constituents and other Londoners, will the Leader of the House find time for a debate on the merits of further devolution of local metro services from the Department for Transport to Transport for London?

Chris Grayling: We are investing a record amount in our rail system. The substantial growth in the number of passengers brings its own challenges, but they are challenges of success rather than failure. The one thing that we do not need to do is shake up the industry all over again through a renationalisation of the kind that the Labour party is currently advocating. If Labour Members honestly think that returning to the days of British Rail would be good for our transport system, heaven help us if we ever have a chance to see the country go down that route, because I think it would be disastrous for rail passengers.

Wes Streeting: On a point of order, Mr Speaker.

Mr Speaker: Points of order normally come after statements, but I think the hon. Gentleman wants to make a point of order that relates specifically to something that was said during business questions, so I will exercise my discretion on this occasion.

Wes Streeting: I want to make my point of order before the Leader of the House scurries away. In response to my perfectly reasonable question about the “Sikh Lives Matter” protest, he seemed to make an unrelated remark about the incitement of racial hatred. I wonder if it would be possible for him to clarify whether he was referring to me in relation to such incitement, to my constituent, or to the people who attended the protest, because his response seemed to me—and, I think, to others—completely unrelated to my question.

Mr Speaker: The hon. Gentleman has put his point on the record. Fair enough.

Aviation Security

12.34 pm

The Secretary of State for Transport (Mr Patrick McLoughlin): With permission, Mr Speaker, I shall make a statement on the Government's recent decisions following the loss of the Russian Metrojet flight on Saturday.

I know that the House will wish to join with me in expressing condolences to the families of those who lost their lives. A total of 224 lives were lost. I was able to express our deepest sympathy to the Russian ambassador yesterday, when the Foreign Secretary and I signed the book of condolence.

We still cannot be certain what caused the loss of the aircraft, but we are reaching the view that a bomb on board is a significant possibility. Were that to turn out to be the case, it would clearly have serious implications for the security of UK nationals flying from Sharm el-Sheikh, and we therefore decided that it was necessary to act. Our decisions were based on a review of all of the information that was available to us. Some of that information is sensitive, and I cannot go into the details of it, but the House can be assured that we made that decision on the basis of the safety of British citizens.

There are two stages in this process. We are working with the airlines to introduce short-term measures, which could include different arrangements for handling luggage. Beyond that, we are working with the Egyptians and with airlines to introduce long-term, sustainable measures to ensure that our flights remain safe. We very much hope that it will be possible to declare that it is safe to fly to the resort, and to resume normal flight operations, in due course, but my right hon. Friend the Foreign Secretary announced yesterday evening that the Government were currently advising against all but essential air travel to or from that particular airport. All UK-operated flights to and from the airport have now been suspended. We are working with the Egyptians to assess and, where necessary, improve security at the airport.

More than 900,000 British nationals visit Egypt every year, and most of those visits are trouble-free. As my right hon. Friend said yesterday, we are grateful for the continuing efforts of the Egyptian authorities to work with us on these vitally important tasks. The Government are working with the airline community to establish interim arrangements for getting people home. This is clearly a very difficult situation for travellers and their families. I thank the airlines for their support during this difficult time, and I thank holidaymakers for their patience. In parallel, specialist teams will be working intensively with the Egyptian authorities to allow normal scheduled operations to recommence.

The decision to suspend flights is very serious, and was not made lightly. The safety and security of the travelling public is, of course, the Government's highest priority. We will need to be confident that security standards meet our expectations, and those of the public, before we allow services to resume. I recognise this is a stressful time for British tourists, but we have not changed the travel threat level for the resort itself. People should keep in touch with their tour operators. We have consular staff providing assistance on the ground. We also have aviation security experts on the ground, and arrangements

will be made to bring people home safely in due course. The airlines are working with us to bring their passengers home, but no UK-bound aircraft will take off until it is safe for it to do so. We do not expect flights to leave today, but we hope that some will leave tomorrow.

12.38 pm

Lilian Greenwood (Nottingham South) (Lab): I am grateful to the Secretary of State for giving me advance sight of his statement. I echo the condolences that he articulated, and I know that those sentiments will be shared by the whole House. Let me also place on record the Opposition's support for the prompt precautionary action taken by the Government yesterday. There can be no doubt in these circumstances that the safety of British citizens must be the highest priority.

I understand that the Secretary of State is necessarily constrained in respect of the information that he can give the House today, but will he tell us when his colleagues in other Departments will update the House on the matters involved? Given that the Government believe that the Metrojet flight may have been deliberately targeted, will he reassure the House on how he reached the conclusion that there was no threat in the wider Sharm el-Sheikh resort? Will he also update the House on when he expects the security review of Sharm el-Sheikh airport to conclude, and can he give any further information on the possible new long-term measures he referred to in his statement?

It has been reported that up to 20,000 UK citizens and nationals are currently in Sharm el-Sheikh. Do the Government have their own estimate? What consular support are the Government providing to UK citizens and nationals who are currently in Egypt, and will the Secretary of State ensure that consular services remain available outside the resort? What steps is his Department taking to ensure that regular and prompt updates are provided at UK airports and by airlines and tour operators that serve Sharm el-Sheikh?

Given the level of cross-departmental work involved, what arrangements will be put in place to provide individuals with a simple process for seeking official assistance? Will the Secretary of State clarify how Members of this House can most effectively raise their constituents' cases with the Government?

Mr McLoughlin: I thank the hon. Lady for the Opposition's general support. She is absolutely right that the decision was not taken lightly; it was taken after careful consideration of the details that the Government had received.

The hon. Lady asked about numbers. It is estimated that there are 20,000 in the Sharm el-Sheikh area, but that is not a specific, accurate figure and there will be some people there who are not on package holidays and the like. We have a consul team, which is being expanded, at the airport and available to give the sort of information she wants. Also, obviously, the contact details of the Foreign Office are available to all Members of Parliament.

The hon. Lady asks how we will keep the House updated. I will give further consideration to that. As I said, I hope to see some flights leaving tomorrow, but that will not include people flying out to Sharm el-Sheikh; it will be people being brought back home. We are in discussions with the airlines at this very moment about

the implications and the safety measures we will take, and those meetings are ongoing. I will look at ways of keeping her and other colleagues in touch.

Sir Alan Haselhurst (Saffron Walden) (Con): Having once had to witness the possibility of my young son's teddy bear being slit open at airport security, one understands that levels of security can vary according to the perceived level of threat, but should not this terrible tragedy remind us that a common standard of security has to apply across all the airports of the world, so that whoever we are—from whichever country, travelling to or from—we know what the standard is, what to expect and that it will be applied?

Mr McLoughlin: I completely agree with my right hon. Friend: in an ideal world, that would be essential. We are of course reviewing security, as far as our security inspectors are concerned, at a number of locations. We will continue to do that, as we have done in the past. That is an important part of our job. I also think it is for other countries to understand that it is in everybody's interests that we have as much security as is necessary at all the airports around the world.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the Transport Secretary for early sight of his statement, and add to his the condolences of SNP Members.

There have been conflicting reports of the number of tourists affected in Sharm el-Sheikh and the surrounding area and resorts. Can the Transport Secretary confirm the number of people whom he believes are affected? As this is a very concerning time, information will be key, with many people getting their information from websites. Can we get an assurance that the consular assistance on the ground will be providing people with practical support? Finally, many resorts are distant from Sharm el-Sheikh airport; can the Secretary of State confirm that security measures on bus transfers are being considered as well?

Mr McLoughlin: I would like to say yes to most of the questions the hon. Gentleman put to me. The Foreign Office has deployed people—and is deploying more today—to the airport and is working with the tour operators as well. I understand what he says about websites, and indeed social media, giving information which can sometimes be misleading; some of the information put out has turned out not to be correct. It is therefore important for people to check with tour operators and Foreign Office officials there. We are working to ensure that everybody can get home when they wish to do so.

Sir Gerald Howarth (Aldershot) (Con): I warmly welcome my right hon. Friend's statement. I do not believe the British Government had any alternative but to take the action they have taken. However, as he knows, it will affect the economy of Egypt. Does he agree that the enhanced security measures will serve to boost confidence among tourists, tour operators and airlines in the belief that Sharm el-Sheikh is a safe place to go? If we are providing British security advisers to help the Egyptian authorities, may I suggest that the air accidents investigation branch based in Farnborough in my constituency—the finest air accident investigators in the world—help the Russians and the French in their

analysis of the wreckage of this aircraft, because all the experience they had with the 747 at Lockerbie would be highly relevant to this investigation?

Mr McLoughlin: My right hon. Friends the Foreign Secretary and the Prime Minister will be meeting the President of Egypt very shortly and will be discussing such issues. I fully agree with my hon. Friend about the expertise in the AAIB. There are set rules for international investigations of aviation accidents, but I will certainly offer any help that the AAIB can give.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): This is a horrendous situation and I hope we will be kept informed of future developments. The Secretary of State has taken the correct decisions in these awful circumstances, but can he give us an absolute assurance that he is receiving full co-operation from all the parties involved? Are there any international lessons to draw from international arrangements in order to protect British passengers flying home from abroad?

Mr McLoughlin: I am grateful for the hon. Lady's support. I know that as Chair of the Transport Committee she may wish to return to this subject in due course. We have received excellent co-operation not only across our domestic Government, as she would expect, but from the Egyptian Government, who are dealing with this with the seriousness that it requires.

Crispin Blunt (Reigate) (Con): I welcome the candour and transparency in the statement, so far as the Secretary of State has been able to give it, as well as the actions taken. As my hon. Friend the Member for Aldershot (Sir Gerald Howarth) pointed out, this has very serious implications for the Egyptian tourism industry, and plainly some of the Egyptian sensitivity relates to the significant potential damage to its interests. Will my right hon. Friend impress on his Egyptian opposite numbers that providing the same candour and transparency in this investigation, rather than dissembling and cover-up, will probably be the quickest way to restore confidence in travelling to Sharm el-Sheikh?

Mr McLoughlin: I agree with my hon. Friend. I do not think there is any desire on anybody's part to dissemble or cover up, because others are also involved in the investigation—the Irish, for instance, because that is where the plane was originally registered. This is not just being investigated by one party; there are much wider investigations.

Keith Vaz (Leicester East) (Lab): This is of course the right decision, but it has parallels with what happened in Tunisia, where the advice was that people should not travel there. They are two hugely popular destinations; 1 million British citizens visit Tunisia or Sharm el-Sheikh. As colleagues have said, this will have devastating consequences for the economies of those two countries. It was a Russian plane with Russian citizens and the right hon. Gentleman has not mentioned what Russia is doing. This is a big opportunity for Russia, the United States and Great Britain to work together to try to find out what happened and to deal with those responsible.

Mr McLoughlin: The right hon. Gentleman makes several good observations. It is the Prime Minister's intention to speak to President Putin this afternoon—that

[Mr McLoughlin]

call is going to take place. The right hon. Gentleman is obviously right to say that people who try to do these things to aircraft put all Governments under a huge amount of stress and pressure, but we have to take the right decisions to protect our citizens.

Dr Matthew Offord (Hendon) (Con): I echo the comments made by my hon. Friends the Members for Reigate (Crispin Blunt) and for Aldershot (Sir Gerald Howarth). Travel and tourism provide 8% of Egypt's GDP. About 900,000 UK tourists, particularly scuba divers, contribute to that figure, and there are many British companies whose diving businesses are sustained during our winter months by running guided overseas tours around the Red sea. What advice can the Secretary of State give to those companies on alternative routes that they could fly to reach that same destination?

Mr McLoughlin: The resort remains open, and we are working as quickly as possible to reassure ourselves about the security at the airport there. When that is done, we will be able to say more.

Ruth Cadbury (Brentford and Isleworth) (Lab): I thank the Secretary of State for his statement and I, too, offer my condolences to the families of those who have been killed in this tragedy. I share the concerns of the holidaymakers whose holidays have been ruined by what has happened, and I also share the concerns expressed by hon. Members about the wider implications of this and other aviation incidents. What assessment are the Government making of the risk to flights over the UK, particularly those flying over built-up areas?

Mr McLoughlin: Of course we take any threats very seriously indeed, but one of the reasons that we have such high levels of security at British airports is that we know from experience that people have tried to smuggle bombs on to planes.

Karen Lumley (Redditch) (Con): I thank the Secretary of State for taking this action to ensure the safety of British nationals. Does he agree that Birmingham international airport has a standard of security that we should expect from all international airports across the world?

Mr McLoughlin: My hon. Friend never misses a chance to promote her local airport. I would add that that standard applies to airports across the whole of the United Kingdom and to other countries as well. All countries give such security a very high priority, but when we see one failing to reach the high standards that we expect, we must point that out and hope that action will be taken. If no such action is taken, the Government have no alternative but to stop flights going to that destination.

Tom Brake (Carshalton and Wallington) (LD): I echo the words of condolence to the Russian families, and the words of solidarity for the British passengers who are stranded in Sharm el-Sheikh. The *Financial Times* has reported that a UK military team is to be deployed there. Is the Secretary of State able to say whether that team is already in place, whether it is checking all

UK-bound planes and whether it will be able to stay there as long as is required to ensure the safety of returning passengers?

Mr McLoughlin: We have deployed people from several Departments, not least the Department for Transport and the Foreign Office, so we are not short of the kind of officials and professional advice that are needed in the immediate situation. As I have said, the long-term aim is to re-establish the flights as soon as we possibly can.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): I commend the Government for taking this very difficult decision, which has ensured that no British citizen is knowingly placed in danger. I know of many people who have holidays booked in Sharm el-Sheikh and who fully intend to travel there once the flights resume. Will the Secretary of State tell me what the position will be regarding their travel insurance? Will recent events invalidate or alter it in any way?

Mr McLoughlin: I would advise those people to talk to their travel agent or tour operator in the first instance. The advice that we have set down is quite clear: we do not believe that any flights from the United Kingdom should go to Sharm el-Sheikh at this stage. That will obviously have implications in regard to certain insurance claims. We are reviewing the advice regularly.

Carolyn Harris (Swansea East) (Lab): What support, if any, are the Government offering to people in the UK who have family, friends and loved ones stuck in this dreadful crisis?

Mr McLoughlin: We are trying to help them, and there are helplines available, including through the tour operators, but our first action must be to help those people who are actually stranded in Sharm el-Sheikh and to get them home. Communications are not down.

Mark Pritchard (The Wrekin) (Con): Do not these tragic events underline the importance of being able to counter terrorism on the sea, in the air and on land, and the importance of being able to intercept electronic communications in order to keep British citizens safe?

Mr McLoughlin: It is a matter of paramount importance for any Government to be able to get information that protects and ensures the safety of British citizens, and that is something that all members of this Government, from the Prime Minister down, take very seriously indeed.

Peter Kyle (Hove) (Lab): The focus at the moment is rightly on the airport in Sharm el-Sheikh, but now that it is suspected that ISIS is targeting aviation, is the Secretary of State undertaking a review of security at British airports?

Mr McLoughlin: We are always reviewing safety at British airports; that does not stop. Indeed, people who use them sometimes complain about the level of intrusiveness in those airports. Of course we keep security under review. As I have said, in this particular case we were not satisfied about the way in which some of the security measures were being carried out.

Henry Smith (Crawley) (Con): I commend the Government for putting the safety of British citizens first by stopping flights to and from Sharm el-Sheikh after the Russian air incident. What advice is the Secretary of State giving to airports such as Gatwick, in my constituency, and to the air operators that fly to the region from there, such as EasyJet and Thomson, to enable them to give better help to their passengers?

Mr McLoughlin: My hon. Friend mentions two airlines, Thomson and EasyJet. When I left the Department for Transport to come here, representatives of both those companies were at the Department going through the arrangements that we need to put into operation. They are being kept very much informed, as they play an important part in what we are doing, and they are being extremely helpful. I should like to place on record my thanks to the airlines for responding so quickly to the situation we found ourselves in yesterday.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): I also thank the Secretary of State for his statement. What work will his Department undertake to ensure that the advice given to UK citizens will be fact based? Or does he believe, as has been stated in the media this morning, that a more precautionary approach is required in this instance? Would that signal a shift in the nature of the travel advice given by the FCO?

Mr McLoughlin: We do not give any such advice without having due cause to do so. We consider all the different streams of information that we get and feed them into our decision-making process—of that, the hon. Lady can be certain. These decisions are not taken lightly. They worry the people who are in the resorts, and they worry their families who are here, but it is right that we should take them if we feel that it is necessary to do so.

Jeremy Lefroy (Stafford) (Con): May I associate myself with the sympathy expressed by my right hon. Friend the Secretary of State? I should also like to thank him and his colleagues for the action that they have taken. He talked earlier about looking for and pointing out cracks in the security at airports around the world, which is extremely important, but will he also commit to working with our friends and allies around the world to ensure that, when we do see those cracks, we take action proactively rather than waiting until these tragic incidents happen before doing anything?

Mr McLoughlin: My hon. Friend is absolutely right, and I have no doubt about the importance of trade to these countries. I can confirm that we do what he has outlined; we are in constant talks with our ambassadors and the like, as they, in turn, are with the Governments in those countries. If we have concerns, it is right that we flag them up.

Christian Matheson (City of Chester) (Lab): The action taken today by the Secretary of State relates only

to flights to Sharm el-Sheikh. Can he confirm to the House that other airports in Egypt are meeting the standards that we would expect of them? Will he do that if only to reassure the hundreds of thousands of tourists who still want to go there?

Mr McLoughlin: The answer to that is yes. Obviously, we are looking at security at all the airports where we have any concerns whatsoever, but the hon. Gentleman is absolutely right about the information and the warning from yesterday being specific to one airport. I very much hope that we can work with the Egyptian Government to make sure that the measures that would give us confidence about screening and the like are undertaken and that this advice will be removed as soon as possible.

Mr Peter Bone (Wellingborough) (Con): I refer the House to my entry in the Register of Members' Financial Interests.

I am grateful to the Secretary of State for immediately coming to the House to explain the situation in great detail. The one thing we can be sure of is that the British travel industry is second to none in response to a crisis like this. It is also true to say that we would not be flying to a country if we were concerned about the security systems there, so this must have been a lapse in the security. People should be reassured by the fact that we would not allow our aircraft to fly into a country where the security was deemed to be poor. Does the Secretary of State agree?

Mr McLoughlin: Yes, I agree with my hon. Friend. As I said in answer to my hon. Friend the Member for Crawley (Henry Smith), I would like to thank the travel industry and the airline operators for the way in which they have responded in helping us to work out the solutions that we will be putting in place over the next few days and in the interim and then to look to the longer-term solutions, so that this airport can be regarded again as one where we can remove the current travel advice.

Stephen Gethins (North East Fife) (SNP): I thank the Secretary of State for his comments. He will be aware that holidaymakers from across the UK have been impacted, and he will also be aware of the offer of help and support from Scotland's First Minister made in the Scottish Parliament today. What measures are being put in place to liaise with the devolved Administrations?

Mr McLoughlin: I hope the hon. Gentleman will accept that for the past 24 hours we have been heavily involved in talking to the airlines and doing what we needed to do immediately, especially given that the Egyptian President is in the country. The hon. Gentleman is right about information getting to devolved Ministers, and I am pleased to hear what he says about the Scottish First Minister. I look forward to working with all the devolved Administrations if there are other things that we need to do as far as they are concerned.

Points of Order

1.2 pm

Robert Neill (Bromley and Chislehurst) (Con): On a point of order, Mr Speaker. I rise to seek your guidance as to the way in which Members of this House should approach correspondence with the Director of Public Prosecutions. Earlier today, we saw the release of further correspondence between the hon. Member for West Bromwich East (Mr Watson), to whom I have given notice of my intention to raise the point of order, and the DPP and previous DPP. What guidance can you give as to the propriety or otherwise of Members of the House seeking to influence the conduct of specific criminal cases by the DPP or the Crown Prosecution Service, bearing in the mind the DPP's constitutional independence and the importance of the CPS adhering to the statutory-based code of conduct for Crown prosecutors? Is it therefore appropriate for a Member of this House to seek to ask the DPP to have a named senior Crown prosecutor removed from an investigation and from doing all other child sex abuse cases until an investigation has taken place, and to seek a review of all such work that had happened since they had been in the CPS—all on the basis of matters found by the CPS, upon investigation, not to be borne out by the evidence? Secondly, is it appropriate for Members to do that in cases where the complainant or those involved in the case are not the Member's constituents?

Andy McDonald (Middlesbrough) (Lab) *rose*—

Mr Speaker: If it is on this matter, I will take the hon. Gentleman's point of order and then respond to the two as a group.

Andy McDonald: Further to that point of order, Mr Speaker. We have a special responsibility to our constituents, but as Members we also have a responsibility to act for everyone in this country. My hon. Friend the Member for West Bromwich East (Mr Watson) was approached by alleged victims and survivors of sexual crimes who were unhappy at how their cases had been handled. He acted to ensure that the proper procedures were followed. It is right and proper that complaints of this kind are dealt with properly by the criminal justice system, and where Members of this House can assist with that, they should.

Mr Speaker: Let me say the following in response to these points of order. First, I understand that there are strong feelings on this matter, and sometimes feelings that are contrary to each other, and they have been articulated on the Floor of the House this afternoon. About that, I make no complaint whatsoever. In response to the hon. Member for Bromley and Chislehurst (Robert Neill), who, with his usual courtesy, kindly notified me in advance of his intention to raise the point of order, what I would say is this: it is not for the Chair to seek to advise Members on those with whom they should or should not communicate. That is a matter upon which they can and will make their own individual judgment. The DPP will decide what course of action, if any, to follow in response to representations, written or otherwise, from a Member of Parliament. I do not doubt the good intentions of the hon. Gentleman, a distinguished lawyer

who of course chairs an important Select Committee in this House, but I feel that it is not for the Chair to be drawn into these matters. I hope that, upon reflection, people will feel that there is a certain logic to what I am saying. Colleagues, make your own judgments about these matters.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): On a point of order, Mr Speaker. As I said in business questions, the Government recently announced a call for evidence on their review of the secondary ticketing market, with a very tight deadline. I pressed the Government on how they are publicising this call and received a written answer from the Minister for Skills assuring me that all main stakeholders had been alerted. However, I know from the conversations I have had with major stakeholders that in all too many cases I was the one who had brought this to their attention. May I therefore ask your advice on what steps a Member can take to investigate the substance—dare I say truth—of an answer to a written parliamentary question? What steps can be taken to urge Ministers to check the content of their written answers, as all too often, especially recently, it appears that answers are either questionable or far too brief to be of practical use to anyone?

Mr Speaker: I thank the hon. Lady for that point of order. It is a well-established principle in this House that ministerial answers to questions should be both timely and substantive. In reference to the latter point, colleagues will appreciate that what I am stressing is that a reply that simply says, "I hope to respond shortly" is not regarded by most Members as in any way helpful and that to comply with the spirit of the obligation upon Ministers to reply to answers it is important that those answers should be substantive.

As the hon. Lady will fully appreciate, the Chair has no responsibility for the content of answers. Every Member is responsible for the veracity or otherwise of what she or he says in this House. Ministers are certainly responsible for the content of their answers. My advice to the hon. Lady is that if she is dissatisfied with the answers, because she thinks either that they are uninformative or incorrect, she should table further probing and specific questions, based on those answers she has received, seeking to track down the precise particulars that she wants to establish. If that is unsuccessful, there is always the recourse of oral questions to the relevant Secretary of State and the opportunity to apply for Adjournment debates. I have not noticed, over the past 10 years, the hon. Lady displaying a noticeable reluctance to explore those avenues.

Tom Brake (Carshalton and Wallington) (LD): On a point of order, Mr Speaker. There was great interest earlier in the urgent question debate on the subject of human rights in Egypt. We know that the Prime Minister is meeting President Sisi today. Would it be a breach of the rules of this House if perhaps on Monday—certainly at the earliest opportunity—the Prime Minister did not just come to the House, but set out, either by way of an oral statement or a written statement, precisely the content of those discussions, specifically in relation to human rights in Egypt?

Mr Speaker: If I understood the terminology and construction of the right hon. Gentleman's inquiry correctly, there would be nothing disorderly in the Prime

Minister providing such information to the House. The matter of whether to make any such statement is a judgment for the Prime Minister, as is the judgment over what form that statement should take. Knowing the right hon. Gentleman's experience in the House and the senior office of a parliamentary kind that he has held as a former Deputy Leader of the House, I think that he will expect that his words will at least have been noted. If he is dissatisfied with the response, he will pursue it with the Prime Minister. We will leave it there for now, and I thank all those who have taken part in the exchanges thus far.

Backbench Business

Royal Bank of Scotland

1.10 pm

Kate Osamor (Edmonton) (Lab/Co-op): I beg to move,

That this House calls on the Government to consider suspending the further sale of its shares in the Royal Bank of Scotland whilst it looks at alternative options; and believes that this should take place in the context of a wider review of the UK's financial sector and that such a review should consider the case for establishing new models of banking, including regional banks.

On behalf of the House, I thank the Backbench Business Committee for allowing us the opportunity to debate this issue in the main Chamber today. This is the first time that I have led a debate, and I am grateful to all hon. Members from both sides of the House who have agreed to participate in it today. I will keep my speech reasonably short so that as many Members as possible will have a chance to speak.

The selling of RBS shares is an important issue that deserves detailed discussion, and this is the first time that it has been formally debated since the Chancellor announced his intention to begin privatisation at his June 2015 Mansion House speech. He provided no opportunity for public discussion of the decision; he did not even present the decision himself in Parliament the following day, but rather sent the Economic Secretary to the Treasury on his behalf.

Today's motion, signed by hon. Members on both sides of the House, touches on three themes. First, the Government should consider suspending the further sale of their shares in the Royal Bank of Scotland while they look at alternative options. Not enough evidence has been considered to give the Government a mandate to rush through the sale of shares. Secondly, such a review should take place in the context of a wider review of the UK's financial sector. We need to look at the implications for our economy of the make-up of the UK banking sector, which is unusually large, unusually concentrated and uniquely lacking in diversity in comparison with other countries.

Thirdly, the review should consider the case for establishing new models of banking, including regional banks. Reforming RBS into a network of local banks would increase financial stability, help decentralise the economy, boost lending for small and medium-sized enterprises, maintain local branch lending and help restore faith in British banking. There is also a strong case for saying that such a move would be beneficial to the taxpayer and the economy—certainly enough to justify examining this option before pressing ahead with a fire sale.

In this opening speech, I want to set out the errors of process behind the sale, and the case for reforming rather than selling RBS. I call on the Government to halt the sale of RBS shares until a full and independent review of all the options has been conducted. As a result of the emergency bail-out package in October 2008, the British public effectively acquired 82% of RBS and 43% of Lloyds. The total cost to taxpayers of our stake in RBS has now exceeded £45.5 billion. The recent sale of a 5% stake in the bank has already resulted in a loss of £1 billion. Selling the entire Government stake at a similar price would result in losses of £13 billion or more—almost a third of the original bail-out.

[Kate Osamor]

The size of the expected losses, and the impossibility of meeting the Chancellor's previous assurance that we would get our money back, reinforce the case for a broader review to establish whether this is really the best that we can do, taking into account all the economic costs and benefits of the different options available.

In 2013, the Chancellor of the Exchequer set out the following objectives for the future: maximise the ability of the banks to support the UK economy; get the best value for money for the taxpayer; and return the banks to private ownership as soon as possible. Privatisation is presented as the answer to the first two objectives and as a foregone conclusion rather than one of a number of options, each of which deserve consideration. A whole host of experts have suggested that we can do better with RBS—better for the taxpayer and the economy—than return to the pre-crisis business as usual. That is not a fringe view; it is a view expressed by the Parliamentary Commission on Banking Standards, the former Secretary of State for Business, Innovation and Skills and the previous Government's own entrepreneur in residence.

Grahame M. Morris (Easington) (Lab) *rose*—

Kate Osamor: May I make some progress?

Martin Taylor, a member of the Bank of England's federal policy committee, said:

"I would like to have a feeling that the Government recognises there are policy options and is thinking along those lines rather than saying our job is to get the business back into the private sector."

Unfortunately, the rushed nature of the sale, the lack of evidence provided to support it and the lack of discussion surrounding it suggests that the contrary is the case.

The Government's decision to sell off RBS shares in the summer without any published evidence that they have considered alternative options raises important questions about public accountability and process. It signals a return to business as usual and an unquestioning faith that the private sector is the right direction for British banking.

The Chancellor argued that it was the

"right thing to do for the taxpayer and for British businesses"

and that the sale

"would promote financial stability, lead to a more competitive banking sector, and support the interests of the wider economy."

To support those claims, the Government have relied on a 13-page report by the investment bank, Rothschild, and a two-page letter from the Governor of the Bank of England. Neither of those presents any concrete evidence to support the Chancellor's assertion. Opposition to the sale has been voiced by the public, hon. Members and independent voices in the field. Nearly 120,000 people have signed a petition calling for an independent review of the options for the bank's future before any shares are sold.

A survey commissioned by Move Your Money shows that only 21% of people agree with the current conditions of the share sale; 82% agree that RBS should act in the public interest and 67% agree that we should have a full independent review. Many alternative options have been put forward for RBS, including breaking it up into a

series of challenger banks, turning it into a state investment bank and converting it into a network of local or regional banks.

I want to focus on the last of those options, which has been advocated by, among others, the New Economics Foundation, the Archbishop of Canterbury, Civitas, Respublica and the former Treasury Minister, my right hon. Friend the Member for Wentworth and Dearne (John Healey). It is modelled not on an untested economic theory but on the German Sparkassen, a network of local public savings banks owned in trust for the public benefit, accountable to local people and with a mandate to support their local economies. The Sparkassen are the powerhouse of small business lending in Germany and are an important part of the success story of the German economy.

The NEF has proposed that RBS could be broken into 130 local banks based on local authority areas, of a similar size to the Sparkassen. They would be carved out of the bank's high street operations, with its investment banking and private banking arms being sold. Like the Sparkassen, they would be able to share risks and resources to achieve economies of scale but, crucially, each local bank would be independent. By refusing to consider this option, the Government are missing a golden opportunity to fix the structural problems of UK banking that were exposed in the crisis.

Jeremy Quin (Horsham) (Con): I hope that the hon. Lady would accept that the German banking system also had its problems during the financial crisis. The Sparkassen to which she refers were often lending very inappropriately, which helped to pump up the credit bubble, and they were investing in southern Europe in a way that helped to cause the eurozone crisis.

Kate Osamor: The hon. Gentleman's example covers what happened in a short period of time. Over a long period, the system has been tested and has worked, so I beg to disagree.

The UK has the most concentrated and homogenous banking sector in the developed world. Just 3% of our banking system is locally controlled, compared with two thirds of that in Germany. We are also uniquely reliant on shareholder-owned banks at the expense of other ownership models. This lack of diversity makes us uniquely vulnerable to financial crises. To put it simply, it makes it more likely that our banks will all suffer the same problems at the same time, as they did in 2008.

Breaking up RBS and localising our banking system would make us more resilient to future shocks. Local banks also provide a means through which we can rebalance the economy, as the UK has the most regionally unbalanced economy of any European country. Studies find that local banks in other countries help prevent capital from being sucked into big cities, and spread jobs and lending more evenly across the country. This change would also ensure that more people had access to bank branches. Whereas commercial banks are shutting at an increasingly rapid rate across the country and in Europe, local banks in Europe have prioritised maintaining good access for their customers.

Local French co-operatives, for example, typically locate between 25% and 33% of their branches in sparsely populated areas. Local banks also lend more to the real economy, particularly small and medium-sized

enterprises. That would greatly benefit my constituency of Edmonton and those across the country who struggle to obtain loans. That is made possible not just by the banks' local focus but by their ownership structure and public interest mandate. Across Europe, banks run for more than profit devote 66% of their balance sheets to high street banking, compared with just 37% for commercial banks, which tend to lend for more profitable activities, such as derivatives trading. Local banks could therefore reduce our vulnerability to crisis, help rebalance the economy and boost the real economy. Analysis from the NEF suggests that that should have been done in 2008, as UK GDP could have benefited from an immediate boost of £7.1 billion, with an additional £30.5 billion over three years. Reforming RBS is in the interests of the taxpayer and the economy.

I want to end with a statement from the Tomlinson report, which highlights how selling off RBS shares represents a wasted opportunity for significant publicly beneficial reform in UK banking:

“Returning RBS and Lloyds to full private sector ownership in their current form would be a return to the banking landscape of 2003, possibly with even less competition... Given the lack of any real change in the banking sector, there is nothing that will stop 2018 being the same as 2008 unless radical action is taken now.”

Without reform of any banking structures, there is a risk we could witness another crash.

We must learn from the events of 2008. By failing to provide evidence justifying the sale and to consider alternative options, the Government are putting ideology above what is best for the economy and the taxpayer. I ask the Government to conduct an independent review of all the alternative options and urge Members on both sides of the House to support the motion.

1.25 pm

William Wragg (Hazel Grove) (Con): It is a pleasure to take part in the debate, particularly as today we commemorate a most significant day in the history of Parliament. Although I have not signed the motion and am minded to abstain, I understand entirely the perspective from which it has been approached.

The financial crisis of 2008 did much to rock public confidence in the UK's financial sector, with the collapse of several household names in banking. It could be argued that to a great extent the banks brought that fate on themselves. Years of overambitious and risky lending practices led to kegs of bad debt being piled up around the foundations, so it all came unstuck in an explosive fashion. Members will be pleased to hear that is the end of my joke this afternoon—[HON. MEMBERS: “Shame.”] We might, perhaps, be able to discuss the punishment inflicted on Guy Fawkes, which some Opposition Members would like to see replicated for the bankers.

The Government in 2008 had to perform significant bail-outs and interventions and introduce stimulus packages, leaving us in with large state-owned holdings in financial institutions, most notably the Royal Bank of Scotland, in which the Government have a share of 73%.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): The National Audit Office issued a highly critical report in September on how the Government manage their £222 billion of assets in RBS and 53 other financial institutions. Does the hon. Gentleman not agree that a

transparent portfolio approach should be taken towards the management of such assets, as recommended by the NAO, and that a fair share of the profits arising should be directed to the areas most in need of real economic investment, such as Wales?

William Wragg: I am glad that the hon. Lady, representing Plaid Cymru, managed to refer to Wales in her question. I am not sure whether it is quite within my remit to say how the Government should direct such profits towards Wales.

The return of RBS to private ownership is an important first step, but the motion provides the opportunity to debate some particulars of RBS's business and some important aspects of the aforementioned lending practices, which occurred both before and after the crash. I am sorry to say that RBS, in particular, was found wanting in that regard.

I want to highlight certain negative practices that have been shown by independent sources to have occurred in RBS that affected its small and medium-sized business clients, particularly one business in my constituency. I want to place my concerns on the record and am keen to hear from my hon. Friend the Minister how such practices will be investigated and what action will be taken to restore public trust in RBS and the banking sector more widely in the run-up to any further share sales.

The Government will no doubt be aware of the report by the businessman Lawrence Tomlinson, to which the hon. Member for Edmonton (Kate Osamor) referred. It was published in 2013, when Mr Tomlinson held the position of entrepreneur-in-residence at the Department for Business, Innovation and Skills. Mr Tomlinson's report considered the lending practices of banks and in particular the treatment of businesses in distress. It considered several banks in general, but took a particularly in-depth look at RBS's turnaround division, the global restructuring group, or GRG. Tomlinson received large bodies of evidence on RBS's practices, including from its business customers. The report found

“very concerning patterns of behaviour leading to the destruction of good and viable UK businesses”,

all for the sake of profit for the Royal Bank of Scotland.

Grahame M. Morris (Easington) (Lab): I agree with the hon. Gentleman's point about some of the business practices, but does he accept that the motion is a reasonable and moderate proposal, and the contention of my hon. Friend the Member for Edmonton (Kate Osamor) that we should consider other models, such as the Sparkassen model in Germany? Does he agree that bankers' bonuses have been a significant factor in driving the misbehaviour that led to the downfall and the financial crash in 2008? Is it not true that the German banking system is geared towards supporting jobs and the real economy, and it would be a far better approach altogether if we did the same?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Interventions need to be a little bit shorter. I am bothered that hon. Members are all down to speak and they will have nothing to say because everything will have been covered in interventions.

William Wragg: Following your lead, Mr Deputy Speaker, I will address one of those points, on bankers' bonuses. Of course, bonuses should not be used to reward wrongdoing. I make my remarks and quote from the motion in the context of the UK's financial sector.

Further examination of the report revealed that many businesses across the country, at least those among RBS customers, found themselves in circumstances in which the bank unnecessarily engineered default to move them out of local management and into its turnaround division, in order to generate revenue through fees, increased margins and devalued assets.

Jo Stevens (Cardiff Central) (Lab): Does the hon. Gentleman agree that that is not a practice restricted to RBS, but applies also to Lloyds bank? I raised this in a Westminster Hall debate. My constituent Mr Kash Shabir was a victim of exactly that practice. Does the hon. Gentleman have any observations on that?

William Wragg: I agree entirely that the practice was not restricted to RBS. The case of my constituent involved RBS, but the hon. Lady's constituent no doubt had a similar experience with other banks.

Tomlinson said that the practices at RBS's turnaround division were typical. Once placed in this division of the bank, businesses were trapped, with no ability to move and no opportunity to trade out of their position. Good, honest and otherwise successful businesses were forced to stand by and watch as they were sunk by the decisions of the bank. The bank could then extract maximum revenue from the businesses, beyond that which could be considered reasonable, and to such an extent that it was the key contributing factor in the businesses' financial deterioration.

Hannah Bardell (Livingston) (SNP): I am struck by the comments made a moment ago by the hon. Member for Cardiff Central (Jo Stevens) about Lloyds TSB. Does the hon. Gentleman agree that we must learn from the bitter experience of the merger of the Halifax Bank of Scotland with Lloyds—a significant loss to the taxpayer, despite a spirited challenge in the Scottish courts? Does he further agree that it is not good enough to pour taxpayers' money down the drain by short-selling our banks in a short-sighted manner, at a time when the austerity cuts are hitting the poorest and innocent taxpayers the hardest?

William Wragg: If I may strip away the rhetoric from the hon. Lady's intervention, of course I would disagree with pouring away taxpayers' money in such a fashion.

Tomlinson's evidence showed that the process was not open or transparent, nor was it a proportionate response from the bank. During the process, businesses were completely in the dark as to what was happening around them until it was far too late. Most worryingly, the businesses affected were often perfectly viable, and, but for the action of the bank, would have made a positive contribution to the UK economy. If the businesses concerned had had more options for moving their banking facilities, and there was more transparency before entering this process, they would have been better protected

from the bank's opportunistic behaviour through which it manipulated the businesses' financial positions for its own gain.

The reported practices of RBS's global restructuring group, if accurate, were, on a generous interpretation, dubious and questionable, but it may be fair and truer to say that they were unethical and scandalous. If the findings of the report that I have just summarised sound shocking or alarming to colleagues, they should do. However, consider how much more shocking and alarming it was for the victimised businesses and business owners involved—for the honest and hard-working businessmen and women and their employees, who saw their hard work and investment, often spanning years, eroded from under them; for those who lost their businesses, their jobs, their reputations, and in some cases their homes.

This, unfortunately, was the case for a business in my constituency. Pickup and Bradbury Ltd was owned by a constituent of mine, Mr Eric Topping. It was a medium-sized, family-owned construction firm operating out of Romiley. It engaged in mainly commercial construction contracts, with clients including large retailers, shopping centres, schools, HM Prison Service, several NHS sites, and a host of other local businesses. It was a well recognised and respected name in the construction industry across Greater Manchester. However, in 1998 Mr Topping and Pickup and Bradbury Ltd fell victim to exactly the kind of practices I have outlined. I shall not detain the House with the full details of the case, particularly as Ministers at the Department for Business, Innovation and Skills are aware of the full details, which I have passed on to them.

It may be of benefit to the House, though, if I briefly outline the example. Pickup and Bradbury was forcibly moved by RBS into the global restructuring group after the bank claimed that the business owed it a significant debt in excess of £700,000. My constituent acknowledges that the business had some debt, but it was perfectly capable of managing and servicing it. However, the crux of the case was that although the business balance sheet at the time showed assets of over £1 million, after the restructuring group process RBS placed a valuation on the business at negative £1.1 million—a discrepancy of over £2 million. The upshot was that this led to the forced liquidation of Pickup and Bradbury, costing the jobs of all its employees and forcing Mr Topping to sell his home. He contends to this day that the business was viable, and would still be trading if it were not for the actions of RBS, or if he had been given time to switch to another bank.

Catherine West (Hornsey and Wood Green) (Lab): I think of a similar situation in which a small businesswoman had borrowed from and had a wonderful relationship with the bank manager, but the bank branch closed and the bank manager went. Suddenly the loan was called in and she lost her business on the high street selling children's clothes, then had to go on benefits and had other financial difficulties. What a knock-on effect that has had not just within the sector, but in the wider local economy.

William Wragg: I agree wholeheartedly with the hon. Lady's remarks. The pattern has no doubt been repeated across the country in different circumstances, but with the same sorry result.

I know that the case in my constituency is not an isolated one, and the Tomlinson report suggests that the bank's practice was widespread and systemic. RBS has failed to resolve the case of Pickup and Bradbury, and I am sure the same can be said of many hundreds of cases across the country. This is about more than just the numbers on a balance sheet; it is about people's businesses, their jobs, their homes and their lives.

In addition to raising the issue on the Floor of the House today, I have previously written to my right hon. Friend the Minister for Small Business, Industry and Enterprise about this case. This is obviously a cross-departmental issue covering both the Treasury and BIS. Will my hon. Friend the Minister confirm, on the record, that she is aware of my constituent's case and similar cases across the country? Can she give an indication of how many small businesses it is estimated fell victim to RBS in a similar way?

The Business Minister has told me that the Financial Conduct Authority and the Prudential Regulation Authority have been established by Parliament with legal powers to investigate this situation. I am also aware that two accountancy and consultancy firms, Promontory Financial Group and Mazars, have been appointed to carry out a skilled person review of the allegations against RBS. The FCA review is ongoing and I understand that it is not expected to report until the end of this year. Given that it is two years this month since the publication of the Tomlinson report, and in view of the fact that some of these cases of forced liquidation and destruction of viable businesses are over a decade old, that is an awfully long time to wait for justice or closure.

Guto Bebb (Aberconwy) (Con): My hon. Friend will be disappointed to hear that at a meeting with RBS this morning it was confirmed that it is not expecting the FCA report until the new year, so the hope of having something in our Christmas stocking has been taken away.

William Wragg: I thank my hon. Friend for that intervention, and naturally I am disappointed to hear its content. Can the Government give any assurance about the timeliness of the report from the FCA?

The recommendations of the Tomlinson report call for more competition to remove incentives to make short-term decisions purely in favour of bank profit, rather than in the interest of longer-term customer relationships. When do the Government expect to produce their own full response to the Tomlinson report?

What steps are the Government taking to improve the lending practices and reputation of RBS in the light of what has happened? Let us not forget that they still own over 70% of the bank. I also want to give my hon. Friend the Minister an opportunity to give any message that she feels would be appropriate to the former owners of now liquidated businesses, including my constituent Mr Topping, while we await the reviews of third parties.

In conclusion, the motion before the House concerns the potential sale of further Government shares in RBS. I said at the outset that this is, on the whole, a positive direction, but my question still is this: how can we be comfortable proceeding while this long shadow still hangs over RBS's reputation? I therefore call on the Government, while they still hold a large controlling stake in RBS, to use their position of influence to

ensure that these matters are fully investigated, to deem what admission of wrongdoing is appropriate and, if necessary, to facilitate compensation and the issuing of apologies to those business owners affected by the scandal. I am at present minded to abstain on the motion, pending the Minister's response, and I look forward to what the Government have to say.

1.40 pm

Jon Cruddas (Dagenham and Rainham) (Lab): I congratulate my hon. Friend the Member for Edmonton (Kate Osamor) on introducing this important debate and thank the Backbench Business Committee for granting time for it. My take on the motion is fairly simple: what is there not to like? It suggests that the Government should

"consider suspending the further sale of its shares in the Royal Bank of Scotland"

and calls for

"a wider review of the UK's financial sector",

including

"the case for establishing new models of banking, including regional banks."

That suggests a mixed economy in the banking sector that does not simply result in a massive loss to the taxpayer—some suggest as big a hit to the public purse as £14 billion.

That does not seem to me to be an especially political suggestion. Indeed, organisations on the right of the political spectrum such as Civitas and ResPublica have suggested turning RBS into a network of local banks, and regulators such as Adam Posen and Martin Taylor have also suggested turning it into smaller challenger banks. The motion therefore appears sensible and not particularly political, so I find talk of abstention quite strange.

In my brief contribution I want to make a few points about the question of alternative ownership models. As far as I can see—my hon. Friend the Member for Edmonton pointed this out—there appears to be a distinct lack of evidence for the Government's assertion that banks perform better when located solely within the private sector. I want to point out evidence suggesting that other ownership models—what we might term "stakeholder banks"—should have a role to play in fixing our broken banking system.

My basic departure point is this: as far as I can see, in justifying their policy on RBS, the Government have leaned heavily on a two-page letter from the Governor of the Bank of England, which states that

"all the evidence suggests that commercial organisations are more efficient, more innovative and more effective"

in the private sector, and that a privately owned banking system is

"best able to allocate capital efficiently and competitively to grow jobs, investment, and income".

That is pretty clear and unequivocal, so let us start with some basic questions.

Where is the evidence for those assertions? Neither the Government, nor the Bank has provided any. When questioned, the Minister has simply pointed back to the Governor's letter, which appears to be a pretty lazy feedback loop. It is not really good enough when we are talking about the future of a major national asset, one

[Jon Cruddas]

of the UK's biggest banks, with huge implications for our economy and the resilience of our financial system, and indeed our livelihoods and those of our constituents.

Were we to listen only to the Government, we would think that there is simply no alternative to an economy dominated by large, privately owned banks, except perhaps some kind of monolithic Government bureaucracy—a simple either/or choice between a big shareholder bank and a big state bank. However, there is a whole range of other ownership models that work in other countries, from local savings banks accountable to local communities, such as the German Sparkassen, to co-operatives, mutuals and state investment banks.

Actually, as far as I can see, it is the UK that is the odd one out, because it relies exclusively on shareholder-owned banks. For example, research by the New Economics Foundation has found that nearly two thirds of German bank deposits are with so-called “stakeholder banks”. In France the proportion is about 50%, and in the Netherlands it is around 40%. In the UK it is just over 10%, the lowest of almost any developed economy.

Jeremy Quin: Does the hon. Gentleman accept that buildings societies also suffered from problems through the crash? We had our own equivalents in this country, and I am afraid that they fared no better than some of our major banks.

Jon Cruddas: I will come to the question of demutualisation in a moment. I simply suggest that Government Members read a book called “The New Few” by Ferdinand Mount, who happened to be Margaret Thatcher’s head of policy. He argued for a more resilient capitalism, including a mixed economy in banking provision, with mutuals, local regional banks and a wider distribution of banking products for communities such as mine in east London. Therefore, I do not think that this is necessarily a left-right debate. I argue that this is a live debate on the right, which suggests that simple neutrality or abstention on the motion is not necessarily going with the grain of more innovative thinking across the right of the political spectrum.

Dr Rupa Huq (Ealing Central and Acton) (Lab): My hon. Friend is a renowned economist, but even before we get into the alternative models of banking, does he agree that one does not have to be an economist to see that buying something at one price and then selling it off for next to nothing—at the current market rate, shares are £3.21 each—does not make good economic sense? That from a party that prides itself on its so-called long-term economic plan. It is more like what George Bush senior called voodoo economics.

Jon Cruddas: A collective hit of £14 billion on taxpayers does not seem to be good, rigorous or empirically grounded economics, so my hon. Friend is absolutely right.

Let me return to the question of bank deposits. Apart from anything else, the lack of diversity in the UK’s banking system leaves us extremely vulnerable; all our eggs are literally in one basket. If we look at the international evidence on how those different types of bank perform, it quickly becomes clear that the Minister’s claims simply do not stack up.

Let us take shareholder owned banks first. Let us not forget that in 2008 it was shareholder-owned commercial banks that brought the global financial system to its knees. Yes, they were “innovative”—they created some of the most innovative toxic financial instruments the world has ever seen—but much of that innovation was what Adair Turner has termed “socially useless”; it served no real economic purpose except to inflate the profits of the banks that produced them while quietly spreading dangerous levels of risk to every corner of our financial system.

Members do not have to take my word for that. The Parliamentary Commission on Banking Standards concluded that the shareholder model itself had a large part to play in the story:

“Shareholders have incentives to encourage directors to pursue high risk strategies in pursuit of short-term returns... In the run-up to the financial crisis, shareholders failed to control risk-taking in banks, and indeed were criticising some for excessive conservatism.”

In other words, the ownership model to which the Government are so keen to return RBS is the same model that helped to bring the bank down in the first place.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Perhaps the hon. Gentleman could remind the House which party was in government when the financial crisis took place and what it was doing with the regulator.

Jon Cruddas: Labour was in government, and many of us were arguing that we should have created this opportunity to diversity forms of banking products. The hon. Gentleman might have meant the debate about the future of the Post Office, and many of our colleagues were involved in trying to articulate the case for a Post Office bank that could offer robust, bona fide financial products to communities such as mine, which were being vacated by the big commercial banks. We have a consistent theme developing among the contributions from the Opposition side of the House, and it is not an either/or political point-scoring exercise.

Helen Goodman (Bishop Auckland) (Lab): My hon. Friend will no doubt recall that the bank that backs the Post Office bank is Ulster Bank, which is owned by RBS.

Jon Cruddas: My hon. Friend is exactly right, so let us talk about stakeholder banks and look at some of the evidence. I refer colleagues to the NEF document “Reforming RBS” and some of its findings. First, stakeholder banks tended to be better capitalised and less volatile before the crisis, and they were less exposed to the risky and speculative activities that caused it. Co-operative banks suffered just 8% of the total losses incurred during the banking crisis, despite accounting for around a fifth of the European banking market. To put that in context, HSBC alone was responsible for 10% of those losses. Secondly, stakeholder banks were also more likely to keep lending after the crisis. In fact, German public savings banks, Swiss cantonal banks and credit unions in the US and Canada all kept expanding their lending to businesses right through the crisis and the resulting recession.

Jeremy Quin: Does the hon. Gentleman accept that our own experience with the Co-operative bank has not been that happy?

Jon Cruddas: I agree. I was talking about co-operative banking across the whole of Europe, not the specific case of the Co-operative bank here in the UK, which does have problems. [*Interruption.*]

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): It never had to be nationalised.

Jon Cruddas: Point taken. The stakeholder banks across Europe kept the real economy going while commercial banks' lending was crashing.

The third point is that in the UK we paid the price for having deliberately dismantled stakeholder banks in the 1980s via demutualisation. We left ourselves with nothing to break the catastrophic fall in lending by the big banks, and since the crisis we have done next to nothing to address that fatal structural flaw. I would have thought that we could all agree that a more resilient capitalism is a desirable outcome.

Catherine West: Does my hon. Friend agree that Government policy has helped the larger players? According to commentary in the financial pages in the past few months, there are things that the Government could have done to help mutuals, but instead they just continued to play with big business and help it at the cost of mutuals. What are they doing to help the mutual sector?

Jon Cruddas: That is a good point. What are they doing to build a more mixed economy that is more resilient and is not prone to the catastrophic speculative attacks and collapse in lending that we saw at the back end of 2008?

It is not just in times of crisis that we suffer from our lack of a stakeholder banking sector; it is a problem for us in good economic times too. Research by NEF has found that stakeholder banks devote twice as much of their balance sheets to real-economy lending as commercial banks. Meanwhile, commercial banks invest more than twice as much in derivatives trading. Stakeholder banks also outperform commercial banks on lending to small businesses in Austria, Germany, the Netherlands and Canada, perhaps because they are rooted in local communities and can invest in local relationships, or because they do not have to worry about satisfying shareholders with double-digit quarterly returns. All this might help to explain why the UK banking system is the least effective in the G7 at supporting the real economy, with just over 20% of bank lending going towards productive activity, compared with more than 60% in Germany. Obviously, financial crises are the other side of the same coin, since the types of unproductive and speculative lending that dominate our banking system will tend to blow up bubbles which inevitably burst.

I could go on to list many other measures on which stakeholder banks appear to do better: higher customer satisfaction, higher deposit rates, lower loan rates, bigger branch networks, more job creation, and so on. Suffice it to say that if we want banks that put customers first, support the economy and manage risk sensibly, we could do worse than look to our European neighbours. I invite the Minister to publish the opposing evidence. Let us lay it out and have a discussion about the comparative views on the evidence underlying our public policy.

Mr Steve Baker (Wycombe) (Con): I agree with the hon. Gentleman that this is a live issue on the right, and I, too, would like to see a much more diverse banking sector. Let me bring him back to the point made by my hon. Friend the Member for Horsham (Jeremy Quin). Is it not a problem for the hon. Gentleman and me, and for all those who want a more diverse, more co-operative and mutual banking sector, that the entire atmosphere of co-operative banking in the UK has been established by the circumstances of our own Co-operative bank?

Jon Cruddas: The hon. Gentleman seems to be hiding behind one example when all the evidence across western market economies suggests that more co-operative banking does indeed have a part play in creating a more resilient modern capitalism.

What does all this mean for RBS? The Government have presented an artificial choice between business as usual with taxpayer ownership and business as usual with private ownership. This could be deemed outdated thinking. We need so much more imagination and so much more ambition if we are really going to build a better banking system. We urgently need to nurture new kinds of bank that exist in almost every other developed economy—banks that are rooted in local communities, accountable to more than quarterly profit figures, focused on supporting real economic activity, and run with an ethic of public service attached to them. The reason this debate is so obviously important is that with economists the world over warning that the next financial crisis could be just round the corner, the stakes literally could not be higher.

1.54 pm

Jeremy Quin (Horsham) (Con): The number of compliments paid to Royal Bank of Scotland over the past few years has not been such to overtax the *Hansard* reporters, and I have no doubt that today's debate will be no different. I have huge sympathy with my hon. Friend the Member for Hazel Grove (William Wragg) and the experience of his constituent. We will all have constituents with similar issues—I certainly do—and it is absolutely right that these things should be focused on and that the lessons from the mistakes must be learned. I am trying to take up the challenge of the hon. Member for Dagenham and Rainham (Jon Cruddas) by presenting an alternative viewpoint in addressing the subject of the debate that I congratulate the hon. Member for Edmonton (Kate Osamor) on securing.

As the register points out, I have had some familiarity with this sector. I therefore think it is appropriate that we at least acknowledge the huge transformation that has happened inside RBS over the past few years. With the encouragement of United Kingdom Financial Investments Ltd and my right hon. Friend the Chancellor, it has taken serious actions. It has dramatically shrunk its investment bank, and that will be welcomed in many parts of this House. It has sold off its overseas assets, getting rid of Citizens Financial Group in the US, and it is sorting out the mismanagement of the past. It is investing in IT systems finally to bring together the amalgamation of all the banks that form the business. With its capital now at 16%, I very much hope that it is now in the position that we all want to see whereby it can really drive lending into the UK economy and support our small and medium-sized enterprises.

Grahame M. Morris: The hon. Gentleman is setting out an alternative view that RBS has changed and been reformed, but did not the LIBOR exchange rate-rigging scandal happen after it became a publicly owned bank? Has anything fundamentally changed in the bonus culture that drives such risk-taking and does not support jobs in the real economy?

Jeremy Quin: I acknowledge and appreciate the hon. Gentleman's point. I would have a much better case if I could say that all the problems were pre-crisis, but they were not; I fully acknowledge that. There are clearly issues that were endemic in RBS's culture, and I sincerely hope that it has got a grip on that now.

RBS certainly does have a grip on its corporate structure and how it is conducting its business. It is now far more focused back on the UK and on UK corporate lending. It is the largest single lender to UK corporates, the largest supporter of SMEs, and the largest provider of mortgage lending. That is what we all want to see and wanted to see when the stake was initially taken.

Clive Lewis (Norwich South) (Lab): The hon. Gentleman is saying that RBS has changed and improved its culture, but in *The Times* this week there was an article suggesting that it has been falsifying the mis-selling data that it has been giving out. I wonder what has actually changed if it is still misbehaving and, in effect, telling these porkies. Surely, in that case, it has not reformed itself and is just the same as it always has been.

Jeremy Quin: I have a lot of faith in the regulatory system that Ministers have put in place over the past five or six years under the coalition Government and this Government. What we need to focus on, as a House, is ensuring that we have the regulatory system that will deliver the results for our constituents and for the broader UK economy. I am nervous that the motion proposed by the hon. Member for Edmonton, although well intentioned, would delay support going into the economy.

I was serving in the Treasury when the stake in RBS was originally taken. I know that no hon. Member would be under any illusion that that stake was ever taken in a leisurely manner with a view to getting a tidy investment. The decision was taken by Labour with the very best of intentions, and it was the right decision to support the UK economy and the UK banking system at an absolutely critical moment.

George Kerevan (East Lothian) (SNP): Given the hon. Gentleman's experience at the time, does he agree that there is still nevertheless an onus on the Treasury to ensure that the money paid out in acquiring RBS is paid back in full to the taxpayer?

Jeremy Quin: I understand the attraction of that argument. The hon. Gentleman is an economist of fine standing, and his point, which was also made by the hon. Member for Edmonton, is one to which we would all like the answer yes, but it is not as simple as that. The reality is that the value of a share is what people are prepared to pay for it. We know what the value of RBS is at present. A lot of actions were taken within RBS that might have been right for the UK economy but

not have added to the value of the share price. If we are expecting RBS to act in the interests of the UK, that may not always be right for their share price.

Kelvin Hopkins (Luton North) (Lab): Will the hon. Gentleman give way?

Jeremy Quin: I will, but let me make one final point in rebutting the point made by hon. Member for East Lothian (George Kerevan), and then I am sure the hon. Gentleman will have another go. The Rothschild report is thorough—it is bigger than the two pages produced by the Governor of the Bank of England—and sets out why the taxpayer can expect to at the very least break even and probably make an overall profit on their investment in the banking system. That is a remarkable achievement, given that back in 2009, when the Labour party was in government, the Treasury was talking about a £20 billion to £50 billion loss.

George Kerevan: I thank the hon. Gentleman for letting me back in. I simply asked him whether he felt, given his experience, that the goal should be to try to maximise the return to the taxpayer, given what they put in. I accept they might not get it all back, but should not the goal be to maximise the return to the shareholder, who is the taxpayer?

Jeremy Quin: Of course, we must maximise the returns, but we must do so in the context of the broader picture for the UK. I acknowledge that the banking system is incredibly important to our economy, including what it can provide to the real economy.

Mr Baker: Will my hon. Friend give way?

Jeremy Quin: I will give way briefly to my hon. Friend, but I know that other Members want to speak.

Mr Baker: I am most grateful to my hon. Friend. Having listened to the debate, one of my advisers has texted me to say that according to the International Monetary Fund, as retrospectively analysed by Ewald Engelen et al, the taxpayer cost of saving the banking system was £500 billion, which is way more than the equity injected into it. Has my hon. Friend taken into account the IMF's calculations, and does he think we will get that £500 billion?

Jeremy Quin: I am grateful for the wisdom and insight that has flashed on to my hon. Friend's machine. His staff are very attentive and I look forward to them providing me with the IMF report so that I can go through it in great detail. I look forward to discussing it with him later. I am being intervened on from all sides. My hon. Friend makes me take on board the £500 billion mentioned by the IMF, while the hon. Member for East Lothian (George Kerevan) simply wants us to hit the five pounds tuppence per share. I am being pulled in different directions, but we all agree that RBS needs to be productive for the real economy.

That takes me to the heart of the motion tabled by the hon. Member for Edmonton. The long-delayed and long-drawn-out splitting off of Williams & Glyn from RBS has cost billions and taken a huge amount of management time. With the best will in the world, splitting up such organisations takes time, effort and

money. I am really concerned that it could be an unnecessary distraction to try to pull a bank in as many as 130 different directions, as the hon. Lady proposes. I fear that the creation of multiple banks will lead to multiple dis-synergies and create entities that will find it much harder to access capital markets. It could be a very costly distraction and I am very nervous that it would not act in the interests of the broader economy. There are advantages that flow from a large, well-capitalised and well-regulated bank being able to spread its assets across the UK.

Although I wish the initial public offering of the Clydesdale and Yorkshire Bank well, if it goes ahead in the new year, I fear that investors prefer the spread of banks across asset classes and across the whole of the UK, rather than regional entities. One only needs to remember the passion in this place regarding the steel industry to recognise how a major problem can have a ripple effect on small and medium-sized enterprises locally and cause huge problems for a regional economy. I fear that capital markets would reflect those risks in a higher cost of capital and scarce resources, particularly in those very areas of the country where we all wish to see the maximum amount of lending.

Catherine West: It think we could be convinced if the number of loans being given to small businesses since 2008 had rocketed. Instead it is flat because, quite rightly, the banking sector is looking inwards, although that is not to be encouraged. What incentive can Government policy create to make banks lend to the small businesses that keep our constituencies going?

Jeremy Quin: I will make a negative point and a positive point. On the negative side, I do not think that tackles my concern that smaller banks would have higher costs of capital and scarcer resources, making them less able to lend to smaller businesses. I think the hon. Lady would agree—my hon. Friend the Member for Hazel Grove certainly would—that there is still a huge crisis in confidence in the major banks, and the last thing a lot of small businesses want to do is ask for a loan, because they are worried about the rug being pulled from underneath them. That process is going to take years to address.

Internationally, I do not think that the United States, given its overall funding strategies and the use of capital markets by corporates, presents Europe with a useful analogy. The caja banks in Spain were regionally focused and regionally driven, and they made huge investments in regional projects, but they have been a disaster and brought the Spanish economy crashing down. I acknowledge the historical success of Sparkassen and Landesbanken in Germany, but I fear that what happened to them during the crisis could happen elsewhere. The inability of Landesbanken to get local lending projects that more than met its cost of capital meant that it ended up taking on very risky investments in Europe, which helped to precipitate the Eurozone crisis

Mr Douglas Carswell (Clacton) (UKIP): And bonds.

Jeremy Quin: As the hon. Gentleman says, the wrong kinds of bonds in the wrong kinds of markets also inflated the credit bubble.

I fear that there are no overseas alternatives that would act as a panacea. There is no reason why we should not do something by ourselves, but I am worried

that it would be a distraction at a time when we really want money to be flowing out of banks and into the real economy. For that reason, no matter how lonely it makes me, I oppose the motion.

2.6 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I congratulate my hon. Friend the Member for Edmonton (Kate Osamor) on securing this debate. I totally agree with her that, given the fact that RBS is a major public asset and that its proposed sale is of huge significance, the level of both public and parliamentary debates has been very limited. This debate will at least go some way towards addressing that.

I will not labour that point, but I will start from the perspective of the taxpayer, who has a huge interest in the issue. There are two specific but overlapping interests. The first, which has already been debated, is the issue of recouping the money the taxpayer has invested in the bank. The second is the need to ensure that, even if the bank is sold, it supports the wider community interest and the overall economy in a way that will boost the economy and future tax receipts. The sale as mooted does not seem to do either of those things.

I am grateful to the New Economics Foundation for some of the figures I will mention. From February 2014 to February 2015, RBS traded at an average of 349p per share, way below the UK Financial Investments assessment of the 482p per share needed to recoup the taxpayers' investment. If we also consider the additional uncertainties about the costs of fines and litigation related to the mis-selling of products and the manipulation of LIBOR, we will see that there is a big question mark over what the market will stand.

Failure to recoup taxpayers' money might, in certain circumstances, be justified if the returns from the capital receipt contributed substantially to public finances. The Government have committed themselves to using the money raised from the sale to pay off public debt, but, as things stand, interest rates are low and the amount that would be paid off would be modest. It is reasonable for the House to ask for an exercise to be completed calculating the amount that would be paid off compared with the amount the taxpayer may get as a result of restructuring the bank and of the investment in our wider economy and the increased tax receipts that would generate. That would not be a simple exercise, but, given the significance of the proposed sale of the bank, it is reasonable to expect the Government to perform it and to put it before the public and Parliament before they justify their decision.

I will make a few comments about the financial services industry in general. Britain is a world leader, and I would not wish in any way to detract from the industry's crucial position in the economy. However, in fulfilling its secondary objective of underpinning growth in the rest of the economy, it has been much less successful and lags behind many of the banking services of our key international competitors. UK banks have increasingly favoured lending to other banks and for real estate, rather than to production sectors of the economy such as construction, manufacturing, transport, communications and retailing.

That has really been brought home to me by recent events. It is ironic: we have a Government who talk about the status of our financial services industry and

[Mr Adrian Bailey]

are philosophically and ideologically committed to the free market and the capitalist process of wealth creation, yet when we need major investment in infrastructure and regional development, they have to cosy up to China, the foremost communist country on the globe. I do not think that there can be any clearer demonstration of the total dysfunctionality of our financial services market.

Kelvin Hopkins: It is ironic that the Government are intent on privatising, yet when they privatise they often sell off British assets to foreign Governments. Nationalisation is all right so long as assets go to a foreign Government, not to the British Government.

Mr Bailey: I take my hon. Friend's point.

Mr Baker: I share the hon. Gentleman's sense of irony, but is it not the case that communist China has such assets only in so far as it has adopted the market economy principles of private property rights and the freedom to make contracts?

Mr Bailey: I broadly agree with the hon. Gentleman's thesis, but I do not think that he would agree with mine: that if we had the sort of financial services industry that was focused in the right direction, it would not really matter anyway what progress they were making.

George Kerevan: Is it not ironic that the Government are privatising the UK Green Investment Bank, which is a de facto regional investment bank with its headquarters in Edinburgh, and are instead about to invest £2 billion in the Chinese-led Asian Infrastructure Investment Bank to provide local area funding for infrastructure and companies in Asia?

Mr Bailey: The hon. Gentleman's intervention reinforces the sheer incoherence, inconsistency and irony of the Government's policies towards the financial sector.

I want to speak for a few moments about small and medium-sized enterprises. The Government talk about rebalancing the economy, first from service industries to manufacturing and then from London and the south-east to other regions. If we look at the economy, we see that that must be done through SMEs. They constitute 90% of our businesses, 60% of employment and 50% of output. Although those in manufacturing may represent only 12% of our total GDP, they are hugely significant and crucial to driving up productivity and in our export performance, which are key pillars in driving forward our economy.

It would be reasonable to look at our financial services sector to see what it delivers to help to drive forward the economy. Finance and investment are the fuel for this engine of growth, but the problem is that the fuel is flowing in exactly the wrong direction. Despite Government schemes to boost investment loans to small businesses, the number of such loans has declined. The level of lending is highest in London, which has the smallest manufacturing sector and the largest service sector, and lowest in the regions, where there is a higher proportion of manufacturing. Take my own region of the west

midlands, the region with the highest manufacturing output: it receives 9% of investment while London receives 20%.

As was articulated by my hon. Friend the Member for Edmonton, one of the reasons behind the situation is the decline of branch banking. We have an over-centralised system. The demise of local banking and the growth of digitalisation have led to a consequential reduction in the local knowledge and insight required to understand the needs of both local communities and local business.

Kelvin Hopkins: Will my hon. Friend give way?

Mr Bailey: I will, but I am conscious that other Members wish to speak.

Kelvin Hopkins: It is tragic that Britain's manufacturing as a proportion of GDP is about half that of Germany's. Germany has used its banks properly; we have not. We now have an absolutely enormous balance of trade deficit simply because we cannot produce enough for our own use.

Mr Bailey: That was a well-timed intervention because my next comment was going to be that the opposite is true in countries such as Germany, where there is a tradition of regional banking, local engagement and long-term support for small businesses.

We would reasonably expect the Government, given their stated policy objectives of rebalancing the economy and boosting our exports and productivity, to look at the banking system as a whole and, given their ownership of RBS, to consider what they could do to address the gap in the market and achieve their policy objectives. Even their flagship British Business Bank seems to be replicating the sort of business-support models that have not previously worked. That market failure has led to the growth—I might add that that growth is very welcome—in community finance companies and peer-to-peer lending. They are playing a vital role in providing sources of finance in ways not addressed by the major, highly concentrated banks in this country. We would reasonably expect a Government who own RBS to look at its potential to support businesses.

The alternative Government policy seems to be to correct market failures through local enterprise partnerships and the regional growth schemes, some of which have been quite successful. One of the most successful schemes, operating through a community development finance institution under a £60 million regional growth fund programme, has outperformed nearly all other RGF schemes. What will happen? Nobody knows, because there is no commitment to fund it after 2016. The Government are selling off a bank that they control to the private sector, which has no record of supporting the very areas of business we most need for economic growth yet they are neglecting the sector that can deliver such investment.

In February, the British Business Bank commissioned a report on the community development finance sector. The report was supposed to be ready in time for the comprehensive review, but there has been a four-month delay and no report has yet been made. The sector therefore has no idea what its future funding support

will be in continuing very effectively to deliver investment for small businesses that are being neglected by the existing banking sector.

To summarise quickly, we have a banking sector that is brilliant at making money, but fails to use its strength for the rest of the economy. The sector is over-centralised and fails to reflect the diversity of provision needed to meet the wider demands of our economy. Government schemes have failed to reach their full potential because they use existing banking structures. Where alternative structures exist, banks do not engage as they should. That is a major obstacle to delivering the Government's policy objectives on exports, productivity and regional growth. In that context, the Government have a window of opportunity to make a change, and they have an enormous investment in a significant bank with the potential to drive such a change.

As it currently stands, the policy decision is based on political expediency, rather than the needs of the economy or the stated objectives of Government policy. Indeed, it actually contradicts elements of Government policy. I support the motion because it is time to think again.

2.20 pm

Mr Steve Baker (Wycombe) (Con): Some lessons of history are so well established as to virtually be axioms: the Government ought not to own banks and private enterprises ought not to be bailed out by the taxpayer. Unfortunately, the Government do own banks and those banks were bailed out by the taxpayer. I think that the taxpayer bail-outs, which involved the privatisation of profit combined with the socialisation of risk, together with all the conduct issues that we all know so well, have done a great deal to undermine faith in the market economy, which we know is the only way to sustain billions of people on the face of the earth.

Some of the issues that have come up today go to the heart of how we should structure a market economy. In my view, in a market economy there should be a plurality of ownership models for banks. One of the great mistakes of the 1980s was the demutualisation of building societies. *[Interruption.]* I see my hon. Friend the Member for Horsham (Jeremy Quin) nodding furiously in agreement, for which I am grateful. As a teenager, I knew instinctively that the mutual model aligned interests in a way that the shareholder model did not. I was opposed to the demutualisation, or carpet-bagging as it was called, that went on then. These days, I have more theoretical grounding for my views and I certainly believe that we should have a more diverse banking sector, with more mutuals and co-operatives.

I should say briefly that the systemic problems that have affected the entire banking system around the world, irrespective of ownership models, are symptomatic of far deeper problems in the institutional arrangement of money and banking, which I have talked about at great length on other occasions.

Kelvin Hopkins: The problems around the world derive from the fact that we have a globalised financial system with no boundaries between countries, so money can flow freely around the world. Had we been insulated from what happened in America, we might have survived rather better.

Mr Baker: The hon. Gentleman knows that I often agree with him, but on this point I do not. I am an old English liberal free trader and I think that the fundamental problem is the chronically inflationary system of fiat money. I hope that he will forgive me if I talk instead about the Royal Bank of Scotland, because I have put the other issues on the record since my maiden speech.

I have two long-standing misgivings that come to a head in RBS. The first is about the effect that the international financial reporting standards have on our ability to see the true and fair position of banks. The other is about the stress tests. I am grateful to Professor Kevin Dowd, Gordon Kerr and John Butler of Cobden Partners for their advice, but any errors or omissions are my own. I should say that I have no financial interest whatever in Cobden Partners, although it was a spin-out from the Cobden Centre, which I co-founded to advance the ideas on which they are now working.

I have said many times that the IFRS allow, enable and encourage banks to overstate their asset values, and therefore their profits, and to understate their losses. In May, we conducted an exercise in which we compared the accounts of RBS with the statement of its accounts in the asset protection scheme. We believed that its capital was overstated by £20 billion. We had a meeting with RBS at which that was admitted.

If it is the case that the IFRS encourage banks to overstate their capital positions to such an extreme degree, I am not in the least convinced that we are selling something that we truly understand. Indeed, as the hon. Member for Edmonton (Kate Osamor) was opening the debate, on which I congratulate her, Gordon Kerr texted me to say that if we broke up the bank into 130 pieces, it would reveal its insolvency. I am not asserting the insolvency of RBS; what I am saying is that with the IFRS the way they are, we simply cannot know whether RBS is in the position it appears to be in.

In such circumstances, the paying of dividends, which has been proposed, would be extremely unwise. It would risk exposing taxpayers to future claims from stakeholders ranking superior to those common stakeholders. The claim will be that their entitlements have been improperly paid out as dividends, when those funds should lawfully have been held back and attributed to creditors and depositors. Tim Bush of Pensions & Investment Research Consultants, Gordon Kerr and others argue that we should have strong reservations about the integrity of the numbers and the ability of the firm to distribute profits under the law.

Ian Blackford: The hon. Gentleman is painting an interesting picture of the deficiencies of the IFRS. If we believe it for a second, does it not behove the Government to do a proper analysis of the true value of Royal Bank of Scotland, given that we own over 70% of it?

Mr Baker: I banged on in the last Parliament about the IFRS and their shortcomings. Indeed, I introduced a Bill to require parallel accounts to use the UK generally accepted accounting principles, precisely because I think there is a serious problem. I refer the House to Gordon Kerr's book "The Law of Opposites", published by the Adam Smith Institute, which not only covers this problem in detail, but explains how it feeds into the problem of derivatives being used specifically to manufacture capital out of thin air to circumvent regulatory capital rules.

[Mr Baker]

That is an extremely serious problem that might mean that the entire banking system is in a far worse place than we might otherwise think.

Jeremy Quin: I am genuinely curious about what my hon. Friend is saying. A lot of work was done on the balance sheet of RBS at the time of the asset protection scheme. Does he not think that any accounting issues would have been picked up at that stage?

Mr Baker: As I said earlier, we compared the asset protection scheme's accounts with those of RBS and found a £20 billion difference in capital. When I write to my hon. Friend with the details from the IMF, I will introduce him to the people who did that work. I would be glad to sit down with him and my advisers and see what he thinks, because I recognise and respect his vast experience. I am, of course, only a humble engineer who sat in banks asking people how the system worked and found that they often could not tell me.

These concerns are not ones that I have made up. I have in my hand a letter from the Local Authority Pension Fund Forum that explains to our commissioner at the European Union in considerable detail over eight pages what is wrong with the IFRS. I would be pleased to share that with Members who are interested.

I am extremely uncomfortable with the idea that we understand the true and fair position of RBS, or indeed any other banks, because of the imposition of IFRS accounting standards. Particularly in relation to RBS, that has meaningful consequences when it comes to thinking about selling the shares. There are also consequences that we should consider when any consideration is given to paying out dividends.

Secondly, I want to raise Professor Kevin Dowd's extended criticisms of the stress tests. He has made the point to me that under the 2014 stress tests, RBS had a projected post-stress, post-management action ratio of capital to risk-weighted assets of 5.2%. That was sufficiently poor that the bank was required to take further action on its capital position. Of course, it now wants to hand out dividends. That seems to both of us to make no sense. He continued:

"This 5.2% ratio compares to the 4.5% hurdle the Bank used, which is actually less than the 7% imposed on UK banks last year, and much less than the 8.5% to 11% minimum that will be imposed when Basel III is fully implemented in 2019."

The range arises because of the counter-cyclical capital buffer. That is rather bizarre because it appears that RBS did not meet the Bank of England's minimum requirements in the stress tests.

I am afraid that it gets worse. Because market events do not follow a normal distribution, there are severe problems with the risk-weighted assets measure that perhaps even render it useless. Therefore, the only measure that really makes sense is the leverage ratio, which is the ratio of capital to total assets, with none of the risk weighting. Under Basel last year, the absolute minimum leverage ratio was 3% and the Bank of England expected UK banks to meet that minimum. That 3% minimum was low. Some of my advisers suggest that a minimum of 15% is necessary, and possibly even double that for

the bigger banks. That would be a radical departure. What did RBS achieve under the stress tests? It achieved 2.3%.

I am grateful for the work of Kevin Dowd, Gordon Kerr and John Butler at Cobden Partners on the IFRS and the stress tests. The problems that they have put in front of us are potentially extremely severe. I encourage the Government to meet my colleagues, to look at this matter again in great detail and to understand what has happened with this accounting, so that they can see what it means for our ability to see the true position of banks and how it incentivises structures that we subsequently find, as was pointed out earlier, are of no social value—structures that often serve to deceive and to create an impression of capital where there is none.

It is highly unlikely that RBS is in the state it appears to be in, and I agree with those who have called for diversity in ownership models. The challenges of providing those diverse banks out of RBS in its current condition are probably insurmountable, and I would welcome Government policy action to encourage mutuals and co-operatives. Above all, I encourage the Government to take all possible steps to establish the true position of RBS and the entire banking system, by comprehensively investigating the flaws in IFRS that have been well set out.

2.30 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a pleasure to speak in this debate. I should declare that I am an ex-banker but one reformed, once described as a humble crofter on the Isle of Skye.

Calum Kerr (Berwickshire, Roxburgh and Selkirk) (SNP): Never humble!

Ian Blackford: I thank my hon. Friend.

I am grateful to the hon. Member for Edmonton (Kate Osamor) for securing this important debate, and I commend the hon. Member for Wycombe (Mr Baker) who provided the House with great detail about how he views the financial issues surrounding the Royal Bank of Scotland.

We keep hearing from the Government about their long-term economic plan, but to have any kind of effective economic plan we need a dynamic banking sector that is fit for purpose and engages in appropriate and responsible consumer and business lending. It is therefore important that we pay cognisance to what is happening to the money supply, and in particular the definition of broad money or M4.

Figures released by the Bank of England for the year to end September 2015 are a cause of some concern. Money supply fell by 0.6%, although I concede that that was largely a result of a fall in wholesale deposits. Worryingly, however, lending fell by 0.1%. There is concern that availability to bank lending for businesses and consumers is running below the rate that can be considered sustainable, and certainly below the level that is consistent with the delivery of sustainable economic growth.

There is also a legitimate debate about what kind of lending we should have, and about interaction with savers—many speakers have already raised that point. We must encourage industrial and commercial investment

that focuses on innovation and skills, driving up wages and living standards, and we must have less focus on consumer debt. In Scotland, Scottish Enterprise has a limited but successful investment bank, and we must consider how to support and grow that model elsewhere in the UK.

Jeremy Quin *rose*—

Ian Blackford: I will happily give way to my hon. Friend.

Jeremy Quin: I am grateful to be called an hon. Friend by the hon. Gentleman. I accept his point about the types of lending taking place. Does he share my concern that in making many banking decisions, bankers enjoy having an asset that they can grab hold of—a house, perhaps, or something that they can see, touch and feel? We are considering cash-flow projections. Perhaps this issue comes down to the heart of training inside banks, because to be comfortable with some of the new technologies and innovations, they must be able to understand those cash-flow projections exactly.

Ian Blackford: I agree with the hon. Gentleman and I could probably bang on about that issue for a considerable time. He is right. Banks that are lending, particularly to the business community, must understand the businesses to which they are lending. Too often that has been done by matrix, spreadsheets and ticking boxes, and not through a clear understanding of where the growth opportunities are in the economy. That must change, which is why I referred to the investment bank in Scottish Enterprise. We need sectoral skills and an understanding of where growth opportunities are in the economy. There must be more of an alignment of the interests of the country, the Government and the banks, and an appreciation of what we need to do to deliver long-term and sustainable growth.

Guto Bebb: The hon. Gentleman mentioned the investment bank in Scottish Enterprise. Wales has a similar institution, Finance Wales, which is operated by the Welsh Government. It charges penal rates of interest. Will the hon. Gentleman mention the rates of interest charged by the similar organisation in Scotland?

Ian Blackford: I confess that I am not aware of the individual rates charged, but the investment bank in Scottish Enterprise is quite constrained by its access to capital. I hate to make this point, but if the Scottish Parliament had more powers, it would increase our ability to ensure that that investment bank was properly funded.

We all understand the importance of improving capital ratios and establishing a more sustainable banking platform, but at the same time there has been a choking-off of credit to businesses and consumers, restraining our ability to grow our economy. The need for quantitative easing was clear, but it is right to ask how wider society has benefited from the Bank of England's £375 billion asset purchase scheme.

Quantitative easing demonstrably helped the banks, but it has not fed through to greater activity to help the wider economy. If we contrast that with the pre-financial crash period between 2006-8, we see that M4 was increasing

at an annual rate of close to 15%—levels that should have made alarm bells ring in the Government and the regulator at that time. Today we are living with the consequences of that failure, and that is why we are having this debate. The issue of banks being too big to fail, and the dislocation that took place in our economy as a result of the financial crisis, meant that the public were, rightly, angry at the behaviour of those responsible. We cannot and must not return to the circumstances that led to that crisis.

Of course, none of this was unprecedented. There was a significant banking crisis in the UK in the 1870s. It took a long time to recover from that crisis, and at the time it led to substantial change. In the US the Glass-Steagall Act was introduced in 1933. It prohibited commercial banks from participating in investment banking after the excesses of the 1920s, and that legislation remained in place until repeal under President Clinton. The Glass-Steagall Act was introduced for good reasons, and in my opinion its repeal added to the toxic cocktail that led to the financial crisis of 2007-08. In that context it is right to debate the relationship between commercial and investment banking, although we seem to have settled on ring-fencing as a solution to the challenges.

I understand why many people have supported ring-fencing, and perhaps it is worthy of ongoing debate. We know, however, that investment banking was not the only source of the financial exuberance that brought our economy to its knees. It is worth remembering that Northern Rock was the first failure in this country. That bank had absolutely no exposure to investment banking, and, as was the case elsewhere, simple bad practice—or indeed malpractice—was the issue. We must ask whether it is necessary or appropriate for our commercial banks, such as Royal Bank of Scotland, to engage in investment banking. There is no question but that we need a thriving investment banking industry in this country, and it remains today a source of jobs and wealth. The critical question, however, is whether such practices are appropriate for our high-street banks.

Jeremy Quin: I am pleased that the hon. Gentleman referred to the Overend and Gurney banking crisis of the 1870s and—this follows on from the remarks by my hon. Friend the Member for Wycombe (Mr Baker)—I believe it was only because of that crisis that banks had to report their accounts at all. Before that, such disclosure was regarded as rather a bad thing for a bank to do, because people might not trust it if it had to state exactly what its assets were.

On the investment banking arm of the Royal Bank of Scotland, does the hon. Gentleman think it appropriate for a commercial bank to provide investment banking capabilities to its corporate clients? There are many legitimate things about investment banking, such as foreign exchange providing support for exports, and derivatives are not always a bad thing—there are things they can do to help the export industry. There may be a synergy there, and I would be interested to hear the hon. Gentleman's remarks.

Ian Blackford: I appreciate that there is an issue regarding what can be defined as investment banking. Of course corporate banking clients at RBS would require some of those facilities, but it is a question of how it is done.

[*Ian Blackford*]

On 13 October the headline on the BBC was “Will Barclays make another push into Casino banking?” That is the real issue. We can debate and discuss the frailties that still exist in the Royal Bank of Scotland, and what it needs to do to improve its balance sheet, but when banks are in a better position than they are today and have strengthened balance sheets, what would prevent the likes of RBS—even in a ring-fenced scenario—from putting additional capital into investment banking? That is the problem. Over the past two or three decades the seductive charms of investment banking have led to investment banks going down that road. We must be careful about that and debate the best way we in Parliament can ensure effective regulation. It never worked. It was a fantasy. Sad to say, it could become a fantasy for many more in the years to come. We do not need our high-street banks to become casino banks, and if necessary we will need legislation to enforce that. Lessons must be learned. No more can the country be held to ransom.

I am conscious that others wish to speak, so in the short time I have left let me turn specifically to RBS. I want to see RBS back in private hands, but not at any price. As the motion sets out, there ought to be a wider review of the UK financial sector. We own RBS collectively and we have a duty of stewardship to make sure that it is fit for purpose for the decades to come. There needs to be a debate on this before the Treasury and UKFI unwind our position. We have a duty, having bailed RBS out, to get the best value for the taxpayer. I am delighted to support the motion.

2.40 pm

Guto Bebb (Aberconwy) (Con): It is a pleasure to follow the hon. Member for Ross, Skye and Lochaber (*Ian Blackford*). I associate myself with his final comments about RBS.

This is an important debate and I congratulate the hon. Member for Edmonton (*Kate Osamor*) on securing it. I put my name to the motion simply because I feel that this issue is worthy of debate in the Chamber. I am not ideologically opposed to seeing banks in private ownership—I am probably guilty of being ideologically of the view that banks should be in private hands—but it is important that we consider this issue in depth and in the round. It is important that we look at the track record of RBS and what we want from it, to ensure that we make the right decision.

In the context of the debate, my hon. Friend the Member for Horsham (*Jeremy Quin*) was quite brave to argue the case for RBS going straight into private hands at this point in time. Unfortunately, I do not share his confidence in the regulator, having spent three or four hours with the Financial Conduct Authority again this week. RBS still has a huge credibility gap with the general public and, more importantly, with the small business community. That gap needs to be addressed before we can entrust RBS to act in a manner similar to the way it acted in the past. I would be delighted to stand here today and say that the culture in RBS had changed completely. I am utterly convinced that within RBS there are individuals who are making huge strides to change its culture, but am I convinced that all the bad eggs have been removed? Am I convinced that

all possibility of actions that are detrimental to small businesses within RBS has been removed? Unfortunately, the answer is no.

Andy Slaughter (Hammersmith) (Lab): I entirely agree with the hon. Gentleman that RBS made mistakes. It is still making mistakes, while largely in public ownership, in relation to funding for small businesses and branch closures. Does he not think that before it is returned to the private sector, if that is going to happen, it has to prove that it can run itself competently in the interests of its customers?

Guto Bebb: I would certainly say there is a need to look in detail at the way RBS is performing. There are questions still to be asked about the corporate culture within RBS and questions raised by the Banking Commission need to be looked at.

It is important to state that this is not a left-right political argument. There are think-tanks on the right that think we should look again at the UK banking model. There was strong agreement when my hon. Friend the Member for Wycombe (*Mr Baker*) stated that the loss of the mutual in the 90s was a mistake for the financial structure of the UK. This is not a left-right argument; it is about trying to get things right and ensuring that, as a result of intervention in the market that we did not want to make, we deliver a better banking system. It is important to state that the reason for intervention in the market was much wider than making a profit for the taxpayer: it was to ensure the UK economy was protected at a very difficult time.

Jim Shannon (Strangford) (DUP): I have been listening to the debate in my office. One thing that has not been mentioned yet is the position of Ulster Bank customers. The first time the computer glitch happened, the Democratic Unionist party went to meet the chief executive officer of the bank. For a number of days, people had no access to money. That has happened not once, but at least three or four times. Ulster Bank customers had no access to their bank or credit cards for days and sometimes whole weekends—no money. Does the hon. Gentleman not feel that the banks need to sort out their systems? Let us make sure they have a system that works and that customers have the quality service they deserve.

Guto Bebb: I am absolutely aware of the problems with Ulster Bank—not only computer glitches but undoubtedly questionable past behaviour—and I associate myself with the hon. Gentleman’s comments.

When hon. Members talk about the need to sell RBS shares at a profit, it is important to bear in mind the context. The intervention was not just to make a profit; it was an intervention to ensure that we protected the UK economy. It gave people confidence in the financial system.

We need to address some of the concerns specific to RBS from a small business perspective. I speak as the former chair of the all-party group on the mis-selling of interest rate derivatives, which now has the much snappier name of the all-party group on small business banking. I would be delighted if I never had to speak about RBS again in my entire life. I would be delighted if I did not have to talk about the mis-selling of financial products for small businesses ever again. Yet again, as I mentioned

earlier, I was with the FCA for three hours. I spent four hours in a redress meeting between a small business and RBS, and I have had various meetings with RBS staff in relation to some of the articles that have appeared in the press during the week. There are still issues that need to be resolved. The Treasury needs to have confidence that when it talks about moving RBS back into the private sector, it does so with a full grasp of the problems that RBS still faces.

One concern is that the excellent Treasury Committee report into small business banking and finance for small businesses has not, as yet, received a response from the Treasury. I asked a question about this, but as yet no response has been forthcoming. The report makes very critical comments about RBS, among others, and the potential liabilities still faced by RBS, among others. I am therefore at a loss as to why the decision has been taken to return RBS to private hands when the Treasury has not even responded to the concerns raised by the Treasury Committee. I would like to see that issue at rest.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): Does the hon. Gentleman agree that, when looking at new procedures and rules for transferring the bank back into private hands, we should be looking at ensuring that there is the opportunity to bring criminal prosecutions if people are behaving criminally with assets such as the Royal Bank?

Guto Bebb: If criminal behaviour has been identified, there should be criminal sanctions. My hon. Friend the Member for Bedford (Richard Fuller) stated clearly that the banking issue would not be resolved in the eyes of the British public until somebody had gone to jail. I am not advocating sending any innocent person to prison, but if criminal acts have been identified they should be pursued in the same way as any other UK citizen would face criminal sanction if they had committed a criminal act.

Drew Hendry: Does the hon. Gentleman agree that there needs to be provision for regulations, and that if jobs and livelihoods are put at risk because of the actions of those making decisions in banks, they should be part of the new regulatory process?

Guto Bebb: I would be careful about offering an opinion, because I do not think that risk should be criminalised; as small businesses understand, risk is inherent in business. If there is a clear effort to manipulate the situation, that is different, but risk is inherent. Most small businesses understand, when they take out a loan from the bank or ask for financial support, there is a risk involved if they cannot repay the money. I would want to see the definition and the detail before hazarding a further opinion.

On RBS, my concerns were touched on by my hon. Friend the Member for Hazel Grove (William Wragg). Now is a good time to mention the role of RBS's global restructuring group, which, as a constituency MP dealing with businesses distressed by the mis-selling of interest rate hedging products, I have come across several times. The Tomlinson report was worthy of more attention than it received from both Front-Bench teams. I was fortunate enough in the previous Parliament to secure a debate in Westminster Hall on this issue, but I was

disappointed with the response to the allegations in the report from both the Treasury and Opposition Front-Bench spokespersons. The report by Clifford Chance into the global restructuring group was given a very narrow focus by RBS—I am not saying we should dismiss it, but there is a question, given its narrow focus, about whether it is indicative of a problem with the group.

Of greater concern is the FCA's decision to instigate a report into the group's activities and the apparent further delay to that report. Given the sums of money at stake in the allegations of misbehaviour within the group, there is a question about whether the Government should be returning shares to the private sector; we do not know whether there will be significant liabilities arising from the FCA report. I have not been particularly complimentary of the FCA thus far, but I understand that the report has highlighted areas of significant concern about the group's activities, so it is odd that the Government are proposing to sell RBS shares without first knowing about any potential liabilities arising from the report. I think there is much more to investigate, and I am glad that the FCA has finally concluded that that is worth doing, but the Government should be aware of potential issues arising from that report which could have a significant effect on the decision—and the perceived correctness of that decision—to return RBS to the private sector. I leave that word of warning with the Minister, and I would be delighted if she could comment. If she has a timescale for the report that is better than the one I heard this morning, I would be pleased to hear it.

I turn now to the sale of interest rate hedging products. This morning, I met a member of the RBS redress team whom I considered to be honourable, hard-working and doing his best for the businesses affected while trying to protect the bank's interests. As a believer in the free market, I fully accept that if someone enters into a financial transaction, they accept a degree of risk, but they also expect the bank to work on their behalf, not against them, and to have their best interests at heart, rather than the interests of a commission-receiving salesman. When I meet someone who works for the bank in that capacity, I take them very seriously, and I understand that they are doing their best to deal with a complex situation.

None the less, the review into the banks that were affected, and particularly RBS, still leaves grounds for concern. Well over 50% of the derivative sales included in the FCA redress scheme were sold by RBS, so there is a huge potential liability if the review is shown to be inadequate. The FCA, in its response to the Treasury Select Committee's report, clearly stated that it was minded to undertake a review of its own redress scheme, once all legal action had been completed. I am slightly concerned by that. If there are concerns about the implementation of its own redress scheme, I am surprised it is not willing to look at that until all legal action relating to the interest rate swap scandal has been completed. That means that the regulator is almost abdicating its responsibility to the courts. The whole point of the redress scheme was to avoid the need for small businesses without the financial resources to have to resort to the courts. They simply do not have the money. I am concerned, therefore, that the FCA seems to be admitting the need to review its own scheme but is not willing to do so until all court cases have been completed.

[Guto Bebb]

Given that the FCA is at least admitting the need to acknowledge the concerns of the Treasury Select Committee, I am concerned that we might be returning RBS to the marketplace without being aware of liabilities that might arise from the redress scheme being found, to put it kindly, to be less than perfect. The fact that a significantly greater percentage of RBS cases have resulted in a “swap for a swap” outcome—where it is found that someone has been mis-sold this toxic financial product, but it is concluded that they would have ended up buying one anyhow—is a matter of concern. I am concerned in particular that the conditions of sanction, which are questionable, that were used by RBS to ensure that small businesses bought the protection are now being used to justify the finding that there was a legitimate condition of lending associated with the loans in question. I am not excusing any of the other banks involved, but RBS still has questions to answer. That is not to question the integrity of the team doing the work on behalf of RBS, but they are relying on questionable and concerning paperwork and legal excuses, and those concerns are shared by the Treasury Select Committee. They should be shared by those on the Treasury Bench as well.

Finally, on the stories in this week’s newspapers about the allegation of falsifying documents, it is important to take those allegations with a degree of caution, because they need to be tested and looked at. I nevertheless believe that the discrepancies between the paperwork made available through subject access reviews and other paperwork already supplied to small businesses undoubtedly raise questions.

I have been fortunate enough to have been subjected to several four-hour presentations highlighting discrepancies between, for example, the transcript of telephone calls held by RBS and the recorded transcripts held by the business. I grant that when a transcript of a telephone call is made, it will not be perfect, but when the RBS version is 94 words long and the business’s version is 594 words longer, one has to ask whether it is simply a mistake or whether something worse is going on. These are very serious issues that need to be looked at.

Similarly, I have seen emails in which half a sentence has disappeared and a capital letter has appeared in the middle of a sentence, turning its meaning on its head. Again, mistakes happen when information is transcribed, but I am not aware of mistakes happening when information disappears and capital letters appear. As I say, these allegations are extremely concerning. They are still allegations; they need to be looked at carefully. RBS has agreed that some serious issues need to be looked at, and I am confident that, in many cases, RBS will be able to explain why these discrepancies have occurred. I sincerely hope that it will be able to do that, because the thought that information kept by the banks about small businesses has been fabricated is truly shocking.

Let me return to my main point. RBS was brought into governmental control in order to save it from itself and make sure that the UK financial sector was protected—and, more importantly, that the citizens of this country were protected from what could have been a much worse outcome for our financial sector. In addition to ensuring that RBS is back to financial health, we have an obligation to make sure that behaviour within RBS has been rectified. I continue to believe that

there is a question mark about that behaviour, and while it persists, I think we should be very careful before privatising or returning more of RBS to the private sector.

2.58 pm

Clive Lewis (Norwich South) (Lab): I thank the hon. Member for Aberconwy (Guto Bebb) for his detailed analysis, and I thank other Government Members for their progressive contributions to today’s debate, some of which have been quite surprising from the perspective of Opposition Members. I would also like to thank my hon. Friend the Member for Edmonton (Kate Osamor) for introducing the debate and for her thorough speech. In fact, it was so thorough that she has left me only slim pickings for my own speech.

I want us to take a step back and remind ourselves of the bigger picture of the role RBS plays and has played in our financial system, and of just how high the stakes are when it comes to sorting out our banking system. Let us not forget why we own RBS in the first place. This is the bank whose reckless profiteering and pursuit of growth at any cost brought the UK economy to its knees—a bank that in 2009 made the biggest loss in UK corporate history and taxpayers paid a high price for its hubris; a bank whose ill-fated takeover of ABN AMRO has become a byword for corporate over-reaching, and whose former chief executive officer, Fred “the Shred” Goodwin, has become a byword for greed and irresponsibility. It is somewhat ironic that the poster child for the failings of privately owned banks has now become the poster child for the Government’s ideological insistence that banks are better run in the private sector. This bank’s own track record hardly bears out that assertion.

The Government would have us believe that there is no real alternative to reprivatization, and that anyone who says otherwise is a 1970s throwback who simply wants to keep RBS in its current form forever, but, as we have heard from other Members today, there are plenty of alternatives. As my hon. Friend the Member for Edmonton so eloquently argued, keeping RBS in public hands does not have to mean running it all from Whitehall. It could mean transforming it into a network of local banks, accountable to their local communities—banks run in the public interest and not in the interest of a narrow few; banks that simply do not engage in the kind of speculative and risky activities that caused the global financial crisis in the first place, but instead are mandated to stick to their core social function of providing capital for sound businesses and providing banking services for local people.

Whether we look overseas at the thriving local public interest banks in countries such as Germany, Switzerland and Japan, or closer to home at the proposals of “firebrand radicals” such as Nigel Lawson, the Archbishop of Canterbury and Virgin Money, there is no shortage of ideas when it comes to the structural reform of RBS. What is lacking is the political will on the Government Benches for serious change. Indeed, the most worrying aspect of the Government’s attitude to RBS is the broader direction of travel that it represents. We are essentially being told, “Move along now. There is nothing to see here. We have fixed the problems that led to the crisis, and it can never happen again. It is safe to return to business as usual.” That was evident from the manner in which the sale of RBS was announced.

Jeremy Quin: Does the hon. Gentleman accept, though, that there have been dramatic changes in the regulatory environment? Happily, we will not be returning to 2003, because of the ring-fencing that has been introduced and the extra capital: RBS now has a capital base of 16%. Have there not been improvements in that respect?

Clive Lewis: I think that there have been changes, but as I said earlier, in an intervention, the fact that RBS is back again, and possibly about to be investigated for yet more fraud, does not exactly encourage me to think that those changes have been deep enough.

As I was saying, the sale of RBS was announced not to Parliament, but to a white-tie dinner full of City grandees, in a speech that also promised the City a “new settlement” on financial regulation. We are now starting to see what that “new settlement” looks like, with the Government caving in to economic blackmail from the likes of HSBC, which threatened to move its headquarters unless key post-crisis measures such as the bank levy and the ring fence between retail and investment banking were watered down—that, I think, answers the point made by the hon. Member for Horsham (Jeremy Quin); with the competition authorities ruling out action to break up big banks, even though they acknowledge that their customers are getting a raw deal; and with rumours that the Chancellor personally arranged the sacking of Martin Wheatley, the head of the Financial Conduct Authority, who has a reputation for being tough on bank misconduct.

Some commentators have even suggested that the Government’s desire for a quick sale of RBS is partly responsible for their magnanimous attitude towards the big banks: that the Government do not want to do anything that could damage the bank’s share price in the short term. If that were true, it would be incredibly short-sighted. We would effectively be trading in the chance to build a genuinely safer banking system in our haste to return to the pre-crisis status quo.

Andy Slaughter: My hon. Friend is making some excellent points. Does he agree that when RBS was mainly in the public sector, both the present Government and the coalition missed an opportunity to try to act responsibly? An organisation called Move Your Money—it is run from my constituency, and I think that it was mentioned by my hon. Friend the Member for Edmonton (Kate Osamor)—represents and campaigns for consumers, but it needs a partner in the banking sector that will do what local businesses and local people want.

Clive Lewis: I entirely agree. When we listen to the debate, we begin to feel that the Government are acting not in the interests of consumers, but in their vested banking interests. That seems to be their priority. We seem to be back to the pre-2008 mentality that the banks should be given whatever they want and we can have economic growth built on a house-price bubble fuelled by an oversized banking system without worrying too much about rebalancing our economy towards manufacturing or what we will do when the whole house of cards inevitably collapses.

We should consider, however, the effects on ordinary people like Andi Gibbs in my constituency who owned a business pre-crash. He was in effect mis-sold products by RBS and ended up with the now infamous global

restructuring group. He not only lost his business; he lost his home, his wife, his family and his mental health. This is the price people pay when we do not get the banking system right. We now have a fantastic opportunity to get it right, and we must not squander it.

Drew Hendry: I made a point earlier about provisions for consequences for the people who take action that means that others with houses and businesses suffer through the malpractice the hon. Gentleman is describing. Does he agree that now is the time to look at having regulations that would put in place such consequences for people who take such action?

Clive Lewis: The hon. Gentleman makes an interesting point, and I agree we should be looking closely at the retribution that should be dished out to those who in effect ruin people’s lives; that is right and proper.

Successive attempts to persuade banks to lend more to small business have fallen flat, with some, like the enterprise finance guarantee scheme, actually being abused by RBS to exploit its small business customers. There could hardly be a clearer illustration of the fact that we have failed to get to the root causes of the problems in our banking system. The Chancellor and the banks may want us to move on and forget about the crash, but the British people have not forgotten. Whether it is mis-selling of PPI, mistreatment of small businesses or rigging the LIBOR and foreign exchange markets, they do not see that banks have really changed.

The warning signs of another crash are building. We may not have long to make sure our economy is better prepared than it was the last time. The Bank for International Settlements recently warned that we are living in “a world in which debt levels are too high, productivity growth too weak and financial risks too threatening.”

In the UK, household debt is rising again, with the Office for Budget Responsibility predicting that, by the end of this Parliament, it will be higher than it was in 2008. Just last week, UBS warned that the London housing market is the most overvalued in the world and is in “bubble-risk territory”. In other words, the so-called recovery is not a sustainable one based on higher wages, higher productivity and creating new green jobs. Instead it is being driven by consumer spending propped up by ever-growing household debt, and fuelled by a banking system that still finds it more profitable to inflate house prices than to lend to productive businesses.

Having successfully rebranded a crisis caused by too much private debt as a crisis caused by too much public debt, the Government are now presiding over a new debt bubble that threatens to do exactly the same as what happened in 2008. Maybe instead of continuing to rely on the same institutions that got us into a mess in 2008, we should be promoting new types of bank, with ownership structures and business models that clearly distinguish them from the status quo: banks that are not beholden to the need to maximise profits, but which have a social mission and can genuinely put customers and the economy first. Our stake in RBS gives us a unique opportunity to do this.

When the history of this period is written, will the current Government be remembered as one which learned the right lessons from the crash, or as one which turned a blind eye and squandered the opportunity to build a better banking system?

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. We have had plenty of time for this debate so I did not even suggest a time limit, thinking most Members would take approximately 10 minutes, but some, by taking a lot of interventions and having a lively debate, have taken considerably longer. I do not want to have to put on a time limit at this point on a Thursday afternoon, but it would be greatly appreciated if Members would take seven to eight minutes or less, because then everybody who wishes to speak in this and the next debate will have an opportunity to do so.

3.9 pm

Grahame M. Morris (Easington) (Lab): I should like to thank my hon. Friend the Member for Edmonton (Kate Osamor) for bringing this important debate to the House. I also want to thank the Backbench Business Committee for allowing the time for it to take place. I rise to speak in support of the motion. The risk of speaking quite late in a debate is that everything might already have been said, but I shall try to pick out of few points on where we are now and on the benefits of finding a real alternative to having another privately owned bank.

As we have heard today, and as we know from our own experience, the UK banking and financial system brought our broader economy to the brink of collapse in 2008. Indeed, we were just days away from the banks closing their doors and the ATMs—the cash machines—running out of money. That was caused not by a profligate Labour Government but by an under-regulated financial and banking sector that had no concept of social responsibility and that took reckless gambles with our economy and lost.

Today's contributions from Government Members have generally been positive. Indeed, I have been quite surprised at how open Conservative Members have been to the ideas put forward in the motion, which is a reasonable one. We have also been hearing, however, that things have moved on and that RBS in particular has been subjected to major changes and is now a different entity. My view is that, for as long as we have a bonus culture in which bankers are financially incentivised by the prospect of receiving huge bonuses for a single deal—more than an ordinary working man or woman could accumulate in the whole of their working life—bankers will continue to take chances, to gamble, to fall foul of LIBOR schemes and to mis-sell products. We need to change that culture fundamentally, and we now have an opportunity to do that by creating an alternative system.

In the bail-out at the height of the crisis, the UK Government's total support for the financial system exceeded £1.1 trillion and, as we have heard, the taxpayer-funded rescue package for RBS exceeded £45.5 billion. It is estimated that the privatisation proposals being put forward by the Chancellor of the Exchequer will cost the public purse £13.5 billion, which is a very considerable sum. I believe that the whole of Parliament, not just those on the Opposition Benches, should be affronted by the way in which this is being done. The announcement was made not to the House of Commons but in a speech at the Mansion House in the City of London. That is an affront to democracy. Our role is to hold the

Executive to account, and we should have had a full debate in Government time on this issue. Now, however, we should look at some of the alternatives.

One of the downsides of RBS's recent activities has been the number of branch closures, with 165 closing in the past year, a number of which were in my constituency. We have heard about the LIBOR scandal, and my hon. Friend the Member for Norwich South (Clive Lewis) has referred to other more recent scandals. The bank has also been implicated in undermining viable small businesses, as the hon. Member for Hazel Grove (William Wragg) pointed out. That has had scandalous consequences for the real economy.

I believe that, following the general election in 2010, the Government used the financial crisis as a way of justifying policies of austerity. Instead of focusing on the banking sector, learning the lessons and changing the political narrative, the Prime Minister and the Chancellor of the Exchequer successfully shifted that focus on to an apparent need to impose austerity. An economic crisis in the banking and financial sector was used to introduce a series of policies in which everyone was blamed, from public sector workers to the low-paid, the vulnerable, the unemployed, the sick and the disabled. Investing in our future, rebuilding our schools and hospitals, and increasing the numbers of doctors, police officers, teachers and nurses have now been caricatured as profligate spending. I am proud of Labour's record, and I am never going to apologise for investing in the foundations and building blocks of a just, fair and decent society. We need a banking system that works for the real economy, and we have that opportunity if we choose an alternative way of looking at how we take forward RBS.

I implore the Chancellor to reshape our banking system. I ask him to consider the alternatives and not simply return RBS as the same London-centric, privately owned, commercial bank that mimics the existing banking culture and services in the UK. We do not necessarily want a state-owned bank run from Whitehall, and alternatives have put forward by various hon. Members, including my hon. Friend the Member for Dagenham and Rainham (Jon Cruddas). A real alternative would be to use our stake in RBS to create a local stakeholder banking network. That would be tasked with supporting small and medium-sized enterprises and rebalancing our economy, and it should have a public service mandate.

I had a walk through the City of London at the end of the recess, where I saw some of the fine buildings, with their images of industry—of ironworks, engineering and railway investments. We have lost that public service ethos. We instead have an idea of driving the investment banking arm, speculating in mortgages overseas, and of this drive to double-digit profits, which has undermined jobs in the real economy. There should be a specific duty to a particular locality, not a duty to maximise profits, but one to optimise returns to a range of stakeholders, including customers and the local economy. Such an approach would complement the Government's stated devolution agenda, providing the regions with the financial power they need to support the SMEs that will deliver the economic growth and the new jobs that we need to rebalance the economy.

We should learn the lessons of the financial crisis. The large commercial banks withdrew credit from our economy and lending to the non-financial corporates—to

manufacturing, construction and retail, for example—fell by 25% in the five years from August 2008. Germany experienced a similar collapse in lending from commercial banks, but its well-established local banking networked, the Sparkassen, which colleagues have mentioned, and the local co-operative banks increased lending to domestic enterprises and to the self-employed over the same period by between 16% and 25%.

Time is short, so I wish to make only a few points in conclusion. The concentration of large, too-big-to-fail banks commercial banks leaves the UK uniquely exposed to another financial collapse. Returning RBS to that system would increase, not decrease, the risk to our economy. At the very least, the Government should consider the merits of the stakeholder model as a driver of growth, as well in creating a more stable banking system which can protect the real economy from future shocks. The Chancellor should not pursue a rushed policy of privatisation, which risks leaving the taxpayer worse off, not only through incurring a loss following the sale of the remaining shares, but, worse still, through continuing with an unreformed banking system that will condemn us, once again, to repeat the mistakes of the past. I support the motion.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Asking Members to speak briefly clearly does not work. I often say that it is a test of oratory: the shorter a speech, the more effective it can be. Let us try again with Mr Douglas Carswell.

3.19 pm

Mr Douglas Carswell (Clacton) (UKIP): Madam Deputy Speaker, I will take your advice exactly and speak for only a couple of minutes.

Helen Goodman: He has only just come in.

Madam Deputy Speaker: Order. If the hon. Gentleman had only just come in, I would not be calling him to speak. It is very kind of the hon. Lady to offer advice from a sedentary position, but it is not appropriate. I call Mr Carswell.

Mr Carswell: I congratulate the hon. Member for Edmonton (Kate Osamor) on securing this debate. She spoke incredibly eloquently—well done.

I am afraid that I cannot support the motion as it is far too prescriptive. It presumes to know what shape banks should take in the future. The German regional banking model, of which much has been said, could well be the future, but I am not sure that even Germany will necessarily have a German model of banking in 10, 15 or 20 years' time. Equally, new technology might mean that we are able to do many of the things that banks currently do using platforms, which do not come with costly bonuses and buildings.

I very much favour the idea in the motion of a new model of banking. Since 2007, there has not been significant reform. Almost nothing has been done to rein in the worst excesses of fractional-reserve banking. It is this ability to conjure credit out of nothing that creates chronic malinvestment and credit bubbles in the

wider economy and makes banks intrinsically unstable and in need of bail-outs—incidentally, I have consistently opposed those bail-outs.

In my paper "After Osbrow" —I do not intend to rehearse all the arguments on this occasion—I outlined the new model banking that I wished to see. After the Osbrow monetary and banking consensus has failed, and been seen to have failed, we will need change, but neither nationalising the banking system and the money supply nor imposing grand designs on the nature of banks, regional or mutual, are the answers. Claims that we need more retail banks as they are supposedly a safer bet than investment banks need to be taken with a large pinch of salt given that it was Northern Rock, a retail bank, that failed. I suspect that we will see dramatic change in financial intermediation and in the nature of money itself.

At the heart of the capitalist system is capital allocation, which does not use the pricing mechanism to allocate capital. That inconsistency cannot last much longer. We need fundamental reform to break up cartel banking. We must break up the cosy cartel presided over by central banks. We need to unwind quantitative easing, which is a subsidy for bankers. Thankfully, that will come about not as a result of politicians, House of Commons motions or ministerial insights, but because of technological change. Holding on to RBS shares will do nothing but hold up the changes that technology and market forces need to bring about.

3.22 pm

Helen Goodman (Bishop Auckland) (Lab): I am very pleased to follow the hon. Member for Clacton (Mr Carswell), who was admirably brisk.

The one respect in which this share sale is a disaster is its timing and price, which the Chancellor has chosen; according to the Chancellor's own advisers, that means a loss to taxpayers of £7 billion. The taxpayer has been given no justification for that, and the National Audit Office should look into it, so I have written today to the Comptroller and Auditor General.

Before the sale, the Governor of the Bank of England wrote a two-page letter to the Chancellor, which said that selling the shares

"would promote financial stability, a more competitive banking sector and the interests of the wider economy."

The Chancellor has relied heavily on that advice. I asked the Bank of England Governor about it on 20 October at the Treasury Committee. He said twice that

"the timing and valuation for the taxpayer...are entirely decisions for the Government."

He also told us that his letter was based on analysis by the Bank of England, but he refused point blank to disclose the analysis. Will the Minister tell us today whether that analysis was passed to the Treasury?

I find that failure to disclose totally unacceptable; I hope that the Comptroller and Auditor General will be able to recover the information when he assesses the value for money of the share sale. The Rothschild document, which is one of the thinnest and weakest papers I have ever seen, at no point quantifies the benefits to the public of the sale. There might be some benefits to financial stability in the banking sector that are worth something, but how many? We should be told. I put it to the House that Ministers have been

[Helen Goodman]

lobbied by their banker friends and funders in the City and that is why they are selling off the shares cheap, rewarding their cronies and cheating the taxpayer.

The Government have said repeatedly that they want to improve behaviour at the banks. In statements to the House in February, Ministers repeatedly told us that tax evasion promoted by the banks via Swiss accounts was a thing of the past, but RBS has 404 company subsidiaries located in tax havens. Evidence uncovered by *The Guardian*, but not yet published, from Coutts, a subsidiary of RBS, shows that that practice has continued throughout all the five years of Government ownership.

Alerted by a whistleblower, *The Guardian* met a senior manager at Coutts, which, incidentally, is chaired by a Conservative peer, Lord Douglas-Home. The manager offered to “park” undeclared money and help move a potential customer to Switzerland to avoid UK tax. During the meeting, the executive was recorded saying that he would accept a deposit worth 8 million Swiss francs on which tax had potentially been evaded, that he would accept funds without ensuring that the money was not the proceeds of a crime, that he would help a client pay

“as little tax as legal”

and that he would help a client move to Switzerland to avoid tax. The executive is a British national who ran a private banking team at Coutts International’s head office in Zurich. He was recorded saying:

“Basically, tax authorities are your enemy”.

Furthermore, these facilities and opportunities were advertised in the brochure by Coutts and, until *The Guardian* got in touch with Coutts, were on the Coutts website. Although under Swiss law tax evasion is not a crime and there is no obligation to report it to the authorities, in England it is illegal for a banker to deal with money that they know or suspect to be the proceeds of a crime.

When the head of UK Financial Investment came to the Treasury Committee, I asked him about this issue and whether he had problems with Coutts. He said, “Yes” and went on to say that “controversial” practices were “one of the reasons” for selling Coutts International. He also said that he had kept Treasury Ministers “regularly informed of every conduct item we find out about”.

It would appear that, once Treasury Ministers were told, the Government, rather than tackling these malpractices and stopping them from taking place at Coutts, decided to wash their hands of the matter by selling the shares.

Taxpayers will want to know when Ministers were told about this tax evasion; what they did; what estimate was made of the tax losses; whether Treasury Ministers or officials alerted HMRC to the practice so that it could recoup the lost tax revenues; why the Minister told the House that the era of mass-market avoidance schemes was over; and whether we can have a systematic review of the 404 RBS subsidiaries located in tax havens. I submit that until we have answers to those questions, there should be no further sale of RBS shares.

3.28 pm

Dr Paul Monaghan (Caithness, Sutherland and Easter Ross) (SNP): I congratulate the hon. Member for Edmonton (Kate Osamor) on securing the debate and

pay tribute to the ordinary people across the UK who work for the Royal Bank of Scotland and who have delivered a fantastic service in banks for many years. They are part of the community and very often their diligence and hard work is not recognised or rewarded.

The difficulty that I identify is with the Royal Bank of Scotland’s business model, encouraged by the UK Government, that has seen access and standards of customer service plummet in the past three or four years in particular. I shall set that in context and highlight three examples of branch closures in my constituency of Caithness, Sutherland and Easter Ross.

RBS recently closed a branch in Invergordon, a town in Ross-shire with heavy industry and a growing tourism sector. The loss of the bank is creating cash shortages, and business turnovers are starting to fall. The impact is obvious. The bank’s customers have to travel to other towns, where they conduct their shopping, pay their bills and undertake other aspects of their business. This is enormously challenging to the local economy in Invergordon.

The Royal Bank of Scotland has also closed a branch in Lochinver, a remote area of north-west Sutherland. It services a vast geographical area and is very busy with tourism. Customers there now have to undertake a 110-mile round trip to access their nearest bank. Businesses, too, have to travel that 110 miles to bank cash. The RBS branch in Lybster, too, has closed. It was arguably the centre of the town and a focal point for the community. Customers there have to travel over 40 miles to access the nearest bank, which is in Wick. Again, while they are there they conduct their shopping and other aspects of business, which has a negative impact on the local economy in Lybster.

Each of these communities feels aggrieved because of the way these branches were closed, with little meaningful consultation. Their economies are now marooned. Banks are crucial to our local economies. The structure of banking in the UK is failing our communities, especially those in rural areas. Empirical evidence exists to demonstrate that the business model currently implemented by the Royal Bank of Scotland and other banks, including the Bank of Scotland, is hurting small businesses and threatening the viability of high streets. Thousands of people in my constituency feel bitterly disappointed and let down by RBS and by the UK Government’s approach to the banking crisis more generally.

Correspondence that I have had with the Treasury and the Department for Business, Innovation and Skills evidences little interest on the part of the UK Government in challenging the business model of the Royal Bank of Scotland, and branch closures in particular, and the Treasury has declined to use its influence as the major shareholder to establish a more positive outcome. RBS claims that it has shifted from a global bank to a UK-focused bank with a strategy of building a stronger bank. My constituents see neither a UK focus nor a stronger bank. In fact, many now have no bank at all and feel distinctly disadvantaged.

The UK is virtually unique in Europe in not having a local or stakeholder banking sector. The UK is distinctive in having created a banking sector where people in my constituency and elsewhere are left dependant on large, commercial banks, with nothing left to plug the gap when these banks retreat. This is remarkably poor fiscal planning. The UK Government’s stake in the Royal

Bank of Scotland provides an opportunity to address the structural problems observable in the UK banking sector and to guarantee communities access to banking services in the future. The New Economics Foundation, Civitas, ResPublica and Friends of the Earth, along with many other organisations, have all published proposals to use the UK Government's stake in RBS to create a network of local banks. It is increasingly clear that UK taxpayers will never recover their investment through the re-privatisation of RBS. In fact, the likely loss to be realised is estimated to be around £13 billion, which is almost one third of the original taxpayer bail-out.

The UK Government must, as any sensible Government would, look for alternative options. They could develop a local banking model based on Germany's Sparkassen—we have heard about them already; that could create 130 new local banks in England. Powers could be devolved to Northern Ireland, Scotland and Wales to allow those nations to restructure their banking sectors. The UK Government could transform Royal Bank of Scotland and NatWest into models of best practice. Based on the performance of internationally comparable local banking networks, a programme of localisation could have boosted the economy by £7.1 billion in 2008 and delivered additional benefits of more than £30 billion over three years.

It is not too late. I urge the Minister to be brave, innovative and ambitious and to order a full review of options for Royal Bank of Scotland before selling off any more shares at knock-down prices. The current programme of branch closures is helping nobody and looks very likely to become worse. I urge her to consider how local economies could be enhanced through the development of stakeholder banks, and how communities could be assisted to grow, prosper and develop. I also urge her to think about how the Northern Ireland Assembly, the Scottish Parliament and the Welsh Assembly could lead a revitalised banking service that is responsive to community needs, not corporate interests.

I have deep reservations about the timing and speed with which the UK Government are planning to sell their remaining stake in Royal Bank of Scotland. The reduction of the Treasury's shareholding in the bank, without structural reform, will ultimately lead to a return to "business as usual" and a missed opportunity to learn the lessons of the crisis and ensure more customer and taxpayer protection. Structural reforms should be demanded as a condition of the sale. Should the sale proceed, it is vital that the taxpayer should receive the full £45.8 billion paid by the previous Government in 2008. The public must get every single penny back. I support the motion.

3.37 pm

George Kerevan (East Lothian) (SNP): I associate myself with the comments from hon. Members congratulating the hon. Member for Edmonton (Kate Osamor) on securing the debate. The advantage of having this debate is that we have moved the agenda forward, rather than looking back. Yes, we have castigated and held RBS to account, but the Minister should also note that Members on both sides of the House want to move the banking agenda forward.

We have spent seven or eight years, in the Treasury Committee and in the House, trying to refashion the regulatory machinery. In fact, the new regulatory machinery

is yet to come into force, because it will be another two years before most of Vickers and the ring-fencing is in force, and another four years before it is fully operational. That means that we will have spent more than a decade trying to sort out the problems of 2007, and when we get there, we will discover that economic and banking problems have moved forward. Therefore, the advantage of today's debate is that we have tried to start moving the agenda beyond 2007. I think that the Government should bear that in mind. That is why the motion, despite being drafted in very general terms, expresses the will of the House, which is that we need to look forward at how we can make the banking system more responsive, rather than simply protecting it from replicating the previous bubble.

I associate myself with the words of the hon. Member for Horsham (Jeremy Quin) and my hon. Friend the Member for Caithness, Sutherland and Easter Ross (Dr Monaghan). In criticising the strategy pursued by various managements of RBS, which hopefully was largely in the past, we should never extend the criticism to the work done by the ordinary workers in the branches and call centres. They have struggled to cope with the crisis of 2007-08, and with the various restructurings that have taken place. I remind Members that employment in RBS was around 200,000 when it was taken into public ownership, and now it is about 92,000, so there has been a massive shedding of labour.

Ian Blackford: It is interesting that my hon. Friend is referring to the challenges that some of the staff at Royal Bank of Scotland have faced. They are fully deserving of our support. Does he agree that we should reflect on the employees of RBS and other banks who were encouraged by their managements to own shares pre-the crisis, and who, among others, have suffered parlously from the mistakes by those managements?

George Kerevan: My hon. Friend, and old friend, makes a very good point. There is not a wall between the customer and the rank and file staff of RBS; they too are customers and shareholders, and they too suffered.

That brings me to where we go next. I do not think that Members of this House would stand in the way of returning RBS to private ownership. When the Minister replies, she must not define our difference of opinion as being that the Government support a return to private ownership while the rest of us are demanding that RBS stay in the public sector. That is not the issue. The issue is the emphasis placed by the Treasury and the various Treasury agents in their approach to the various generations of management in RBS. In public ownership, the key goal given to RBS management was to pay down the level of debt—to reduce the balance sheet. During that period, RBS reduced its balance sheet by some £1.3 trillion. To put that in numbers that people can understand, it is equivalent to the entire balance sheet of Lloyds plus the entire balance sheet of Standard Chartered.

Achieving that has required the management of RBS to focus only on internal issues. Of all the weaknesses that have been identified by Members—I agree with all of them—the central weakness is that the management has concentrated on RBS's problems and not on the customer. I will explain how I would crystallise this debate for the Minister. In choosing when and how to

[George Kerevan]

send RBS back to private ownership, the test must not be, “Did we get all our money back? Is the Treasury satisfied? Has the balance sheet been paid down to a certain amount?”; it must be the impact on the customer and whether RBS has returned to a customer-led focus. I think that the current chief executive, Ross McEwan, and his staff are struggling to do that. Since the senior management was changed two years ago, there has been some refocusing. I remind the Minister that the proximate reason for the change in chief executive was that the then chief executive had disagreed with the pressure that he was being put under to get the bank ready for full privatisation when he was saying, “No, we need to restructure in favour of getting the bank ready to meet the needs of the customer.” The test is not about ideological machismo—are we in favour of private ownership or public ownership?—but the fact that the bank can be privatised and move forward only when it is capable of winning back its customers and its customers’ confidence.

The fundamental break with RBS’s customers has been the loss of faith of its small business customers. That has not changed; we have heard a number of examples today. Whether or not RBS was ultimately culpable, through the global restructuring group, in driving viable businesses to the wall, that is what RBS’s customers feel happened. Until that is resolved, the bank will never become the bank that we all want that can drive the economy forward.

The Government have to be very careful about how they approach privatisation in case they further break the confidence of small businesses. In August, when there was the first wave of privatisation in which the Government started to sell off their shares, that produced bad headlines yet again. I personally think there was evidence of short selling. The Treasury certainly lost more money than it needed to in trying to sell off 5% of shares. That brought further bad headlines, which cannot be allowed to happen again.

At this stage in the game, after seven to eight years of constant restructuring at RBS, it will not be easy to start again and ask RBS management and staff to have a whole new business model. We might come to that point, but I give a word of caution. If we look at the long and sorry history of the attempt to hive off Williams & Glyn, which is a disaster still waiting to happen, we will see that it is not possible simply to wave a magic wand and break up RBS into a dozen or so regional banks. I believe we need to create regional and stakeholder banks, but breaking up RBS may be more difficult than some Members imagine.

Williams & Glyn was not a standalone bank—it was a brand that was totally integrated into RBS. Hiving it off again has taken so long that the original investor, Santander, walked away. The RBS management has been forced to enter into a bizarre arrangement with Corsair Capital, which is an interesting name for the partner RBS has joined in order to bring in capital to Williams & Glyn and then float it off. I do not think that RBS will make any money when it is floated off, so the taxpayer and the Treasury will not get any more money back. Corsair Capital is an American group with a long history of consolidation in the banking world, so I do not think it will be very long before Williams & Glyn is bought by somebody else, precisely

so that the Corsair group makes a return on its money and effort. In the end, therefore, we will be no further forward when it comes to small businesses.

I am being chided by you, Madam Deputy Speaker, so I will be brief in offering some practical suggestions.

Ian Blackford: Will my hon. Friend give way?

George Kerevan: I will not take another intervention, because I am mindful of the time.

The Government have to rethink the idea of extending the new bank surcharge, which they have applied to the larger banks, to the smaller banks and mutuals. If we want to strengthen the mutual stakeholder section, we need to reduce the bank surcharge on it.

There is a growing issue—we have not mentioned this today, but it is beginning to emerge in the banking community—of access to the interlink payment system that binds together all the banks. The electronic system, which relates to cashline machines, standing order payments and contactless payments in a shop, is commonly owned by the big banks, but it is very difficult for smaller banks, new challenger banks and, ultimately, stakeholder banks to access it. We need to open it up. Finally, we need to open up the pricing structure so that SMEs can see how much it costs them to run accounts with a bank.

Members on both sides of the House have collectively offered suggestions to the Government. There should be no rush to judgment. Let us think about what we are doing. RBS must have a customer-led focus and we should not just look at what the Treasury wants to do in order to get its money back.

3.48 pm

Richard Burgon (Leeds East) (Lab): I congratulate my hon. Friend the Member for Edmonton (Kate Osamor) on securing this debate, and thank the Backbench Business Committee for giving Members time to discuss this important and topical issue in the Chamber. I am pleased that so many have taken part. It is a real pleasure to join the Minister and to respond on behalf of the Opposition for the first time in the Chamber.

We have discussed a proposal that asks the Government to consider suspending the further sale of their shares in RBS while a review is conducted of the UK’s financial sector and the case for new banking models. It is a simple motion and all Opposition Members support it.

This discussion of the causes and consequences of RBS’s bail-outs and of the Chancellor’s ongoing plans to sell off RBS, with a resulting cost to the taxpayer, has also been an excellent opportunity to discuss the future of RBS and of British banking as a whole, including the new models and structures that may benefit the British economy. The Government must engage in this debate, as my hon. Friend the Member for Dagenham and Rainham (Jon Cruddas) so effectively set out in his speech.

Labour Members want a thriving and dynamic banking sector that will best deliver for the economy and the electorate as a whole. In government, Labour decided to bail out RBS. That was a big decision—a £45 billion decision—but it was the right one given the calamitous situation in RBS, which my hon. Friend the Member for Norwich South (Clive Lewis) outlined so effectively. According to the National Audit Office, the decision was justified, and the price was backed by Institute for

Fiscal Studies, but the scale of the bail-out—the money invested on behalf of the taxpayer—means that we cannot so lightly take a simple decision to return to business as usual.

The Chancellor argued in his Mansion House speech earlier this year that

“the easiest path for the politician is to put off the decision”.

I believe that the Chancellor has taken the easy decision to return, as I have said, to business as usual. The former shadow Chancellor my hon. Friend the Member for Nottingham East (Chris Leslie) said at the time that “taxpayers who bailed out the bank will want their money back... The Chancellor needs to justify his haste in selling off a chunk of RBS”.

Both those points still stand: taxpayers still want their money back, and the Chancellor must still justify his haste.

Let us be clear that we cannot afford to get this sale wrong. The evidence of the Move Your Money poll, which was presented to us in the media this morning and by my hon. Friend the Member for Edmonton, shows that the public think the Government are getting it wrong: 82% of those polled agree, given their own interest as the majority shareholder in RBS, that this should operate in the public interest, and 58% believe that the bank should be restructured to serve local economies throughout the UK.

Jeremy Quin: Will the hon. Gentleman give way?

Richard Burgon: No, because I want to give the Minister as much time as possible to respond.

It is incumbent on the Minister and the Chancellor to set out why they are moving ahead with the sale. What evidence does the Minister have that it is the right thing to do? This is the first opportunity for a full parliamentary debate on the decision of the Chancellor to privatise RBS since his announcement to the City at the Mansion House in June. He did make a statement the following day, but informing the House was clearly something of an afterthought, as my hon. Friend the Member for Easington (Grahame M. Morris) clearly spelled out. At the Mansion House, the Chancellor announced a share sale even if it meant a financial loss to the taxpayer. The 5% stake sold on 3 August has already realised a loss of £1 billion, and some calculations suggest that the total losses if the entire stake is sold in this way could be about £13 billion, which is almost a third of the £45.5 billion total cost of the bail-out.

The Government have provided no real evidence of why RBS should be returned to the private sector in its previous form or why it should happen now. A 13-page report by the Rothschild Group and a two-page letter from the Governor of the Bank of England have been mentioned. The authors of the Rothschild report stressed that they had

“not sought to address the question of whether the government should sell its stake in RBS, but rather when it should do so.”

In other words, the review did not consider the full range of policy options. Will the Minister elaborate on how moving RBS shares from public to private ownership will promote financial stability, and on whether the relevant Bank of England Committee has endorsed that view? Will she publish any evidence she has received in support of that view?

It is welcome that the right hon. Member for Chichester (Mr Tyrie), the Chair of the Treasury Committee, has asked to see the advice provided by UKFI to ensure that the taxpayer, as shareholder, is getting good value from this Government-owned company. I support that call. Is the timing of this sale in the interests of taxpayers or bank customers, or does the Chancellor just want to sell off another state asset quickly to make his borrowing figures look better? Was this decision taken purely for ideological reasons, or is it based on expert, independent advice? Will the Minister explain how the Chancellor arrived at his decision? In line with the call by my hon. Friend the Member for Bishop Auckland (Helen Goodman), will the Minister share the evidence, if she has any, with Members of the House?

I will turn to alternative models and structures for RBS and the future of British banking. I ask the Government to consider undertaking a full review of UK banking that questions how financial institutions have operated before and since the crash, and what other models might be considered to diversify the sector and deliver for the country by strengthening the economy.

There has been a much needed discussion of banking practices and reform over the past five years. We have had Lawrence Tomlinson's report, Sir Andrew Large's report on RBS's independent lending, Sir John Vickers' Independent Commission on Banking, and the Parliamentary Commission on Banking Standards and the work of the Treasury Committee, both under the excellent leadership of the right hon. Member for Chichester, to name but a few.

Given how badly things went wrong and the problems that still exist at the bank, the question we must discuss today is how we can do it better. We need to know not only why RBS failed, but whether it is delivering for the British economy now, and, if it is not, how we can do it better.

Labour was right to bail out RBS, but how has it operated since the Government became the majority shareholder? RBS has been bailed out, but there are still major problems with its operation, as the hon. Member for Aberconwy (Guto Bebb) indicated in his speech. It has cut more than 30,000 staff since 2008, many of whom were backroom staff on about £20,000 per year. It is closing branches faster than any other bank, and 90 of those it has closed this year were the last branch in town.

The Tomlinson report said in 2011:

“Returning RBS and Lloyds to full private sector ownership in their current form would be a return to the banking landscape of 2003, possibly with even less competition... Given the lack of any real change in the banking sector, there is nothing that will stop 2018 being the same as 2008 unless radical action is taken now.”

The Andrew Large report found that RBS was failing SMEs. He said:

“A perception has risen among some SMEs that RBS is unwilling to lend.”

I want to take this opportunity to touch on how RBS has been treating businesses. The House will recall the Backbench Business debate on 4 December last year on the Financial Conduct Authority redress scheme, in which hon. Members raised the serious concerns of businesses. My hon. Friend the Member for Liverpool, Walton (Steve Rotheram) stated:

“The only thing that is consistent and transparent is that the banks that caused the financial crash are profiting from selling products such as interest rate hedging products, which were

[Richard Burgon]

bought by a company in my constituency, the Flanagan Group, and have caused it great difficulty.”

Similarly, my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) talked about one of his local businesses, DK Motorcycles, which had been “badly let down” by RBS, but had

“finally escaped the clutches of RBS”.

He talked about

“people from small businesses who feel bullied by their banks”.—
[*Official Report*, 4 December 2014; Vol. 589, c. 480-84.]

Information that I have seen this week shows that the serious concerns of businesses such as Flanagan’s have not gone away. I therefore want to take this opportunity to ask the Minister whether she will meet me, concerned MPs like my hon. Friend the Member for Liverpool, Walton and businesses such as the Flanagan Group in his constituency to discuss the behaviour of RBS and what can be done to resolve the situation.

That leads me to the question that was put so well by my hon. Friend the Member for West Bromwich West (Mr Bailey) of whether selling RBS in its current form represents good long-term value for the taxpayer, taking into account all the economic costs and benefits. Is the Minister aware of those who say that the low price of RBS shares represents a belief among market participants that the reforms to guarantee its future financial health have not yet been concluded? Is the Minister satisfied that all necessary steps have been taken to return RBS to a state where it will not be in trouble again? Finally, is the economy best served solely by private shareholder banking, or is there a case for a more diversified sector that includes publicly owned and directed institutions, mutuals, co-operatives, social enterprises and regionalised banking? With so many fundamental questions yet to be answered, it is right that we engage in a wider review of the UK’s financial sector that considers the case for establishing new models of banking that might better serve our economy.

In conclusion, there are many alternatives. It has been proposed from a number of quarters that RBS be broken up to deliver regional banks, including by the Tomlinson report, the New Economics Foundation, Civitas and ResPublica, as Opposition Members have mentioned. We must discuss how regional banks can help to rebalance the economy—perhaps the Chancellor took the opportunity while visiting Germany to look into that.

It is our responsibility to map out the best way forward for UK banking, so that it delivers for the electorate and the economy as a whole. That means suspending sales of shares in RBS, which give away taxpayers’ money to private shareholders. It is incumbent on the Chancellor to explain why he thinks that is the right thing to do, and that means engaging with a real review of the banking sector and alternative models that will deliver a diversified and more resilient economy. How we treat RBS now will demonstrate whether we have learned the lessons of the crisis—

Madam Deputy Speaker (Natascha Engel): Order. I hope the hon. Gentleman is reaching the conclusion of his conclusion because we are way over time and there is a full debate to follow. If he could finish his speech now, I would be grateful.

Richard Burgon: The scale of the bail-out and the money invested on behalf of the taxpayer mean that we cannot take a simple decision lightly and return to business as usual. The Labour party wants a thriving and dynamic banking sector that will best deliver for the economy and the electorate as a whole. We do not accept that the case has been made to sell the bank off now—at significant loss to the taxpayer—and that is why we support a full, independent review of all the options before further shares are sold, and we encourage MPs to support the motion.

4 pm

The Economic Secretary to the Treasury (Harriett Baldwin): I hope you will indulge me with a little time, Madam Deputy Speaker, to respond to a thoughtful and well-subscribed debate that has focused on the future of the banking system in this country. I congratulate the hon. Member for Edmonton (Kate Osamor) on suggesting this debate, and the Backbench Business Committee on securing time for it on the Floor of the House.

The 15 contributions that we have heard highlight the importance and impact of our banking sector, and show how integral it is to our long-term economic plan. I assure the House that a key element of that plan is a strong, healthy, more competitive and diverse banking sector. When the Labour Government acquired RBS, it was the largest single bank bail-out in the world at more than £45 billion—the price that was paid is a matter of historical public record. It was only ever intended as a temporary privatisation to restore financial stability to our banking sector, and I remind colleagues that in 2008, Gordon Brown stated:

“The Government will not be a permanent investor. Over time we intend to dispose of these investments in an orderly way”.

RBS is very different now to how it was then, and it has been restructured to focus on banking in the UK. It has shrunk its investment bank, and it recently completed the disposal of its US business, Citizens. The creation, by carving out RBS branches in England and Wales and NatWest branches in Scotland, of the historic Williams & Glyn brand will mean 314 challenger branches—more than twice as many as recommended by the hon. Member for Edmonton.

Seven years on, despite starting the process of selling shares in the summer, the UK Government—and therefore taxpayers—still own 70% of Royal Bank of Scotland. The easiest thing would be to leave RBS in state hands and duck the difficult questions, but no one in this debate has argued that the situation we inherited in 2010, with large chunks of failing banks in taxpayer hands, is something that we should maintain for ever. The right thing to do for the strength of our economy and for taxpayers is to start selling off our stake as part of a phased disposal programme. That is part of our long-term economic plan to bring down national debt and secure a brighter future for hard-working people across the country.

The hon. Lady was not a Member in the last Parliament, but I am sure she will recall that in June 2013 the Parliamentary Commission on Banking Standards, led by my right hon. Friend the Member for Chichester (Mr Tyrie), considered various options for dealing with the legacy of RBS as part of its wider review into the banking sector. Those included a radical restructuring

of RBS and the creation of a number of regional banks. That option was dismissed by the Commission, which noted

“how difficult, expensive and time-consuming it can be to separate integrated activities”

of a bank.

The PCBS recommended that the Government undertake a review into the option of splitting RBS into a good and bad bank, and we acted on that. In November 2013 following the publication of our findings, RBS set out plans for the creation of an internal “bad bank”. It has now set out its new strategy to focus on its core British business. As I mentioned, it committed to sell off more of its overseas business, simplify its operations, shrink its investment bank and use the additional capital to support the British economy.

By the summer of this year, the strong progress RBS had made in implementing that plan had led us to a clear decision point. That is why, in July, the Chancellor sought the advice of the Governor of the Bank of England regarding the Government’s shareholding. It was the Governor’s view that

“public ownership has largely served its purpose”

and that

“it is in the public interest for the government to begin to return RBS to private ownership.”

He went on to say

“there could be considerable net costs to taxpayers of further delaying the start of the sale,”

and that

“Continued public ownership without a foreseeable end point runs risks, including limiting RBS’ future strategic options and continuing the perception that taxpayers bear responsibility for RBS’ losses.”

The Governor added:

“The Bank of England believes the interests of the people of the United Kingdom are best served by a vibrant, resilient and privately owned banking sector”

and that

“a phased return of RBS to private ownership would promote financial stability, a more competitive banking sector, and is in the interests of the wider economy.”

A lot of Members mentioned competition and choice. The financial services sector is now fundamentally stronger thanks to the Government’s reforms. A central part of the reforms has been to inject extra competition and choice into the banking sector, and specifically to help new challenger banks to enter the market. I mentioned already RBS’s process of divesting a new challenger bank, Williams & Glyn, but that is in addition to creating another eight challenger banks during the previous Parliament, including TSB, Metro, Virgin Money and Tesco Bank. During the election, we committed to ensuring 15 new banks would receive banking licences in the life of this Parliament. We are promoting competition between banks by boosting and helping to deliver the current account switch service. We have put competition at the heart of the regulatory system.

In the interests of time, I will respond to a few of the points made in the debate. On the FCA’s review of the Tomlinson report, which was mentioned by a number

of colleagues, including my hon. Friends the Members for Hazel Grove (William Wragg) and for Aberconwy (Guto Bebb), my understanding is that the FCA review should be published between now and the end of the year. I will keep Parliament informed if I hear differently.

A number of colleagues spoke favourably about the German banking system. It is worth noting, however, that the German banking system also required £70 billion of capital injection, as well as £100 billion of guarantees, during the financial crash.

Colleagues mentioned a range of other important points. I can reassure the hon. Member for Ross, Skye and Lochaber (Ian Blackford) that we think ring-fencing, separating the actions of retail banks from those of their investment banking colleagues, is an important part of strengthening the regulatory system.

The hon. Member for Easington (Grahame M. Morris) mentioned the bonus culture. He will know that that was rampant under the previous Labour Government. It has been brought very much under control under the previous Government, and that continues under this Government. He also said that we do not all want a state-owned bank run from Whitehall. I can only agree.

The hon. Member for Caithness, Sutherland and Easter Ross (Dr Monaghan) made some important points, with which I have great deal of sympathy, about the bank branches in his very large and very rural constituency. I pay tribute to the staff and pensioners of RBS, of whom he has 105 in his constituency. I have a wide range of points to make about the specific towns he mentioned, but in the interests of time it is probably better if I write to him.

Today’s debate was very much on the future of the banking system and the importance of having a strong, healthy, diverse and competitive range of choices in our banking sector for customers and businesses. I recognise that the issues raised in the motion are extremely serious, but the Government cannot support the proposals in the motion. They run contrary to all the evidence presented to us. Instead, we will continue to put in place our long-term economic plan, which is bringing stability and competition to the UK banking sector and delivering a better deal for hard-working people across the country.

Question put and agreed to.

Resolved,

That this House calls on the Government to consider suspending the further sale of its shares in the Royal Bank of Scotland whilst it looks at alternative options; and believes that this should take place in the context of a wider review of the UK’s financial sector and that such a review should consider the case for establishing new models of banking, including regional banks.

Madam Deputy Speaker (Natascha Engel): Before I call Robert Flello to move the motion on the dog meat trade, I point out that we have very limited time, because of the length of the previous debate. I am not going to apply a time limit, but if the mover of the motion and the Front-Bench spokespersons can take about 10 minutes and everybody else five minutes, including interventions, we will get through everyone before 5 o’clock.

Dog Meat Trade

4.10 pm

Robert Ffello (Stoke-on-Trent South) (Lab): I beg to move,

That this House calls for an immediate end to dog meat trade cruelty; supports the Humane Society International's campaign to end the dog meat trade by working with government officials and local organisations in Thailand, Vietnam, the Philippines and China to raise public awareness and strengthen laws related to this trade; and calls on the Chinese government and Yulin and Guangxi officials to stop the Yulin dog meat festival where thousands of dogs are being cruelly bound, confined, trucked and slaughtered for meat.

I am grateful for the opportunity to speak about the cruel and barbaric trade in dog meat, which takes place most notably in China and south-east Asia, and I thank the Backbench Business Committee for granting it. I congratulate my hon. Friend the Member for Hayes and Harlington (John McDonnell) on his work in securing this debate before his promotion to the Front Bench, as well as many other Members in the last Parliament and this one. I also pay tribute to organisations such as Humane Society International, World Protection for Dogs and Cats in the Meat Trade, the Kennel Club, AnimalsAsia, and Soi Dog Foundation—to name but a few—and to the celebrities and public figures who have given their time and support.

It is impossible to say how many dogs are consumed in the dog meat trade each year, but Humane Society International estimates that about 20 million are killed in China, 2 million in South Korea and 5 million in Vietnam, with many of the dogs being sourced from neighbouring countries, such as Thailand, Laos and Cambodia.

Nick Thomas-Symonds (Torfaen) (Lab): Does my hon. Friend agree that there are two aspects to tackling this problem—first, persuading some countries to make the dog meat trade illegal; and secondly, putting pressure on countries where the trade is illegal to enforce the law?

Robert Ffello: Absolutely. I wholeheartedly endorse my hon. Friend's comments.

I am not a vegetarian, and as revolting as I find even the thought of eating a companion animal, I am not seeking to outlaw dog meat simply because I do not like it. However, this is not the humane slaughter of animals for meat in an abattoir, but a process in which animals are taken from their homes—often family pets are stolen—housed and transported in disgusting conditions in which they can often barely move and killed in the most excruciatingly cruel and painful ways.

I warn anyone listening that many of the things they will hear are deeply upsetting and disturbing. A quick search on the internet on this subject turns up some of the most graphic and horrifying images of animal cruelty anyone is ever likely to see. The methods used to kill the animals defy belief. Perhaps most sickeningly, there remains a belief that to produce the most tender and tasty dog meat, it should contain a high level of adrenaline and that the dog should therefore be stressed and fearful at the moment it is killed. It is common for the animal to be bludgeoned, hanged or electrocuted, and, in some

cases, for the animal to be thrown fully conscious into a drum of boiling water—anything that ensures maximum suffering.

Gavin Robinson (Belfast East) (DUP): I commend the hon. Gentleman for shining a light on international barbarism within the dog meat trade, but does he agree it would be a missed opportunity not to show a level of introspection on the cruelty and barbarism in the UK towards animals, whether it be dog baiting, badger baiting, dog fighting or, as the hon. the Member for Dumfries and Galloway (Richard Arkless) has recently highlighted, the puppy farm trade between Northern Ireland, including my constituency, and his constituency in Scotland and the rest of the UK?

Robert Ffello: As hon. Members will know, I secured a debate last September on the puppy trade, and I certainly accept we need to get our own house in order, but, although what we do in this country is appalling, what goes on elsewhere takes it to a whole new depth of despair and disgust.

Andy Slaughter (Hammersmith) (Lab): I would like to thank my hon. Friend not just for launching this debate, but for all the work he does on animal welfare. We do have high standards in this country, notwithstanding some abuses that go on. What does my hon. Friend think can be done at the government level to ensure that countries that allow these abhorrent practices to take place begin to curtail them?

Robert Ffello: I am grateful to my hon. Friend, and I will return to that point as my speech develops; I am conscious that I have only a few more minutes left.

It is important to note the cruel and inhumane conditions and the way in which these dogs are treated. When a slaughterhouse is used, the conditions are virtually without exception filthy, and dogs already in the poorest of health are waiting in areas covered in blood or faeces watching their fellow animals die. Investigations have shown that a large number of dogs in these facilities were wearing collars, suggesting dogs had been stolen rather than bred for the purpose of meat. It is likely, however, that those animals killed at official slaughterhouses represent just a small percentage of those killed. The vast majority of the killing occurs elsewhere—in even more unsanitary and inhumane conditions.

In some ways, I am loth to tell Members about the conditions, but we do ourselves and these dogs a disservice if I fail to touch on them. For example, families will often purchase dogs to slaughter at home. These petrified creatures are often tied to the back of cars and motorbikes, and dragged home barely alive. This is not an exaggeration; it is normal daily practice.

These dogs are not “farmed” in any sense that a sane farmer would recognise. Numerous reports suggest that, rather than raise dogs for consumption, violent gangs travel around stealing much-loved family pets. In a typical case, four trucks were stopped in Thailand carrying more than 1,000 dogs out of the country, 119 of which had already died of suffocation. Those who transport these dogs across hundreds of miles from country to country have only one concern: pack as many dogs into the trucks as possible.

It is hard to describe the horrors these animals face from overcrowding, lack of food and water, heat and disease—barely surviving in their own waste. The thieves often poison the dogs in order to steal them and sell them to traders or restaurants, and they have no problem with turning their weapons—poison darts, crossbows or machetes—on the dogs' owners if they are challenged or caught. This is big business, and the health and wellbeing of the animals or their owners is of no consequence to these people. Indeed, in some areas of China, up to 70% of villagers have lost a dog, with the majority believing that it was taken by a gang.

Now if this sickening cruelty is not enough to persuade Governments to ban this evil trade and enforce the laws, perhaps the health risks will persuade them. So unregulated is the dog meat industry that there is a huge risk to human beings from diseases such as cholera and rabies, with the latter found to be present in slaughterhouses and markets in China, Vietnam and Indonesia.

The World Health Organisation has raised serious concerns about the health risks to people eating dog meat. AnimalsAsia found that around 60% of village groups in China had vaccinated at best one in 10 of their pet dogs against rabies. It is thought that the dog meat trade now represents one of the biggest factors in the spread of rabies around the world. Investigations have uncovered a complete lack of proper vaccination or breeding records for the dogs that have even the most rudimentary breeding facilities. There is no quarantining—effectively nothing other than attempting to maximise profit.

It is hard reading, but I recommend the report commissioned by AnimalsAsia, which was based on four years research. It makes clear the truth behind the industry. It shows that the number of farms producing dog meat is far lower than advertised, with many dog-breeding companies referring to the same few companies; meaningful farming barely exists. To quote the report, the

“companies that claim to breed and raise their own dogs are seen as a source of ‘trustworthy’ dog meat by the public, but...not a single dog meat company’s dogs are from their own breeding farms. The dogs are all acquired rural dogs”.

That is a damning indictment of the industry for anyone who claims that it is in any way regulated or that a dog meat breeding or farming system is in place. Also in the words of AnimalsAsia:

“Our investigations strongly point to what everybody familiar with the industry has long suspected—that the vast majority of China’s dog meat comes from stolen companion animals and that misinformation and illegality is rife at every stage of the...supply chain.”

That is the reality of the issue we are dealing with here.

To be clear, this is issue is not just about an aversion to eating dog meat. I am not entirely unsympathetic to the argument that this is a tradition dating back centuries, and that dogs have a very different cultural role in many Asian societies. I do not believe that it is generally this House’s role to tell societies abroad what they should or should not do based on western sensibilities, but we cannot allow tradition to be used as a smokescreen for practices that are barbaric, cruel, inhumane and disgusting—any word we could pick would not come close to what we are discussing here today. The link between the consumption of dog meat nowadays and traditions in those countries is extremely tenuous, to say the least.

Let me briefly draw the House’s attention to the annual Yulin dog meat festival in China. At least 10,000 dogs are consumed during the 10-day festival, which began only a few years ago—largely, believe it or not, as a way of attracting tourists.

It may seem that there is little we can do to persuade the countries that I have mentioned to take action—after all, many of them have dire human rights records, so there may seem to be no point in requiring them to be kinder to animals—but that is not my view. Our country has led on animal welfare issues all over the world, and this issue should be no different. The Government can put pressure on those countries.

South Korea wants to be seen as an open, democratic, western-friendly society, but if that is to happen, it needs to start acting properly and behaving itself. Tens of thousands of holidaymakers from our shores go to Thailand each year. I understand that the law enforcement agencies there are now using DNA testing equipment to check the source of meat and make sure that dog meat is not being passed off as legal meat, but Thailand needs to do more: it needs to stop the trade with other countries. My constituency is in Stoke-on-Trent, and a large amount of ceramic ware is made in Indonesia. We need to ensure that countries like Indonesia understand just what potential British purchasers of their goods will or will not do when they learn what happens in those countries.

I hope—indeed, I know—that the Government will arrive at some positive conclusions, and they have uttered positive words in the past, but we need more than words now: we need some action. We should take heart from the fact that in China—which undoubtedly presents the biggest problem that we face in tackling the dog meat trade—members of the expanding middle class are beginning to speak out, and it appears that young people are beginning to shy away.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): Will the hon. Gentleman give way?

Robert Ffello: If the hon. Gentleman does not mind, I will not, because of the time constraints.

The Chinese authorities have not yet reached the stage of banning the Yulin festival, but, quite rightly, they are clearly somewhat embarrassed, and in 2011 a similar festival was banned in Zhejiang. We also know that the Chinese are happy to take action on other issues.

I hoped to make many further points, but I am afraid that I shall not be able to do so. Let me end by saying that, as we all know, dogs guide the blind. Dogs can help to detect cancer. Dogs help trauma patients. Dogs help children with learning disabilities. Dogs are used all over the world—and that includes China—to find victims of earthquakes. Dogs help us in many, many ways. Today’s edition of the *Daily Mirror* contains a piece about a dog that is part of a canine unit; the quote from the dog handler says it all. What dogs are not for is the barbaric, disgusting, cruel, vicious evil of being put on someone’s plate after being treated in the most horrible ways that the House, in its worst nightmares, could ever imagine.

4.22 pm

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I commend the hon. Member for Stoke-on-Trent South (Robert Ffello) for raising such an important international animal welfare issue.

[Dr Lisa Cameron]

As has been highlighted by the various animal charities that work in the countries concerned, the commercial production of dog meat has long been associated with cruelty and suffering. A disregard for animal welfare and safety has been witnessed throughout the process: in the dogs' living facilities, in their transportation and, finally, in the methods of slaughter. It has been observed that, because dogs are sold by weight, traders force-feed them with tubes to the point at which they are vomiting in an attempt to increase their value before offering them for sale.

Dogs are often transported over long distances, and the journeys sometimes last for days. They are packed tightly into cages and are given no food, water or rest. They suffer from diseases and injuries as a result of rough handling, and many die from suffocation, dehydration or heatstroke long before they reach their destination. In many ways, however, those dogs could be seen as the lucky ones. It is reported that some dogs are exposed to slaughter methods—we have already heard about some—that are deliberately designed to intensify and prolong their suffering, owing to a belief that “torture equals better taste”. When the torture is not deemed to be deliberate, the method of slaughter is still often cruel, with dogs experiencing a slow, violent death as they are clubbed over the head, stabbed in the neck or groin, hung, electrocuted, or thrown conscious into drums of boiling water.

The legality of the dog meat trade varies across east Asia. In most east Asian countries the sale and consumption of dog meat is legal and there is no comprehensive animal welfare legislation, but some countries have banned the dog meat trade, and legal variations and exceptions to the trade exist across the region. I also note that in some countries such as Vietnam previous proposals to introduce legislation for dog slaughter were abandoned as they were opposed by animal rights groups who feared it could legitimise the trade.

In addition to the impact for dogs, the current unregulated dog meat trade also has adverse implications for humans through the spread of diseases and associations with crime. In the past, dogs were often eaten due to reasons of poverty, but dog meat has increasingly become a delicacy and is often consumed for its perceived medicinal properties.

Drew Hendry: My hon. Friend was talking about the delicacy element. Does she agree that we should be working with international charities across the piece to raise awareness of the fact that that is not a reason for consuming these meats? The Yulin festival was mentioned earlier; a huge social media campaign in 2011 forced the closure of the Qianxi dog meat festival. Can we encourage people to get the message out that this is not socially acceptable behaviour?

Dr Cameron: I agree with my hon. Friend that pressure must come to bear from as many angles as possible.

Simon Hoare (North Dorset) (Con): I have huge sympathy with what the hon. Lady is saying. Does she agree that, contrary to what was said earlier, we are more likely to be successful if instead of trying to tell people what they can or cannot eat, we promote these campaigns on the arguments of human health and animal welfare

as those are the best ways to get communities and societies to change? As desirable as the aim might be, I am tempted to think that if we go down the cultural imperialist route there will be a fierce backlash.

Dr Cameron: I thank the hon. Gentleman for his contribution and agree that we have to be extremely sensitive about cultural concerns. We must make sure that animal welfare issues are focused on and raised in a productive way.

On crime, it appears that in some Asian countries the dogs used for the industry are mostly stolen pets. I note that a survey conducted by Animals Asia found that 70% of Chinese villagers in rural areas had lost at least one dog to thieves. A Channel 4 documentary from 2014 highlighted similar issues with dog thieves in Vietnam, while also raising the problems with associated violence.

The SNP and the Scottish Government take the welfare of all animals very seriously and routinely feed into deliberations on animal welfare at both the EU and OIE—the World Organisation for Animal Health—level via the Department for Environment, Food and Rural Affairs. When dealing with another country's practices, there must always be an element of caution in making judgments. There must also be sensitivity and a holistic approach to bringing about change; pressure from western Governments or certain activist approaches can be perceived as counterproductive.

The dog meat trade is an extremely important animal welfare issue and the SNP is supportive of charities working with international counterparts to improve dog welfare globally. I also think the UK public as a whole are very much animal lovers and take animal welfare extremely seriously. I urge the Minister to take forward these issues.

4.28 pm

Dr Matthew Offord (Hendon) (Con): I support the motion and congratulate the hon. Member for Stoke-on-Trent South (Robert Ffello). He won the Westminster dog of the year last year with his German shepherd, Diesel. I was rather concerned that my own Jack Russell, Maximus, was going to become his dog snacks, so I kept the two dogs well apart.

I certainly agree with the sentiment here. I support the motion not as someone who has been a vegetarian for almost 35 years, but because I believe strongly in animal welfare. I also urge the hon. Gentleman to be careful about the cultural issues. It has already been mentioned that we should not take the ideological imperialistic approach of telling people what they should and should not eat; dog has been eaten in countries including China for the last 500 years, and we have to be very careful in our approach.

Back in September, the Foreign and Commonwealth Office Minister, my right hon. Friend the Member for East Devon (Mr Swire), said:

“There are no international norms, laws or agreements governing the trade and consumption of dog and cat meat. Instead we seek to work with governments around the world to gain agreement to animal welfare standards and to phase out cruel and inhumane farming and trapping practices. Ministers have raised this issue with Chinese counterparts and explained that UK Parliamentarians and the public want to see regulation that would bring the practice to an end. Our Ambassador in Seoul has delivered similar messages to South Korean authorities. Our officials will continue to highlight our concerns.”

I would certainly expect our Government to continue that dialogue with those countries.

China and South Korea are not the only countries that engage in this kind of activity, however. In the Cayman Islands, for example, there is a turtle farm where turtles are bred for human consumption, even though they are an endangered species. I pay tribute to World Animal Protection for its campaign to stop that practice. Of course, the Chinese authorities could easily turn round and ask us why we glorify programmes such as “I’m a Celebrity...Get Me Out of Here”, in which people eat turkey testicles, fish eyes, live witchetty grubs and parts of the anatomy of kangaroos and ostriches that I am not even going to mention on the Floor of the House. To me, that is also repugnant.

My point is that we in the UK have a different relationship with animals. I am sure that you have seen “Pulp Fiction”, Madam Deputy Speaker. In the film, Vincent and Jules have a conversation about why Jules does not eat bacon. He says that it is a filthy animal that eats its own faeces. Vincent then asks him whether he would consider a dog a filthy animal, because they too eat their own faeces. Jules replies:

“I wouldn’t go so far as to call a dog filthy, but it’s definitely dirty. But dogs got personality, personality goes a long way.”

That is the crux of our relationship with animals in this country. The hon. Member for Stoke-on-Trent South and I are both dog owners, and we have a completely different relationship with our dogs. Such relationships with dogs do not exist in China. There have been severe food shortages there for the past 500 years, but the country has overcome famine and continued to feed its population.

As I have said, I am a vegetarian, but I strongly believe in the right of people in this country to eat meat. That is because of the high animal welfare standards we have here. I would like to see such standards being applied across the whole world—and yes, I would like to see this practice banned. I congratulate the hon. Gentleman on bringing this debate to the House today. I also congratulate the animal welfare charities involved in this campaign, including Soi Dog, whose valuable work one of my constituents has drawn to my attention.

I would also like to see the Government working to ensure that the emergence of a middle class in countries such as China, alongside the growth of social media, can promote an atmosphere in which people start to reject the consumption of dog meat, either as a delicacy or for people who cannot afford more expensive meat, so that this vile practice can be brought to an end.

4.32 pm

Mr Steve Reed (Croydon North) (Lab): I congratulate my hon. Friend the Member for Stoke-on-Trent South (Robert Ffello) on securing this debate. I want to pay tribute to my hon. Friend the Member for Hayes and Harlington (John McDonnell) for the work on this issue that he has led for a long time. I am delighted that he has been able to hotfoot it back to the Chamber for the debate following a visit to Croydon North.

I am sure that both my hon. Friends would agree that the cruel and barbaric treatment of dogs and cats for food in a small number of countries is a stain on humanity and a threat to human health that needs to be stopped. The majority of the British public consider themselves to be animal lovers, and they are strongly opposed to cruelty to cats, dogs and other animals. I am sure that they would welcome the fact that this debate is being held today.

There are commercial and cultural reasons why dogs are eaten. In some countries, dog meat is wrongly believed to have medicinal properties. For instance, it is believed to help in the treatment of impotence and poor circulation. However, there is no evidence to support any of these claims and there need to be stronger public information campaigns in those countries to educate populations to understand the facts. Consumption of dog and cat meat is also linked to human health and disease. The consumption of these animals is linked to the transmission of diseases such as cholera and the spread of rabies, in part because of the appalling conditions in which the animals are transported. Perhaps the most offensive aspect of the dog meat trade is the way in which the animals are treated. A huge proportion are family pets that are stolen, transported in inhumane conditions and slaughtered without any regard whatever to the level of suffering being inflicted on them.

I agree with Members who have said that it is not for people from one meat-eating culture to tell people of other cultures which animals they can or cannot eat, but there is a role to be played in seeking to secure global standards of animal welfare and in working with local campaign groups on the ground in the countries affected to help them strengthen their own cases. Animals Asia has conducted a detailed investigation into the dog meat trade, finding that the vast majority of dog meat in China comes from stolen dogs previously owned as pets. It found no conclusive evidence of large-scale breeding farms that could have been capable of supplying the up to 20 million dogs which it is estimated are eaten across China every year. Anyone who has ever owned a pet cat or dog knows how much they become part of the family, being loved, cared for and cherished.

Steve McCabe (Birmingham, Selly Oak) (Lab): I agree with my hon. Friend that it is probably not appropriate to think we can tell other countries what to do, but is it not reasonable to tell them what the reaction of the British public will be if the sorts of things they are doing, to which my hon. Friend the Member for Stoke-on-Trent South (Robert Ffello) referred, become public knowledge?

Mr Reed: My hon. Friend makes a pertinent point, and I agree with him. There is certainly a case for consumer power in those countries influencing those countries, but the key is to persuade there of the need to change. Indeed, there are campaigns on the ground in those countries which we can support.

Mims Davies (Eastleigh) (Con): I declare an interest, in that I am a dog owner, admirer and lover. Of course we have recently seen the wonderful pets in Parliament. Does the hon. Gentleman agree that we should hope and expect that British Ministers and diplomats will continue to make the case when working on our behalf in the countries that continue with these practices that they are not appropriate in our view? Does he agree that that could bring about the change we seek?

Mr Reed: The hon. Lady makes a very sensible point. There has been some of this communication in bilateral discussions with other countries, but it could certainly go further. I hope we will hear that response from the Minister in his summing up.

[Mr Steve Reed]

I was talking about family pets. Families are understandably grief-stricken when they lose a pet, but to fear or know that their pet has been stolen by animal traffickers who then subject it to sickening levels of cruelty and abuse only makes the grief all the harder to bear. Stolen animals are often crammed into crates where many suffer broken bones. They are transported for days in shocking conditions, with many dying of dehydration or suffocation. On arrival at their destination, most dogs are then taken to slaughterhouses that have not been approved or monitored by local authorities. In horrific conditions they are butchered, often in full sight of other dogs, which are terrified by what they see.

As my hon. Friend the Member for Stoke-on-Trent South mentioned, there is a belief in some places where dogs are eaten that a terrified dog produces tastier meat, so some animals are skinned alive, thrown still living into boiling water or hung by the neck to induce terror. The scale of suffering is hard to imagine. One of the most notorious dog-eating events is the annual Yulin dog meat festival, which has been the subject of a worldwide campaign to close it down. An estimated 10,000 dogs are slaughtered and eaten at this event. The treatment of dogs at the event is horrific and it is on a massive scale.

Animals Asia highlights the fact that existing animal protection laws are not enforced in some countries—in some cases, we are talking about bans on the sale, transportation and slaughter of dogs for meat. It further highlights the fact that misinformation, abuse and illegality is rife at almost every stage of the industry supply chain. There is an overwhelming need for the stronger enforcement of such laws, and again it is entirely legitimate for the UK Government to raise such issues in bilateral meetings, as they have already done with China, the Philippines and South Korea.

Hannah Bardell (Livingston) (SNP): I have listened carefully to the hon. Gentleman and I congratulate him on the comments he has made. I agree with him that this situation is barbaric. Do the Governments of our nations have a role to play in terms of the security of the supply chain and making sure that none of this dog meat enters our food chain and threatens our food supply?

Mr Reed: I absolutely agree with the hon. Lady, and I am sure that British consumers would be horrified if there was any question of dog meat ending up on tables or in food products in the UK.

In conclusion, there can be no excuse for the intolerable suffering and cruelty inflicted on animals as a result of this trade. We need to do everything we can to support campaign groups in countries where dogs and cats are eaten. It is time to stamp out this barbaric trade.

4.39 pm

Alex Cunningham (Stockton North) (Lab): I congratulate my hon. Friend the Member for Stoke-on-Trent South (Robert Ffello) on securing today's debate. I am positive that I cannot be the only one who has received many emails over the past few days and weeks urging me to speak out on the dog trade, so I applaud his efforts in giving us the opportunity to have that discussion.

We have had a good, but brief, debate, and there has been consensus across the House on the matter. We have heard, over many years, about the appalling and barbaric nature of the dog meat trade and the importance of raising awareness if we are to succeed in doing something to deal with the situation. I am sure that the horrid examples and ghastly statistics that we have heard today will go some way towards doing that. I know that organisations such as Network For Animals, the Humane Society International and the International Fund for Animal Welfare all continue to work on tackling the dog meat trade, and that in doing so they are helped by their counterparts around the world.

It is extremely important that we recognise that the key concern is not the cultural matter of eating dog meat, but the inhumane way in which so many innocent animals are treated in its production and the serious threat to human health that the industry presents.

In China, dog meat has been eaten for thousands of years and continues to be considered socially acceptable in many parts of the country—although the majority of the people of China no longer consume dog meat. Indeed, dog meat has a particular cultural significance for some, and is thought to have cherished medicinal properties by others. That is one reason why draft animal welfare legislation proposed in 2010 with specific restrictions that would prohibit the consumption of dog meat was deemed by the burgeoning Chinese animal protection movement unlikely to be effective in curbing the meat trade in that country.

Although a number of countries have passed laws banning the production, slaughter and consumption of dog meat, a significant hurdle is posed by the often weak enforcement of the relevant laws. Countries such as the Philippines and Taiwan, for instance, have introduced animal welfare legislation that notionally bans the trading and eating of dog meat, but those laws are rarely or poorly enforced and dog meat continues to be a feature of many popular dishes.

Let us consider in more detail what is happening in the Philippines. Despite being outlawed nationally since 1998, and having been banned in Manila since 1982, the consumption of dog meat continues today. Indeed, in some northern provinces, eating dog meat is something of a long-standing cultural display, traditionally associated with celebratory events and rituals of mourning. Although, historically, the practice involved a relatively small number of animals being killed and consumed, more recent manifestations are seeing the eating of dog meat grow in popularity for commercial rather than cultural reasons. As we have heard from other hon. Members, Yulin's annual dog meat festival in Guangxi is a relatively new "tradition"—if that is the correct term. It is a far cry from old-style festivities. Indeed, its primary aim appears to be to boost the local economy rather than to observe any underlying traditions or cultural practices.

Since its inception in the late 2000s, the June festival, which also marks the summer solstice, has been strongly opposed by international pressure groups, not to mention a majority of Chinese citizens themselves. Indeed, the Twitter #stopyulin2015 was used hundreds of thousands of times this year, yet organisers continue with the festivities despite these external and internal pressures to stop.

Estimates put the number of dogs slaughtered for people to feast on at somewhere in the region of 10,000, although precise numbers are difficult to come by for

obvious reasons. It is worth noting that Animal Equality has similarly undertaken intensive investigations into slaughterhouses and the dog meat markets in the Leizhou peninsula, as well as in the rest of China's Guangdong province. Its findings highlight that dogs sold for the meat market have often been taken from the streets or, in some cases, stolen from families by dealers supplying a black market. These animals are then confined for much of the remainder of their lives in wire cages where they suffer terribly—not only physically but psychologically too.

Animal Equality also tells us that many dogs are intentionally tortured before being killed owing to the fallacious belief that that tenderises the meat—what absolute nonsense. In these cramped cages, dogs are frequently left to go hungry, surrounded by dirt and faeces, and are subjected to extremes of temperature and a lack of water. Just as harrowing is the fact that these animals consume such a poor quality diet that they commonly become weak and susceptible to disease. Some are known to resort to cannibalism, which brings its separate concerns. I cannot be clearer that these are truly terrible conditions and the thousands of animals that perish on their journey to slaughter are testament to that. Conditions during transport are often so bad that an average of 50% of dogs die before they reach their destination. On occasion, however, as Network for Animals highlights, mortality rates rise as high as 90%. Given that many dead dogs retain profitability and are processed alongside live animals for markets and restaurants, however, such mortality rates are of little concern to the dog meat traders.

My hon. Friend the Member for Stoke-on-Trent South is right to highlight the role of the dog fur and dog leather industries in driving such atrocious animal cruelty. It is estimated that 18 million dogs are killed each year for their meat or fur in China. Some 5 million dogs are eaten annually in Vietnam, where dog is the go-to dish for many special occasions, and a further 2 million are killed each year in South Korea, although that is a particularly interesting example. Although the Korea Food and Drug Administration recognises all edible products as food, other than drugs, Seoul has passed a regulation classifying dog meat as a “repugnant food”. However, as in other parts of the world, such regulatory oversight has not been effective in curbing the demand for dog meat.

That leads me to re-emphasise the health risks associated with the dog meat trade. Figures suggest that, despite the legislative measures introduced, in the region of 10,000 dogs and 350 humans still die of rabies in the Philippines each year. The consumption of such tainted meat is a proven high-risk activity that can lead to the transmission of the rabies virus to humans. There is also a growing body of evidence highlighting the significant risk that the trade, slaughter and consumption of dog meat poses to human health, as it is variously linked to outbreaks of cholera and other diseases, as well as rabies.

Over recent years in Vietnam, for instance, there have been a number of large-scale cholera outbreaks directly linked to the dog meat trade. That has led to warnings from the World Health Organisation that the movement of dogs and consumption of dog meat facilitated the spread of the bacteria that causes cholera. The organisation stated that eating dog meat was linked to a twentyfold increase in the risk of contracting the disease. The presence

of the rabies virus in dogs destined for human consumption has been revealed in studies carried out in slaughterhouses and markets in China, Vietnam and Indonesia, and the risk posed by the dog meat industry to human health is very real, as reflected by the reported transmission of rabies to those involved in dog slaughter, butchery and consumption in the Philippines, China and Vietnam.

In China, for example, where authorities have declared quarantine regulations for dogs being transported, there are worrying examples of the criminals who mastermind much of the dog meat trade forging documents to transport dogs en masse to Yulin. The director of the Beijing Small Animal Veterinary Association has noted that the dogs in question are not considered farmed-for-meat animals, meaning that the meat is not properly quarantined or inspected, thereby increasing the safety risks associated with the processing and eating of dog meat.

Those instances confirm that when the trade in dogs for meat occurs, it regularly fails to comply with disease-prevention measures, and breaches the rabies control and elimination recommendations of key human and animal health advisory groups such as the World Health Organisation and the World Organisation for Animal Health. Furthermore, the dog meat trade has specifically been cited by the WHO as a contributing factor to recent rabies outbreaks in both China and Indonesia.

I am sure that Ministers will take account of today's debate and consider carefully what has been said. Although the Government cannot legislate beyond our shores, I know that Ministers in the Foreign Office have previously raised concerns on the issue with the Governments of China and the Philippines, while the UK ambassador in Seoul has raised concerns with the South Korean Government.

I very much hope that the appalling conditions in which many dogs facing slaughter find themselves and the real risks that the dog meat trade poses to human health across the world will spur Ministers to use their diplomatic and other opportunities to ensure that these cruel and hazardous practices are brought to an end. Britain has long led the way on animal welfare issues, and I hope the Government will continue this by pressing counterparts around the world to collaborate in efforts to change attitudes and reduce animal suffering.

4.49 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (James Duddridge): I congratulate the hon. Member for Stoke-on-Trent South (Robert Ffello) on securing this debate and I thank all those present in the Chamber for their contributions. From what we have heard in the Chamber today, dog meat consumption and its trade is a matter of strong interest to the British public and to this Parliament.

For many people in the UK this is understandably an emotive issue. We have a strong tradition here in the UK of keeping dogs as pets, and I, like others, consider it anathema that dogs should be eaten under any circumstances. However, as has been mentioned by others in a balanced debate, it is important to remember that in some parts of the world dog meat has been a traditional food for centuries. In a small number of countries its sale and consumption are legal, and it is still eaten today, as we have heard. That is not to say that we should not try to influence these cultural norms.

[James Duddridge]

Dog consumption in some countries is down, and even in areas where dogs had previously been consumed by people, they are increasingly seen as domestic pets, as they are primarily in this country.

We have heard here today and in media reports and correspondence with constituents the dreadful conditions in which dogs are kept and transported, and in particular the ways in which they are slaughtered. All that is truly horrifying and, as we have heard, it is difficult to find words to convey how horrific we find this industry.

The dog meat industry in Asia is routinely accused of poor treatment of animals during slaughter, and this disgusting treatment is clearly unacceptable. This Government take animal cruelty extremely seriously and we are committed to improving animal welfare standards globally, not just in the UK. There can be no place for cruel and inhumane practices anywhere in the modern world. The UK has proved that it is prepared to tackle cultural norms, particularly when it comes to the consumption and use of animals.

To draw a parallel, the UK is a world leader in promoting animal welfare generally overseas, for both domestic and wild animals. We are the architects of the 2014 illegal wildlife trade conference and work on illegal wildlife trade. Much of the focus of our relationships with Asian countries has been on discussing the consumption of animals, and I am sure that will have some cross-over to dog meat consumption in the future. As we become more successful in getting the message across about the illegal wildlife trade in elephant or rhino horn or tiger, perhaps we can extend that to the way people think about the consumption of dogs.

Before I update the House on what we are able to do on a country by country basis, I shall touch on some of the points made during the debate. Introducing the debate, the hon. Member for Stoke-on-Trent South urged the Government to work more closely with international health organisations. I am happy to make a commitment to consider a review of how we interact on this issue with various international organisations, specifically on the issue of health. In comments on other speeches, I will explain why I think that is so important.

The hon. Gentleman congratulated organisations that are working across Asia to change perceptions—in some cases very brave people standing up for animal welfare, trying to change the cultural norms while living and working in Asia. I add my congratulations. He urged me, on behalf of the Government, to take action, not just to come out with words. Sometimes it is difficult to have clear action plans, and nudging things forward is sometimes a success, but I am happy to write to all our ambassadors in the area to review what they are doing in relation to the dog meat trade and what is appropriate within that country. By “appropriate”, I mean what is likely to get the results that Members of the House and the Government want.

Robert Flello: I welcome that commitment to work with the World Health Organisation and similar agencies. In writing to embassies, the Minister may wish to stress to those embassies how the British public might view the countries concerned when they book their holidays or purchase ceramic items.

James Duddridge: I am more than happy, when writing to the ambassadors, to convey the connections that have been made in the Chamber today as fair representations of the way a large number of the British public feel about these issues.

The hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) raised a number of important issues. I think that she was the first Member today to refer to the Yulin festival, although many others did so subsequently. I was unaware that Yulin province has the highest rate of rabies, which is an important connection. My hon. Friend the Member for North Dorset (Simon Hoare) suggested in an intervention that health concerns are one way of tackling this issue, rather than what my hon. Friend the Member for Hendon (Dr Offord) later referred to as ideological imperialism. I think that raising health concerns is an incredibly effective way of changing behaviours that are already changing.

The hon. Member for Stockton North (Alex Cunningham), in summing up for Her Majesty’s official Opposition, referred to evidence of a twentyfold increase in the incidence of rabies among people who have consumed dog meat. That is quite a powerful reason not to eat dog meat, even if it is a cultural norm in one’s community. The hon. Member for Croydon North (Mr Reed) described the total lack of scientific evidence that dog meat has any beneficial effect, either to general health or as a so-called cooling food, or indeed in improving sexual virility. Not only is there no positive evidence, but there is lots of negative evidence that it can damage health.

I will mention four countries. In China we continue to work alongside the authorities to help protect the welfare of stray animals—specifically stray dogs—and farm animals. At the recent state visit we agreed a joint statement on tackling the illegal wildlife trade, which demonstrates that we are able to have these difficult discussions across cultural divides. Thailand’s Legislative Assembly passed an animal welfare law in 2014 making it illegal to produce or sell dog meat. The Philippines passed legislation in 1998 banning the sale and consumption of dog meat. The Minister of State, my right hon. Friend the Member for East Devon (Mr Swire), raised the important issue of animal welfare during his visit to Vietnam in February. We will continue to raise these important issues in the most effective way possible, which is not always through megaphone diplomacy, although sometimes speaking loudly is needed. Where it is needed, we are prepared to speak loudly.

4.57 pm

Robert Flello: We have had a short and constrained debate, but I think that all the important points have been made. I welcome the commitment that the Minister has given and appreciate his positive response; yes, they were words, but I got the sense that there is action behind them. I wish to make one point in winding up. I will happily debate culture with anybody, because it is very important, but slicing limbs off living animals or burning their skin off with a blowtorch while they are still alive is not culture; it is barbarism.

Question put and agreed to.

Resolved,

That this House calls for an immediate end to dog meat trade cruelty; supports the Humane Society International’s campaign to end the dog meat trade by working with government officials

and local organisations in Thailand, Vietnam, the Philippines and China to raise public awareness and strengthen laws related to this trade; and calls on the Chinese government and Yulin and Guangxi officials to stop the Yulin dog meat festival where thousands of dogs are being cruelly bound, confined, trucked and slaughtered for meat.

Business without Debate

JOINT COMMITTEE ON THE DRAFT INVESTIGATORY POWERS BILL

Resolved,

That it is expedient that a Joint Committee of Lords and Commons be appointed to consider and report on the draft Investigatory Powers Bill presented to both Houses on Wednesday 4 November (Cm 9152).

Ordered,

That a Select Committee of seven Members be appointed to join with any committee to be appointed by the Lords for this purpose;

That the Committee shall have power:

- (i) to send for persons, papers and records;
- (ii) to sit notwithstanding any adjournment of the House;
- (iii) to report from time to time;
- (iv) to appoint specialist advisers; and
- (v) to adjourn from place to place within the United Kingdom.

That the quorum of the Committee shall be two; and

That Victoria Atkins, Suella Fernandes, Mr David Hanson, Stuart C. McDonald, Dr Andrew Murrison, Valerie Vaz and Matt Warman be members of the Committee.—(*Dr Thérèse Coffey*)

Driver First Assist

Motion made, and Question proposed, That this House do now adjourn.—(*George Hollingbery.*)

4.58 pm

Robert Flello (Stoke-on-Trent South) (Lab): I turn to a lighter subject than that of the previous debate—in some ways, but in some ways not. I am grateful to Mr Speaker for granting me this Adjournment debate. It is a little like waiting around for ages for a debate to come along and two come along at once. I will make the most of the half an hour and 32 seconds available to me.

No one would dispute that despite successive Governments working to improve the road network and improve its safety, it is still a dangerous place. For many people, it is also their place of work, and possibly, therefore, the most dangerous workplace in the United Kingdom. According to the Health and Safety Executive, the number of people killed while driving at work makes road traffic collisions—RTCs—the UK's biggest occupational killer.

5 pm

Motion lapsed (Standing Order No. 9(3)),

Motion made, and Question proposed, That this House do now adjourn.—(*George Hollingbery.*)

Robert Flello: More lives could undoubtedly be saved—some experts think by 50%—and injuries minimised if we were able to improve the effectiveness of the response once an RTC has occurred. Statistics say that death from a blocked airway occurs in four minutes, yet the target time for an ambulance arriving is eight minutes. Just having somebody able to respond more quickly would instantly increase the number of lives that could be saved. Traffic volumes are projected to be 46% higher and average delays 54% longer in the next 20 years or so—in fact, less than that. How could we improve response times with more traffic on the roads and longer waiting times for ambulances to arrive?

If somebody falls ill or injures themselves in a traditional workplace, the situation is quite straightforward. Workplace first aid is a legal requirement, and there are clear responsibilities for its provision by first aiders, who tend to be trained by their employers. However, there is not generally such training of employees who are frequently off-site, such as truck, bus and coach drivers, salespeople and engineers—those who spend a large part of their working lives on our road network. Therefore, we inadvertently populate the road network with workers—more than 3 million—with little or nothing in the way of first aid skills. Unlike their workplace-based, non-mobile counterparts, they are almost entirely dependent on the emergency services for a medical response.

Improving the speed of response to someone in need of medical assistance in the community has already been addressed by the introduction of community first responders, who do a fantastic job, but the road network has no formal, identifiable group of trained first aiders who could provide that vital early first response to someone in need of life or death assistance—until now, that is. We now have a model that is able to address this problem. A group of very dedicated individuals came together and looked at how they might apply a community first responder model to the road network. A resource is

[Robert Ffello]

out there—namely, a lot of professional drivers. Somebody who is a professional driver is most likely to be at the scene, or very early at the scene, of an RTC.

That gave rise to the creation of Driver First Assist. Drivers early at the scene are potentially a resource available to the emergency services in helping them to deal with incidents more effectively, providing the first vital link in the chain of survival—but, of course, only if they are appropriately trained. DFA is a not-for-profit, charitable organisation. It has been created in partnership with the emergency services. It aims to provide drivers with the skills to manage the scene at an RTC and deliver life-saving first aid skills prior to the arrival of the emergency services. For example, if there is an incident on the carriageway and a DFA-trained and qualified individual is there, able to provide perhaps the unblocking of an airway, a person who might otherwise have died now has a fighting chance. A substantial number of drivers are already volunteering to join DFA, supported by major companies, Babcock International, JCB, Tarmac, John Lewis, Norbert Dentressangle and many others have come forward.

I want to give the example of driver Nigel Abbott from Mark Thompson Transport in Warrington. He became the first DFA member to receive a commendation from the police in recognition of his assistance at the scene of a road traffic collision earlier this year. Mark was on the northbound carriageway of the M6 and found himself to be one of the first at the scene of a serious collision. A report was made by the attending traffic officer, PC Martin Smith, who is also one of a number of emergency services personnel who delivers training on behalf of DFA. He said:

“At about 22.00 I attended an injury collision on the M6 between junctions 10 and 10A just north of Walsall. This was a three vehicle collision and had affected two lanes on the carriageway. On my arrival I saw a Mark Thompson Transport Tractor unit in lane 2 which was protecting the scene. I also noticed that the driver Nigel Abbott was doing a brilliant job of managing a casualty with spinal injuries. I trained this driver at his home depot recently and have to say that his vehicle positioning and casualty management were straight out of the manual. This driver acted in the most professional manner and is a credit to DFA. It should be noted that he was very conspicuous in his DFA high vis jacket. I spoke with the West Mids Ambo area response manager who also commented that Nigel had done a great job. An incident worthy of a mention in the good news forum for a job well done.”

It is fair to say that those skills possibly saved further injury and almost certainly saved lives.

Let me turn to the views of the ambulance, fire and rescue and police services. The Association of Ambulance Chief Executives says that it is

“delighted to endorse this important programme.”

Steve Apter, a chief fire officer and the Chief Fire Officer’s Association lead on transportation for roads says that Drivers First Assist

“will allow instant help for injured drivers before the emergency services arrive”

and that he is delighted to support it. The Association of Chief Police Officers lead on road policing, Chief Constable Suzette Davenport, says:

“Road deaths and serious injuries are devastating but preventable... The Driver First Assist scheme has been established to enable trained drivers from volunteer companies to spontaneously

assist those casualties at collision scenes... I believe that such early interventions will help support emergency responders in saving life and reducing congestion.”

Justin Madders (Ellesmere Port and Neston) (Lab): The M53 and M56 run through my constituency, and in recent times there has been a significant increase in the number of accidents. Many companies in Ellesmere Port take advantage of the transport links available to them. How can I encourage my local companies to get involved in this scheme?

Robert Ffello: That is fantastic. It is easy to find the Driver First Assist website—driversfirstassist.org—and my hon. Friend and the companies in his area will benefit if they go on it. I will come in a moment to what I want to hear from the Minister. Drivers First Assist is a voluntary group and the more companies that get involved, the more people out on the roads will benefit.

Senior traffic commissioner Mrs Beverly Bell says:

“Traffic Commissioners have always championed the skills and professionalism of the road haulage and passenger transport industries”,

and that this initiative now gives them

“the skills to save a life.”

I have quoted some of the people who support Driver First Assist. However, although some companies are getting involved, it is tragic that other companies have said that, if only they had been aware earlier of Driver First Assist, the lives of some of their employees may have been saved.

Driver First Assist is a not-for-profit organisation. It was created in partnership with the emergency services, which do the training. It has a sound strategy to ensure future sustainability without the need for Government funding, but it does need assistance. It needs help in getting the message out at the formative stage of its development. If fatalities can be reduced as a result of DFA members who are out on the roads responding at the scene and making an early intervention, the savings to the British economy—never mind the human lives saved—are measurable in the billions of pounds. That would be a huge saving for the Government and represent the potential liberation of resources in an already overstretched national health service. The DFA needs investment, however, to get the message out.

I very much seek from the Minister an agreement to meet Driver First Assist—I think discussions are going on to try to arrange a meeting, but perhaps we can finalise that—to look at how the Government can further promote it through the avenues available to Ministers. My final request is to consider how to make it part of the certificate of professional competence. When drivers go for regular training—it is quite right and proper for them to be required to do so, because drivers are professionals—is there a way of making it mandatory for the Driver First Assist approach to form a module within the CPC? The really important thing is not that everybody has to join Driver First Assist, because it is very much up to drivers to decide whether they have the skills and are able to apply them, but that they should be aware of Driver First Assist.

I look forward to the Minister’s comments. I am very grateful to Mr Speaker for granting me this second debate today. As hon. Members may be able to tell, I am really passionate about this issue, just as I am strongly

passionate about our freight industry and its professional drivers. Something that might simply save even one life must be something that is worth us all getting behind and promoting in every way we possibly can.

5.10 pm

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): I congratulate the hon. Member for Stoke-on-Trent South (Robert Ffello) on securing this debate about the work of Driver First Assist. He made some very valuable points about road safety. I know that he is a champion of the haulage sector, and I consider myself to be one, too. That really important sector in our economy can sometimes be a little overlooked.

Let me start by commenting on the hon. Gentleman's important points about road safety. The UK remains one of the world leaders on road safety, as measured by deaths per mile travelled; overall, our road safety record is second only to Sweden's. Second is good, but it is not good enough: I want our roads to be the safest in the world. To quantify what that means, although there were 1,775 road deaths in 2014—a rise of 4% on the previous year—that is the third lowest annual total on record after 2012 and 2013. That figure should be seen against an increase in traffic volumes of 2.4% between 2013 and 2014, which was the highest rate of growth of motor vehicle traffic since 1996.

The winter weather has also played its part, but taking into account last winter's severe conditions by adjusting for average winter temperatures and rainfall, there were 43 fewer deaths in 2014. I am cautious about taking one data point as evidence of a trend, as there is very little merit in that. If we take a pace back and look at the record over time, however, we can see that there were 45% fewer fatalities in 2014 than a decade earlier, in 2005.

Although we have one of the best road safety records in the world, we can certainly do more to prevent deaths and serious injuries. We ought also to remember that the consequences of road collisions can be absolutely devastating. We talk about the statistics, but behind every statistic is a shattered family. This is personal: it is really serious and it matters.

I thought it would be helpful if I detailed how we are working to improve driver skills, knowledge and attitudes through campaigns, such as the THINK! campaign, which will contribute significantly. We are ensuring that drivers and vehicles are licensed and safe, and bringing in laws to make roads safer. Sadly, road traffic collisions sometimes result in people suffering life-threatening injuries, and every minute counts in terms of their chances of survival. Providing professional drivers, who are often the first to witness or come across such incidents, with some of the basic life-support training and the knowledge to know what to do will ultimately mean that patients get the care they need while the emergency services are en route. I therefore support the work of Driver First Assist very strongly. I am happy to encourage more drivers to take such training, and I will certainly ask my Department to consider all possible avenues.

Robert Ffello: The Department is regularly in touch with haulage firms to ensure that they comply with the various requirements. That always strikes me as a fantastic opportunity to send out the occasional reminder, whether it is on the bottom of an email or printed on a document.

Andrew Jones: The hon. Gentleman makes a valid point. I will come on to some practical suggestions later, in which I will broadly agree with what he has said.

I will ensure that we take every opportunity to promote the work of Driver First Assist. As the hon. Gentleman says, members of Driver First Assist are drawn from the ranks of professional drivers and those who drive regularly as part of their profession. It has established an excellent working relationship with the Association of Ambulance Chief Executives and has the endorsement of the fire and rescue service, the police service and the traffic commissioners.

Driver First Assist equips drivers with skills and resources to manage the scene at a road traffic accident and deliver life-saving first aid in advance of the arrival of the emergency services. It estimates that 46% of road traffic accident fatalities could be avoided if first aid was available early at the scene. That is a powerful statistic. The scheme gives us the opportunity radically to reduce human misery through the application of simple first aid training and the good will of professional drivers.

Many deaths occur from little more than a blocked airway—a condition that, with the right training, is relatively easy to treat. Death from a blocked airway occurs in about four minutes. As the hon. Gentleman said, the target time for an ambulance is eight minutes. Some 50% of road traffic accident deaths occur before the emergency services arrive, which means that Driver First Assist trained drivers can make a vital difference in the first crucial moments.

Drivers are required, as part of their certificate of professional competence, to undertake 35 hours of periodic training every five years. That training can and often does include first aid training. Anecdotal evidence suggests that first aid training is a popular choice for drivers undertaking their periodic CPC training. Of the 3,370 CPC periodic training courses approved by the Driver and Vehicle Standards Agency, 738 are specifically named as a first aid course or a variation on one. That is 21% of all courses and the percentage could be much higher because some other courses feature an element of first aid. In 2014-15 almost 8.5 million hours of periodic training were recorded by the DVSA. It estimates that that equates to about 1.8 million hours of first aid training across the country.

Robert Ffello: The Minister is being very generous with his time. As vital as the first aid element is, there are many other elements of Driver First Assist, such as knowing how to position one's vehicle to protect the lane and the incident in a way that avoids causing another accident and knowing how to hand over to the emergency services in a professional way.

Andrew Jones: Again, I entirely agree with the hon. Gentleman. The training in the DFA course is very helpful and broad.

All established professional HGV drivers have to top up with five days of training every five years. We would be happy to link up with Driver First Assist to make sure that training providers know that it is an option they can provide. We would also be happy to publicise it with trade associations and trade unions to operators and drivers.

[Andrew Jones]

I am aware that there have been concerns regarding the drivers' hours regulations. It is right that we have a system to ensure that professional drivers do not exceed their legally controlled hours, but there is a concession for drivers who undertake this selfless public service in article 12 of the drivers' hours regulations. A driver may depart from the drivers' hours rules to enable their vehicle to reach a suitable stopping place. That is available when they have interrupted their journey to administer assistance at the scene of an accident as part of the DFA initiative.

I am aware of concerns that, by administering first aid, drivers could open themselves up to potential legal action, but I assure the House that it is very unlikely that action would be taken against a first-aider who was using the first-aid training they have received. Legal advice would suggest that there is little chance of any such claim succeeding, and in the unlikely event of a claim against a DFA member, that member would be provided with the appropriate legal resources to defend themselves.

Some drivers are concerned that stopping to administer first aid may make them miss deadlines set by their employer. I expect that most employers in the haulage industry would applaud the actions of drivers who stop to save lives—I would certainly applaud that, and I am sure that will be the message from the House. Overall, such actions are likely to save time and money by reducing the delays caused by accidents and allowing emergency services to reopen roads more quickly. I therefore think that criticism is false, and I hope my explanation has helped to put such concerns to bed.

Driver First Assist believes that rapid provision of first aid at the scene of an accident could benefit the UK economy by approximately £1.5 billion per year, and we estimate that congestion on the strategic road

network costs the UK an estimated £1.6 billion per year. The ability to reopen roads quickly following a road traffic accident can contribute to a significant reduction in that cost burden, and that is of course on top of the human costs of injuries and deaths.

What, if anything, can we do to increase the number of drivers that provide this vital service? I will ask the Driver and Vehicle Standards Agency to ensure that drivers are made aware that first aid training can form part of the periodic certificate of professional competence training that is offered. My Department will encourage haulage industry trade associations and the trade unions—I have met both—to highlight Driver First Assist to their members. In the next couple of weeks I will meet representatives from the haulage industry, and I will emphasise the value of the scheme at that meeting. I will ensure that my officials contact Driver First Assist to ensure that the Government are providing all the support necessary—including moral support—to support its work in practice.

The hon. Gentleman asked whether I would be happy to meet DFA: I would be pleased to. I have a very open-door policy and I want to make significant progress in road safety. I am acutely aware that not all ideas will come from the Department for Transport, and I am happy to take ideas from anywhere if we can make a difference. If Driver First Assist wishes, I would be happy to highlight the scheme in Government publicity including, for example, the gov.uk website. In conclusion, Driver First Assist has, and will continue to have, my personal support and thanks. The hon. Gentleman highlighted eloquently the difference made by DFA, and our nation is stronger for its work.

Question put and agreed to.

5.22 pm

House adjourned.

Westminster Hall

Thursday 5 November 2015

[MR CHARLES WALKER *in the Chair*]

BACKBENCH BUSINESS

School Funding

1.30 pm

Graham Stuart (Beverley and Holderness) (Con): I beg to move,

That this House has considered funding for schools.

It is a pleasure to serve under your chairmanship, Mr Walker, and, equally, to see so many colleagues from both sides of the House filling the Chamber on a Thursday afternoon. It shows the strength of feeling on fairer funding for schools and that many colleagues want to see a fair and just system.

I want to place on the record my thanks to the Backbench Business Committee for granting the time for the debate. The issue has support from more than 110 colleagues from both sides of the House; only a fortnight ago they signed a letter to the Prime Minister championing fairer funding for schools.

The premise of fair school funding awarded in accordance with a rational formula assessed on the basis of pupil need is a simple one and, one might think, uncontroversial. That statement, however, falls a long way short of the reality in England. The Association of School and College Leaders has calculated that this year the 10 best-funded areas will receive an average schools block grant of £6,300 per pupil, compared with an average of only £4,200 per pupil in the 10 most poorly funded areas. For a typical secondary school of 920 students, that equates to a budget of £5.8 million in the best-funded areas and £3.9 million in the least well-funded areas—a difference of £1.9 million in a relatively small secondary school.

Sir Greg Knight (East Yorkshire) (Con): Is my hon. Friend aware that I have had a meeting with the Secretary of State for Education, my right hon. Friend the Member for Loughborough (Nicky Morgan)? She is of the view that the existing formula is wrong, is unsustainable and needs to be changed, and she is consulting on that. Does he agree that the Government should be congratulated for being prepared to look at the matter? Furthermore, does he agree that Conservative Members seem to be pushing against a door that is, if not fully open, certainly ajar?

Graham Stuart: I am delighted to hear that my right hon. Friend met the Secretary of State. The delivery of fairer school funding was of course a manifesto undertaking by the Conservative party at the most recent general election and, I hope, played a part in securing the majority that our party enjoys in this Parliament.

Jesse Norman (Hereford and South Herefordshire) (Con): I congratulate my hon. Friend on securing the debate, on the extremely skilful way in which he has run

this campaign over the past few months and on the levels of support generated. I come from a county that is one of the worst-funded areas in the country, so I take his point, but does he share my view that things are made even worse when the effect of the tight local government settlement means that schools have to bear additional costs, such as for transport, as well as the unfair funding formula with which they are already landed?

Graham Stuart: That will have meaning in many rural constituencies. Separately, as my hon. Friend knows, the Rural Fair Share campaign on local government funding, which it is my pleasure to chair, shows up the great disparities. An interesting point about fair school funding is that the issue is not about rural and urban; it is an entirely arbitrary, random and grossly unfair settlement. If we look at the F40 group's proposals, Barnsley would be the biggest gainer, Sunderland and Leeds would be gainers, and other areas might do less well.

Geoffrey Clifton-Brown (The Cotswolds) (Con): I, too, add my voice to the congratulations on my hon. Friend's superb campaigning over many years and on getting this number of people to the debate. May I emphasise that the issue is one of basic fairness? Children in similar circumstances wherever they live in the country should get the same resources from the taxpayer. The sooner we move towards a national funding formula the better.

Graham Stuart: As I said, the issue should be uncontroversial, but because the discrepancies are so great any change will mean that money is removed from some schools and some areas. The losers will, understandably, fight and try to find an argument with which to defend what is fundamentally indefensible, because there is no rationale for it. I will go into that later in my speech.

Kevin Foster (Torbay) (Con): I, too, congratulate my hon. Friend on securing the debate. Does he agree that one of the stark differences between rural and urban is shown in a recent Public Accounts Committee report? It identified that funding for deprived pupils can vary by £3,000 per pupil because of the existing formula.

Graham Stuart: My hon. Friend is absolutely right.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I am sure that my hon. Friend knows, from going around schools in his constituency, that when it comes to the sort of equipment that our schools have—whether books or insulation—and the facilities available for children, they are significantly inferior to those in other parts of the United Kingdom. That is simply not fair for the education of our children.

Graham Stuart: My hon. Friend is right. He makes the point succinctly.

Alex Chalk (Cheltenham) (Con): Schools in my constituency, from All Saints' academy in the west to Balcarras in the east, are facing significant pressures from rising wage bills and pension obligations. Does my hon. Friend agree that we need clarity not only on the

[Alex Chalk]

principle of fairer funding, but on the programme? Only by knowing the timeline can excellent schools in Cheltenham and elsewhere budget for a secure future.

Graham Stuart: My hon. Friend is right. Of course it is difficult at a time of flat cash and increasing financial strain to carry out redistribution, but it is when cash is flat, and no additional above-inflation increase is coming, that the discrepancy between areas becomes more important. Although it is politically more challenging to redistribute when there is a tight cash settlement—that is why it is so important to show the weight of opinion in the House—morally and educationally it is more important to bring that about. That is why we have pushed so hard, and I am grateful that the Government have listened and are prepared to seize the nettle.

Mrs Caroline Spelman (Meriden) (Con): My hon. Friend is right; there is not only rural-urban disparity, but urban-urban disparity. Two wards can be side by side, with identical socio-economic profiles, but have a big difference in funding. The fair funding situation can be aggravated if a pupil moves from one ward across the border into the identical ward, because they do not bring the additional money with them. Unlike in health, the money—apart from the pupil premium—does not follow the pupil.

Graham Stuart: My right hon. Friend is absolutely right. That, too, has been a feature of the system for a long time. It is, in a way, a separate issue. If a child from Hull, perhaps from a deprived area, moves to a school in my constituency, which neighbours Hull, rightly or wrongly the additional funding given for that child will not follow the pupil who crosses the border to a school perhaps only a quarter of a mile away—for example, in Bilton on the edge of Hull in my constituency. That, too, is an indefensible feature of the system.

David Rutley (Macclesfield) (Con): I thank my hon. Friend for securing the debate. My hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) hit the nail on the head when he said that the issue is one of fairness. We have heard about the disparities, which are nowhere more stark than in a constituency such as mine. I represent a seat next to the urban area of Manchester, and in Macclesfield the discrepancies are huge. That causes real angst not only among teachers, but among parents and pupils. Does my hon. Friend the Member for Beverley and Holderness (Graham Stuart) agree?

Graham Stuart: I do agree. As a result, the children of a multi-millionaire in one constituency or area receive more funding for their education than do the children attracting a pupil premium and from one of the poorest families in a neighbouring area. That is indefensible. The discrepancies are so enormous as to require change, notwithstanding the political challenges and difficulties of doing so.

David Mowat (Warrington South) (Con): There would appear to be consensus on the Government side, and perhaps on the Opposition side, that enough is enough. This is the third Westminster Hall debate I have attended

on this issue since I became an MP five years ago—the first was in April 2012—and at each debate it has been agreed, including by the Government, that this had to be fixed. If the door is ajar, as my right hon. Friend the Member for East Yorkshire (Sir Greg Knight) said earlier, there would appear to be a wedge in it that is still to be removed. Does my hon. Friend agree that we must hear from the Minister about timing and not just about whether he agrees that the principle is wrong?

Graham Stuart: My hon. Friend is right and I hope and expect that we will hear from the Minister on when the House will get the detail about what the Government propose to do.

To bring to life the example I mentioned of a relatively small secondary school with 920 pupils, the £1.9 million difference between two such schools in different areas is enough to pay the total costs—salaries and pension contributions—of 40 full-time teachers. That huge funding gap cannot be justified.

The gap is not explained by pupil deprivation. People might think that the system is designed to give more to areas of concentrated deprivation, whether urban or other. In 2011, Department for Education analysis showed that a school with 43% of pupils eligible for free school meals can receive £665 less funding per pupil than a school with less than 10% eligible pupils. Therefore, a school that serves the most deprived, as opposed to one that serves a remarkably affluent population, can receive hundreds of pounds less per pupil simply because of where it is rather than the nature and character of the children concerned, let alone their needs. Given the flat cash settlement for schools since that time, those figures will not have altered significantly.

I will give another example of the disparity that can exist between authorities. A secondary school pupil in York who receives the pupil premium, which is worth £935 this year, still has less spent on his or her education than an equivalent pupil in Birmingham who is not eligible for the pupil premium. Therefore, the child of the wealthy entrepreneur or lawyer in Birmingham receives more than the child from the poorest home in York.

Colleagues have mentioned the cross-border issue. The same applies in the relationship between Nottingham and the county that surrounds it: a 13-year-old pupil in the city gets more for their education than a disadvantaged child from the county next door, even though that child receives a pupil premium. Indeed, it is worse than that: a child who is in care in a certain area of the country and receives the pupil premium plus, worth £1,900, to reflect their needs, will still receive less than the child of a wealthy lawyer in Islington. That cannot be right. It needs to be fixed in a timely way and that is what we are gathered here today to tell the Minister.

We might think that if the disparity does not reflect deprivation, perhaps it reflects underlying performance in the system such as the quality of education in the schools, with more money going to help those areas doing less well. However, that would be wrong. Some of the best performing areas, notably in London, continue to receive thousands of pounds more per child than areas that are really struggling with education outcomes. The Royal Borough of Kensington and Chelsea receives 39% more funding per pupil under the schools block grant than my own area, the East Riding of Yorkshire, which loses out badly under the current funding arrangements.

The East Riding struggles with many of the challenges identified by Ofsted Chief Inspector Sir Michael Wilshaw in rural and coastal areas of England, where it can be hard to recruit and retain high quality teachers, and partnerships between schools can founder because of the distance between them. We could take a coastal town and ask, “Why can’t we replicate the London challenge in East Yorkshire?” but anyone who drew a circle around Withernsea in my constituency to find all the schools that might be able to provide mutual support would find that half the circle was in the sea and the other half took in a swathe of rural East Yorkshire. That does not create easy conditions in which to build the collaborative regimes that have made such a difference in London and that is a further reason why such areas need to be fairly funded.

Contrary to any lazy misconceptions that areas such as the East Riding are rural idylls, there are areas of deep deprivation. Withernsea ranked in the top 10% of most deprived areas in England on both the income and employment indices of multiple deprivation in 2010. In a devastating speech in 2013, Sir Michael Wilshaw warned that

“many of the disadvantaged children performing least well in school can be found in leafy suburbs, market towns or seaside resorts”.

The East Riding also faces the additional costs associated with needing to run small, rural schools because of its geography. There is a limit to how far we can expect children to be bused, so it needs to run small schools, which are necessarily more expensive. It therefore has higher natural costs, and greater challenges in delivering high-quality education.

On top of that, the East Riding targeted as much funding as possible at its schools. Various blocks make up the dedicated schools grant, and historically the East Riding chose to stick most of the money for special educational needs in the schools block—it was entirely free to do so. It said to schools, “Use your budget to deliver that.” There was practically nothing in the high needs block, because that money had been put into the schools block. When the dedicated schools grant came in, which was based on what had been spent at that time and how it was accounted for, the East Riding received among the lowest levels of SEN funding in the whole country. That was not because there was a lack of challenge, but because of how the accounting had been done.

Our high needs funding is now the lowest in England, so the East Riding has had to move funding over to try to compensate for that. The situation was unfair already. Then we moved to the £390 million the Government came forward with last year to help lower-funded authorities, but that was distributed on the basis of the schools block, one of the three blocks that make up the dedicated schools grant, and as my local authority had its money in the schools block and not the high needs block, it ended up receiving a very much smaller share of the cake.

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): I thank my hon. Friend for bringing this debate to the House, and I look forward to all the contributions. He mentioned the £390 million that the Government put into schools’ funding to help make the funding formula fairer. I want to clarify that that

has been done twice: it was done for 2014-15 and it is being done for 2015-16. We are taking, and have already taken, steps to make the funding formula fairer. In response to the point about timing made by my hon. Friend the Member for Warrington South (David Mowat), that shows our intent.

Graham Stuart: I am grateful to the Minister. I am also grateful for the £390 million, which was a significant amount to find to help the lowest-funded authorities. A method for distribution had to be found and, under his predecessor, a decision was taken on that, which led to certain discrepancies, though overall there was certainly an improvement.

Jo Churchill (Bury St Edmunds) (Con): Bury St Edmunds and the broader area of Suffolk were grateful for that uplift. However, it took us from 121st to 116th. We are still £260 a pupil behind the national average, which means we are very far behind the schools with the highest funding.

Graham Stuart: I am grateful to my hon. Friend for that.

David Mowat: The Minister mentioned my point, so I want to come back on that. While the £390 million was welcome, it was not a change to the funding formula. We still do not have a national funding formula and, in fact, that £390 million affected Warrington much more poorly than the better-funded Westminster. After the £390 million, Warrington remains 11th from bottom of the 152 authorities. We will come back to that.

Graham Stuart: I am grateful to my hon. Friend. That is why we need a whole new look at this and a national funding formula. As a result of issues relating to the blocks that colleagues may or may not have followed—it is complicated—after the £390 million, the East Riding became the lowest-funded local authority in the whole country. Members can imagine the gratitude my constituents felt: the then Chairman of the Education Committee and leading member of the campaign for fairer funding had somehow dragged the East Riding from being the third or fourth lowest-funded authority to the very lowest. I had to put my hand up and say, a little plaintively, “Well, we did get £1.8 million more.” But relatively speaking, we fell to the bottom. We can all see why people were not very happy, and they would like to know that there was a rationale. Someone has to come bottom, but let there be a rationale for that.

If we cannot develop a rationale, we should put people on the same money. In the Parliament before last, the all-party group on rural services conducted an inquiry on health and education funding. Professor Mervyn Stone, emeritus professor of statistics at Oxford University—a marvellous man with a beard like a biblical prophet’s—said, “If you move to equal funding per pupil or per patient across the country, you’d have something fundamentally unfair, because of the variety of costs”—I hope I am not unfairly putting words into his mouth—but we would still have something far fairer than any of the structures that anyone has come up with so far, let alone implemented in Government. Equal funding would be fairer.

[Graham Stuart]

Our call today is not for perfection but for a significant move to close the gaps. It is worth saying to colleagues who represent London seats that some areas of London—a few, admittedly—would benefit from a new national funding formula. Under the recommendations submitted to Government by the F40 campaign, which is the group of lowest-funded local authorities, there would still be, on average, more than £1,000 more per pupil in London than in the rest of the country. Take a class of 30. Whether it is in London or Warrington, there will be a classroom, kids and a teacher, and there might be a support assistant. A school in London will have £30,000 more a year to run that. Costs are higher in London, but not that much higher. It has to be right to move to something that is fairer to everyone.

Before the debate, I asked headteachers in Beverley and Holderness about the challenges they face. I will quote some of the problems that they highlighted. One said:

“We reduced staffing by reducing the number of cover supervisors and downsizing a number of teaching subject areas.”

Another said:

“Fewer sporting competitions—we can’t afford to pay for transport to away fixtures”—

imagine the cost of doing so in a sparsely populated rural area. Another said:

“Provision is stretched and children receive less intervention time”.

Another said:

“Resources are not being replaced or updated as we would like. The school guided reading scheme has been on the subject leaders’ development plan for the last 2 years and it is something that we cannot afford.”

That is the reality on the ground in schools in my constituency.

Those problems are not unique to the East Riding of Yorkshire—colleagues from up and down the country will testify to that, as is evidenced by the fact that there are so many of them here today. That is why the F40 group of local authorities, for which I serve as a vice-chairman, has come together to make the case for fairer funding. I pay tribute to the F40 campaign. It is led by Leicestershire Councillor Ivan Ould, who along with other F40 representatives has campaigned with great determination for almost 20 years. It is to the credit of the Government and Ministers that they are now listening to the campaign and are going to act.

I know colleagues will want me to say that we all owe a debt of gratitude to my hon. Friend the Member for Worcester (Mr Walker). He was a tireless champion of the issue in the previous Parliament, and I know he continues to be highly supportive in his new role as Parliamentary Private Secretary to the Secretary of State. It is a delight to see him here.

Progress is being made, in the form of the extra £390 million that was allocated as a down payment towards fairer funding in 2014, as well as through the Government’s manifesto commitment to make that extra resource part of the baseline funding settlement. The Minister said that there have been two parts to this: last year’s £390 million and this year’s; I know it is going to be every year from now on.

Mr Gyimah: It is in the baseline.

Graham Stuart: Listeners might have thought that it might not appear next year, and I would not want anyone to have that misapprehension.

Andrew Bingham (High Peak) (Con): My hon. Friend is paying tribute to many people for their work on this issue, but no one has done more than he has, so I pay tribute to him, as I am sure they would. Derbyshire too is disadvantaged by the budget. He mentioned the £390 million and used the term “down payment”. It is pleasing that the money is now in the baseline, and that the budget is there, but it is still only a down payment on solving the problem, and not the solution. Does he agree?

Mr Charles Walker (in the Chair): Order. Before Mr Stuart continues, I remind him that he has spoken for nearly 25 minutes. He has been very generous in taking interventions, but a huge number of colleagues wish to take part in the debate.

Graham Stuart: I am grateful to you for that timely reminder, Mr Walker, although I find that I am horribly few pages into my speech. I will have to truncate it.

The clock is ticking. We want to hear from the Minister about when we will have proposals for consultation. The gap between the highest and lowest-funded local authorities has grown steadily. Let us say that one local authority is on £6,000 per pupil and another is on around £4,000; if we give 2% to each, the cash gap will widen—that is obvious, really. That cannot be allowed to continue.

I am aware of how many other colleagues are ready to speak, but I will say just a little more. I have touched on how a fairer system would affect different areas. Barnsley would see the largest funding gain if the F40 proposal was introduced, and other deprived councils, including Leeds, Doncaster, Knowsley, Gateshead, Sheffield and Sunderland, would all make triple-figure gains per pupil under that proposal. A new formula would also restore fairness for the more rural counties of England, such as the East Riding, which failed to benefit from new Labour largesse.

A redistribution of resources is both right and fair. It should probably be phased in—I would say over three years—to mitigate the impact on those who will lose out. Russell Hobby, the general secretary of the National Association of Head Teachers, supports fairer funding. He is right when he says:

“There is no possible way to arrive at a fairer formula without taking money away from schools already facing cuts.”

He is running a members organisation, but has taken that on board. It is brave for a trade union leader with members in schools across the country to accept the logic and say, “Some schools will have to lose, but that has to happen for us to have fair funding.” If he and Brian Lightman at the Association of School and College Leaders are prepared to face their members, some of whom will lose out, and say that a different settlement is right, surely Ministers should grasp the nettle and make sure it happens. There is no way that we can defend a settlement under which there is a gap of more than £2,000 per pupil between the best-funded and least-funded 10 authorities.

I am delighted to see so many colleagues in the Chamber, and to see the Minister in his place. I know he has worked tirelessly on this issue in a difficult funding environment. We all look forward to hearing what he will do to bring about an end to this inequity, which has gone on too long.

Several hon. Members *rose*—

Mr Charles Walker (in the Chair): Order. Before I call Mr Bradshaw, I should say that a huge number of colleagues want to speak. I do not intend to impose a time limit on Mr Bradshaw, but if he were to speak for 10 minutes, that would leave a little over five minutes for each colleague who follows.

1.58 pm

Mr Ben Bradshaw (Exeter) (Lab): I hope to take considerably less than 10 minutes, Mr Walker, although I may take one or two interventions.

We all agree that every child and family deserves the same chance in life when it comes to state-funded education; but at present, as the hon. Member for Beverley and Holderness (Graham Stuart) has so graphically shown, that is not the case. He chose to give figures rounded up or down to zero, but I will give the exact figures produced by the Association of School and College Leaders, which show that, on average, the 10 best-funded areas received grants of £6,297 per pupil this year, compared with an average of £4,208 per pupil in the 10 most poorly funded areas. That means that schools in the best-funded areas get 50% more per pupil than those in the worst-funded areas. As he said, for secondary schools of typical size, the gap amounts to nearly £2 million, the equivalent of 40 full-time teachers.

Devon schools are among the worst funded in the whole of England. We receive £23.4 million less than the national average, and our three and four-year-olds receive £3.7 million less. That means that each individual Devon schoolchild receives £270 less per head than the average for England, and three and four-year-olds receive £620 less per year than the average for England.

The situation in Exeter is even worse, because it is the only urban area of any significant size within the former Devon education authority area. Because of the extra cost of providing school transport or of maintaining small village schools in rural areas, my schools in Exeter are, in effect, hit by a double whammy: they are in one of the lowest-funded counties in England, and they lose out again because they have to cross-subsidise the cost of providing education in what is a largely rural county. Places such as Oxford, Norwich, Cambridge and Ipswich suffer similar double discrimination.

Daniel Zeichner (Cambridge) (Lab): I thank my right hon. Friend for giving me a helpful cue. Does he agree that shire areas in the south-west and the east of England, such as mine, have long suffered from underfunding? That has seeped into the public consciousness, thanks to some powerful campaigns. In my county, the *Cambridge News* has run a fantastic campaign, and we are beginning to win the argument with the public.

Mr Bradshaw: I entirely agree, and I will come to some of the historical reasons for the underfunding in a minute, but first I want to mention one of my fantastic

headteachers in Exeter, Moira Marder, who is the executive head of two of my high schools: St James school and Isca college. She has done comparisons of funding with two cohorts of very similar schools around England and found that St James and Isca are the worst funded of their cohorts in the whole of England. All Members' local authorities will have suffered big cuts, but our local authority has suffered a 27% cut in funding—nearly 40% in real terms—and we still have to find £135 million over the next four years.

John Redwood (Wokingham) (Con): An additional problem Wokingham has, as a very low-funded authority, is that a large number—about 13,000—of new homes are being built in very few years. We need to build extra schools and provide extra school places, and the sum is simply far too mean to allow for the extra costs of setting those up.

Mr Bradshaw: We face exactly the same challenge in Exeter, which is a growth area. We have huge additional housing developments everywhere, and I share the right hon. Gentleman's concerns that the funding formula does not keep up with the growth in demand caused by those developments and growing populations.

I mentioned a moment ago the cost of school transport. I was staggered to discover that transport now takes up 50% of Devon's total non-schools education budget—that is £20.9 million out of a budget of just over £40 million. Children in Exeter suffer a further injustice. Because none of our schools has a sixth form, all 16-to-19 education takes place at Exeter college. It is an excellent further education college, but as we all know, historically FE has been significantly worse funded per student than school sixth forms. That is now being addressed, but it still has not been addressed completely. FE has also suffered far bigger cuts in real-terms funding under the current Government than schools as a whole—indeed, we are told that further big cuts to FE are in the pipeline. I would argue that children in my constituency therefore suffer a triple disadvantage when it comes to education funding. They are in one of the worst-funded areas of the country—Devon; as urban dwellers, they subsidise the high cost of providing education in a rural county; and from 16 upwards, their only provision is FE, which itself is funded less than schools and faces huge cuts.

In spite of that situation, thanks to the hard work of teachers and students in my constituency, since I have been the MP we have seen a significant improvement in attainment across schools and at Exeter college—but that happened largely in the years of growing investment, when it was easier to deliver. In the past couple of years, there have been worrying signs in some of the schools that that improvement has stalled and might even be going into reverse. I have absolutely no doubt that part of the reason for that is that the headteachers, who are excellent, are struggling to keep the schools running in an effective way and provide the education and the service their students deserve because of the dire funding situation.

I know—my hon. Friend the Member for Cambridge (Daniel Zeichner) touched on this—that a significant reason for that underfunding is historical. I hope the Conservative Members present will hear me out on this. Allocations are based on historical funding levels. I used

[Mr Bradshaw]

to cover the education authority in Devon when I was a local radio reporter, and I know that in the past allocations were based on historical funding levels, largely—as we can see from the number of Conservative Members here today—in Conservative shire authorities, which did not spend as much on education as Labour metropolitan authorities. I know that there are exceptions, as the hon. Member for Beverley and Holderness indicated, of Labour authorities that would benefit from a reallocation. That historical underspending is one of the main causes of the current injustice.

Given that the Government have moved almost entirely away from funding education through local authorities and that funding is now passported directly to schools, surely there is now no excuse for central Government to persist with this injustice. It is not fair to the children in the constituencies of all the Members of Parliament who are here today and the many who I know would have liked to be here but cannot. At the very least, what we need in the forthcoming comprehensive spending review is a clear commitment, as other Members have said, not only to an intention but to a timescale for delivery, so that we narrow the gap over a small number of years, so that the children of my constituents and of other Members' constituents have exactly the same opportunities as those in the rest of England. We owe it to them and to future generations. That is a just system, and that is what we should push for.

2.6 pm

Neil Carmichael (Stroud) (Con): First, I pay tribute to my hon. Friend the Member for Beverley and Holderness (Graham Stuart) for securing the debate. As my predecessor as Chair of the Select Committee on Education, he is extremely familiar with the subject, which he demonstrated powerfully today. He made the point that there is a potential difference of £2,000 between the best and the worst-funded schools. That is obviously unacceptable, and he made the case clearly.

One thing we have to focus on is what education is for. Surely it is to give every child a fair chance, and we are not doing that, as we can see if we acknowledge reports such as the one by Sir Michael Wilshaw, to whom my hon. Friend referred, which spoke of a long tail of underachievement, because of course it described the situation in the very places where funding is not adequate. We have a mission to ensure that all children succeed, or are at least given a chance to succeed. We effectively kick ourselves in the teeth by not providing the right kind of resources where they are most needed. That point is made even more sharp when we note that the pupil premium still cannot allow a child to receive more than a child at a neighbouring school without the pupil premium. That is an indication of just how unfair the system is.

As Chair of the Education Committee, I have been at pains to emphasise the importance of fairer funding. When the Secretary of State for Education came to our Committee, we asked her what she was going to do, and she committed to write to us with a timetable. That timetable suggests we will be hearing in the new year a set of proposals to improve the situation. That is a really important commitment, because we need a fundamental system that works not only in the immediate

future but for a long period. It will not do simply to rely on a little bit of extra money here and there. I note the Minister's pledge to give a second tranche of £390 million, but that is just a band-aid solution; it is not a structural solution, and a structural solution is what we must have.

There are some issues we need to cover. One of them is multi-academy trusts. These are big and they stray into several areas—the biggest MAT actually has a school in every region of the country—and the real problem they face is the funding imbalance between the schools within them. If we are really interested in creating a new system of structures such as MATs, we have dealt with fairer funding, because we cannot have a MAT with one school funded at a low level and another funded at a much higher level. That is unacceptable for the model the Government appear to have. When the Government think about this reform, they must think of that.

My hon. Friend the Member for Cheltenham (Alex Chalk) referred to the need for planning in schools, which is absolutely right. Schools have to be able to plan on the basis of knowing what their budget is not only over a year, but over a long period. That is in the interests of good teaching, good learning and good chances for our children.

Another important idea is that of teachers going to other parts of the country, as the Secretary of State mentioned yesterday in a Policy Exchange lecture. If teachers are going to go from one place to another, there is an issue of funding. The process will be made much easier if the system of funding is fairer. It is a good idea, but in practice, it raises a few questions if fairer funding is not dealt with the way that we are all suggesting.

When the Select Committee receives the proposals from the Government, we will test them based on whether they are a big improvement, a sustainable improvement, a structural improvement, and, funnily enough, an improvement that respects the key policy drivers that the Government are pursuing, because these are two issues and if they are treated separately, they will remain separate and become significant problems themselves and between each other. We must have a funding system that paves the way for the kind of education system that we are all driving for. Those are the points I wanted to make to the Minister today.

2.11 pm

Ann Coffey (Stockport) (Lab): I will be brief. The guaranteed unit of funding for Stockport is £4,229 per pupil. It ranks 144th out of 151 authorities for funding; it is one of the worst-funded authorities in England. The national funding average is £4,718. If we got that national funding average, we would have £18 million more to spend on education in Stockport, which is a lot of teachers and additional help.

The base funding that the authority gives to each pupil is £2,795; it then allocates additional funding for deprivation, special needs, and children in care. Adswold primary school in my constituency, which is a good school, gets £4,889 per pupil. The school serves an area of very high deprivation. Children come into the education system with poor language development, challenging behaviour and poor social skills; in addition, the school has 145 special educational needs children. It is a school

that is under pressure: it is cutting staffing, cutting supply cover, renegotiating service contracts and not doing any more outdoor learning, which is very important for children whose families cannot offer the kind of opportunities that children in more advantaged areas enjoy. There is clearly not enough funding.

In another part of my constituency, there is Tithe Barn primary school, which serves a more advantaged area. It receives £3,493 per pupil from the authority, because it does not get any deprivation money and has very few pupils with special educational needs. That is much less than the national average. To ensure that all children have the same opportunity in Stockport, there is a case for far higher funding for Adswold, but that can only be done by taking money away from Tithe Barn, which is unfair, because the children in Heaton Moor are entitled to a good education. Stockport is faced with the endless problem of robbing Peter to pay Paul, and then robbing Paul to pay Peter.

Julian Knight (Solihull) (Con): I add my congratulations to the hon. Member for Beverley and Holderness (Graham Stuart) on securing the debate. I understand that in one respect the constituency of Stockport is probably very similar to Solihull, in that pupils come into our area from other areas that receive more money, and they are educated in our area but the money does not come with them. Does the hon. Lady want that situation to be addressed?

Ann Coffey: Whether funding should follow pupils or whether funding should be given directly to schools or allocated by the authority is another issue, and I will not go there, if the hon. Gentleman does not mind.

The only way forward that I can see for Stockport is a fairer funding formula that recognises the basic cost of educating a child before additional money is allocated for deprivation and other factors. Otherwise, we are going to be in a situation that is unfair in authorities such as Stockport. I think we are all agreed that every child is entitled to the best educational opportunity, every child is entitled to a basically good education, and some children are entitled to more help with getting that education than other children. However, every child should have that opportunity and unless the issue of fair funding is addressed, and addressed quickly, children in my constituency—children both from advantaged and disadvantaged areas—are going to be disadvantaged, and, quite frankly, that is not good enough.

2.15 pm

Nick Herbert (Arundel and South Downs) (Con): I congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) on securing the debate, along with the right hon. Member for Exeter (Mr Bradshaw), and for the way in which he has run this campaign and made his case.

This is a basic issue of fairness. I am sure that hon. Members will all be competing today to explain how poorly our schools are funded, but few will do better than me in that respect, because although West Sussex might be seen as a leafy and affluent county, it is not entirely so—there are significant pockets of deprivation, though less so in my constituency. West Sussex has a schools block unit of funding—so, per-pupil funding—of £4,198, which makes it the fourth worst-funded authority

in England. Not only is that level of funding well below the England average of £4,612, but it puts us below our neighbours East Sussex, which has £4,442, and Surrey, which has £4,300, and of course well below the very well funded urban authorities, of which the City of London, with £8,587—double the funding of West Sussex—comes right at the top. If West Sussex were funded just at the average level for all county councils, our schools would receive an additional £15 million per annum. If we were funded at the level of our statistical neighbours—similar authorities—we would receive nearly £12 million per annum more. Our position is relatively very poor.

Some evidence of that can be seen in teacher-pupil ratios. Let us look at the United Learning academies and its urban schools. The Paddington academy has a pupil-teacher ratio of 1:8, whereas the Lambeth academy has a pupil-teacher of 1:12. At Midhurst Rother college, the first rural academy, serving my constituency in West Sussex, the pupil ratio is 1:17. Steyning grammar school, which is not, in fact a grammar school, serves my constituency and is in the state sector. It has a pupil-teacher ratio of just under 1:17.

The figures I have given include the pupil premium; nevertheless, the disparity is very substantial. In an environment of flat cash, despite the fact that spending in this area has been relatively protected by this Government—that was a manifesto commitment—compared with other budgets, such as the police budget, which are being very substantially cut as we all know, additional pressures are finding their way to schools for such things as national insurance and pension costs. It will be hard for schools to deal with flat cash if their funding is already on the floor. What heads and chairs of governors from schools in my constituency are saying to me is that they already face a difficult position because of the relatively poor funding.

We are grateful for the £390 million uplift that the Government have so far provided and to which the Minister rightly drew our attention. However, in West Sussex, that means that we received less than £1 million a year more, whereas the actual gap, if we were funded at the average level of county councils, is something like £15 million.

I do not believe that there is necessarily a link between public sector performance and resourcing. We cannot always say that improving public services means giving them more money, but I think that we are making it harder for schools when they are funded at the level that they are and when the unfairness is so manifest. This is not about politics—about proposing a political solution. It is about an objective level of unfairness. I therefore welcome both the Government's manifesto commitment to deal with the problem, and the fact that the Minister has been so ready to listen to me and my colleagues in West Sussex about the unfairness. I urge the Minister to listen to what hon. Members are saying today: what we now need is a realisation of the manifesto commitment with an announcement in the spending review about redressing the unfairness in a timetabled way, so that we can prove that we do believe in fair funding for schools across the country.

2.20 pm

Richard Graham (Gloucester) (Con): It is a pleasure to serve under your chairmanship, Mr Walker, in a debate that is, at least on the Conservative side of the

[Richard Graham]

House, a complete sell-out. As has been noted, there have been several debates on this issue over the years. I have held one, but I do congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart), not least because the timing of his debate today, in the run-up to the autumn statement, is particularly apposite. His hard work is much appreciated by us all.

It is also worth noting that there are no fewer than four Gloucestershire MPs here today. That shows both our keen interest in the issue and an interesting characteristic of the debate, which is the pride in being towards the bottom of the league table. That is the reverse of the normal situation when it comes to supporting a football or rugby club. Much has been said already, and I do not intend to try to compete with my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) on being at the bottom of the league, but I do want to highlight the challenges that my hon. Friend the Minister faces and to ask him about particular areas where he might be able to help us today.

The situation in Gloucestershire is not unlike that in other places. The average spend per pupil, at £4,365, is considerably less than the national average, but it is worth pointing out that that gap has narrowed as a result of the changes made this year. They narrow the gap in terms of underfunding against the national average from 7.7% to 5.5%. More telling is the difference between one school in my constituency, the newly formed Gloucester academy, and a school in Tower Hamlets. Both those schools have very similar, mixed, multicultural pupils. In the case of Gloucester academy, they speak as many as 25 different languages, but the Gloucester academy pupil, on average, receives £5,443, whereas a pupil in the school in Tower Hamlets receives £8,256. The difference amounts to £2.1 million a year, and given that 80% of schools' costs are in teaching, teachers and people, that puts significant pressure on the most important element of any school's success—the teaching staff.

Karen Lumley (Redditch) (Con): Does my hon. Friend agree that all children in this country, wherever they live, deserve the best education that we can give them? It is just not fair that children in Redditch, 5 miles away from Birmingham, receive £1,000 less each per year.

Richard Graham: My hon. Friend is absolutely right, but there is another aspect to this, which we must be aware of. I understand that the new Bishop of Gloucester, Bishop Rachel Treweek, the first female diocesan bishop in the land, will intervene in the House of Lords to help the F40 campaign, but she will be aware that fair funding for children across her diocese in the county of Gloucestershire will mean redistribution, which will probably arouse claims of unfairness in her previous patch in Tower Hamlets. This is a balancing act in terms of what is fair for all of us, and the Minister will have to juggle with that.

In the statement on 16 July, the Minister committed himself to making schools and early education fairer and said that he would put forward proposals in due course. I know that he will do so and that he will see the manifesto commitment simply to “make schools funding fairer” come true, but today I should like him to focus on the when, the what and the how. The when, in a sense, is the easiest bit, because the autumn statement is

coming and we also have the commitment from my right hon. Friend the Secretary of State in her letter to the Chairman of the Education Committee, my constituency neighbour and hon. Friend the Member for Stroud (Neil Carmichael), which may inhibit a little what the Minister can say today.

The what will be all about the rebalancing—the winners and losers. As my hon. Friend the Member for Redditch (Karen Lumley) pointed out, one person's fairness may be another person's slight unfairness, but there is an absolute as well as a relative aim to go for. In addition to the what question, we have to look at the how, which is the process. It is easy for us to highlight the anomalies, but the Minister and his Department must find a solution, a process and a timeline.

The Library briefing paper contains a telling chart—exhibit A, which I am holding up, Mr Walker. In this flow diagram, there are simply too many elements. There is the guaranteed unit of funding, which was based on planned local authority spend some years ago, with three variables plus

“some subsequent additional funding for ministerial priorities.”

Then there is the dedicated schools grant, which was based on assessed levels of need plus locked-in historical decisions on spending, which I suggest led to the gap widening during the five years of the previous, coalition Government. Then there are four other grants, plus the local funding formula, in which there are 14 allowable factors, and local authorities can choose which values are actually used for each factor. That is too complicated, and I hope that the Minister today will confirm that whatever new process is introduced, it will be simpler, easier to understand and much fairer for everyone.

Mr Gyimah: My hon. Friend rightly touches on the point about the process. What I can say at the outset is that whatever the outcome of the spending review, there will be very careful consultation with everyone concerned, which means, I suspect, that this will not be our only debate here on fairer funding in terms of how we get to a resolution.

Richard Graham: I am grateful to the Minister for his clarification, which will help all hon. Members on both sides of the House. We all want to see simplicity in the process, a system that everyone can at least understand, funding that is fundamentally fairer and timing that will fulfil the manifesto commitment. The more light that the Minister can shed today, within the constraints of the upcoming autumn statement and the Secretary of State's commitment to an early new year proposal, the more that will help us all to go back to our constituencies and our counties and say, “The Government are on the case. We hear what you are saying and we want to fix it as soon as possible.”

Several hon. Members rose—

Mr Charles Walker (in the Chair): Order. I am going to call Daniel Kawczynski next and then Victoria Prentis, because she has to go and launch a fireworks display.

2.27 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Thank you, Mr Walker. May I say, for the benefit of those Conservative Members of Parliament who were not here in 2005 when I was first elected, just how

difficult it was to take this issue to the then Labour Government? We had many meetings with the Labour Administration and I will never forget their intransigence on this issue. I am heartened to see the huge turnout of fellow Conservative MPs this afternoon and the passion with which many colleagues have spoken.

Thanks to your work, Mr Walker, and that of my hon. Friend for Beverley and Holderness (Graham Stuart), we saw changes in the last Parliament, from 2010 to 2015. As a result of the tremendous work that they and others did, we have received an extra £10 million per annum for Shropshire schools. I very much welcome the increases. However, the differences between our schools in Shropshire and the national average are still huge. It just goes to show what a terrible position we were in before the changes were made in 2010.

During the last general election, I made this the subject of my No. 1 pledge to my constituents, as I did in 2010. I believe in going to the electorate and putting in local manifestos what we will do over the next five years if we are elected to office: I am looking at my hon. Friend the Minister. On my election pledges, which all the people of Shrewsbury received, the No. 1 pledge this time around, as last time, was to use our Conservative majority—if we had one, and we do—to settle the issue once and for all and ensure that Shropshire children are no longer discriminated against as they have been in the past. I emphasise that we receive £4,112 per annum for our Salopian children, which contrasts with the average for the best-funded schools of £6,297. As we all know, some schools get £7,000 or £8,000 for each child per annum, which is more than double what Shropshire children get.

I alluded to my next point in my intervention on my hon. Friend the Member for Beverley and Holderness. If he could come round to see some of my schools in Shropshire—I would welcome his coming to visit—he would see the leaking roofs, the poor insulation, the lack of equipment, the old books and the restrictions on certain extracurricular activities. The fact that some of the parents in my constituency have to raise money through fundraising activities, such as barbecues and all sorts of other things, to buy basic equipment that is automatically provided in other parts of the country is simply unacceptable.

Buildwas primary school is right on the border between my constituency and that of my hon. Friend the Member for Telford (Lucy Allan). We are both fighting for Buildwas school, which is in a very remote rural village, to continue operating, and we hope that it will be saved through an academy programme. Some of the problems that the school has experienced inevitably boil down to a lack of funding from previous Governments. I invite the Minister to come to Shropshire at his earliest convenience, because I want him to see the leaking roofs and the dilapidated state of some of my schools. When I go to Birmingham, as I do sometimes for various duties, I see the sort of equivalents it has. It is another world, and that is completely and wholly unacceptable.

Mr Gyimah: I would be delighted to visit my hon. Friend's constituency at my earliest convenience, as he requested. It is worth making the distinction between the capital needs of a school and its revenue funding needs. If there are schools in his constituency that are in need of capital, he should definitely let the Department

know. There was a capital round during the last Parliament, and I envisage that there will be another one during this Parliament, to help to repair the leaking roofs of schools such as those in his constituency.

Daniel Kawczynski: I am grateful to the Minister, and I will make sure that all five Salopian MPs meet him to arrange things directly. I will end with an important point that has not yet been made. Although we are one of the worst funded areas in the country, Salopian schools get some of the best results in the country. That is a fascinating fact, which I do not think that many people have talked about, and I urge the Minister to think about it. How does Shropshire, despite the fact that it receives less than half what other schools get, manage to achieve such extraordinarily high levels of success? Obviously, we have some of the best teachers in the country, and I pay tribute to their dedication and hard work. However, I would like the Minister to examine the massive differences in attainment between different areas and to look specifically at those, such as Shropshire, which have been underfunded but which achieve tremendous results. We have something to learn from that for the benefit of future generations.

Several hon. Members *rose*—

Mr Charles Walker (in the Chair): Order. We are in danger of getting everyone in if hon. Members stick to five minutes and other colleagues resist the temptation to intervene. We might have to drop to four minutes for the last few contributions, but things are looking good.

2.33 pm

Victoria Prentis (Banbury) (Con): Thank you, Mr Walker, for reminding us that school firework displays can be such a good way of raising money. I am grateful to my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) for elegantly making a point that we often hear from our children. After all, children have an even more highly developed sense of fairness than do the rest of us. My three-year-old niece frequently says, "It's not fair!" My hon. Friend and the right hon. Gentleman have made their point much better than she could.

I am grateful to you, Mr Walker, for calling me first among new colleagues. We are somewhat jumping on the bandwagon of the huge amount of work that has been done by so many in this room, and we are grateful to them. We are also grateful for the wonderful F40 campaign, which has proposed an approach to schools funding that is, to my mind at least, very sensible. I know that progress has been made, and we in Oxfordshire welcomed the extra money that we received this year. I am grateful to the Minister for his support, not least for the visit that he made earlier this summer to Heyford Park free school. He came to see at first hand how Oxfordshire schools are doing what they can with the resources that are available to them.

Oxford may be a byword for excellence in education—although not necessarily to those of us who went somewhere else. However, such excellence is not, sadly, found in all educational establishments across the county. In Banbury, we still have areas of real deprivation. Worryingly, in an area of almost full employment, many of our children

[Victoria Prentis]

and their parents lack the aspiration to push themselves to the limits of their educational attainment. Our headteachers have many concerns. We have a very public problem with child sexual exploitation, which we are working hard to address. Staff and volunteer governors, and indeed our children, are all working hard but the results are not as good as they could be. I do not want to trade figures with my hon. Friend the Member for Gloucester (Richard Graham), who mentioned Tower Hamlets, but we in Oxfordshire receive £2,663.64 less per pupil than do those in Tower Hamlets. That is even worse than his figure.

Yesterday I met two headteachers, one from Bicester and one from Banbury. They gave me some practical examples of the problems caused by lack of funding. One told me that she had been unable to recruit a head of maths because she could not offer a suitable salary to attract good candidates to the role. I should add that house prices in our area are significantly above the national average. The maths department suffered without strong leadership, and the students' results were quickly affected. A new head of maths has been recruited but has not yet arrived from Jamaica.

The other headteacher told me that after his school gained its best exam results on record, he had had to make staff redundant. He remains six teachers down. Both schools have large key stage 3 classes because there are simply not enough teachers to teach them. That is a particular concern for those in the lower sets in maths and English, who would most benefit from smaller classes at that important stage of their development. F40 has helpfully calculated that were its formula to be introduced, each school in my constituency would receive £125.50 more per pupil. When I mentioned that figure to the headteachers, they said that it would make a real and significant difference. It would amount to three or four extra teachers in my secondary schools.

This morning, I spoke to the reception teacher at one of our strongest primaries, and I asked her how she would spend the extra money. Without hesitating for a moment, she suggested two areas. At the reception stage, she would like a teaching assistant to do targeted work on communication and language skills with small groups of children. She would spend the rest of the money on one-to-one interventions on English and maths in year 5, which would make an immediate difference to results and, much more importantly, would make a difference to the life choices of children who have been helped in such a way.

So much work has been done by the people in this room to find a solution to the funding formula. I hope that this is the moment to make progress.

2.38 pm

James Cartlidge (South Suffolk) (Con): I congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) on securing this debate on an incredibly important subject. I want to start by making two broad points. The first concerns welfare reform, about which there has been some controversy of late. I must admit that I have spoken in favour of tax credit changes on several occasions, and each time I made the point that I felt that the benefit trap prevented people from making

the most of their potential. The key thing is that if we are going to reform welfare and take those sorts of tough decisions, we must balance them out by supporting our schools, which enable people to make the most of their potential. I think that that is incredibly important.

The other general point is that Conservative Members have not marched in today calling for more borrowing, a bigger deficit and even more spending. We all support overall Government policy. We simply want a fairer share of the existing spending within the existing prudential spending levels that the Chancellor has set out.

Schools in Suffolk receive block funding per pupil of £4,119 compared with the national average of £4,447. I will resist the urge to get into a debate about who is in the worst position, but Suffolk is certainly in the bottom quartile. In my view, there is a link to standards. There has been a slight improvement recently. For the first time in some years, Suffolk is now slightly ahead of the national average for GCSEs with 53.4% of our pupils gaining five GCSEs at grades A to C, including English and maths.

When I spoke to the county council about the issue, it outlined some of the benefits if we were to achieve higher spending. There is no point simply asking for it: we have to decide what we would do with it. Two things are most important. First, we have some tiny schools in my constituency which have a question mark over their sustainability. With higher spending, we could make small schools more sustainable and therefore preserve a key part of a rural constituency. The other point the council made is that we could meet the increased demands for support for learners with special educational needs and high needs.

I feel very passionately about this subject. I mentioned welfare earlier, and I think that education spending is the prime public good in public spending. It is the way that people from every background can be given a chance by the taxpayer to get on in life. If we are going to spend more on anybody, it must be on those with the greatest needs. In other words, when we ask for higher spending, it is for some of the most vulnerable people in our constituencies. This is not about more money for the middle classes, which is another important point to stress to the Minister.

My final point—something that I have not had a chance to talk about since getting elected but certainly talked a lot about in the build-up to the election in my constituency—is that Suffolk is part of the eastern region. We recently had a referendum about the future of the United Kingdom in which the Prime Minister made a vow. Now, I made a vow to my constituents to represent them and their best interests. The eastern region receives, in total Government spending, an average of £7,950 per head, compared with £9,866 in London and £10,275 in Scotland. Scotland receives 23% per head more than my county while paying identical rates of taxation. I regard that, *prima facie*, as totally unfair and unacceptable. It would be all right if our trains were of the highest quality.

Carol Monaghan (Glasgow North West) (SNP): It is interesting that the hon. Gentleman mentions funding. Yesterday in Scotland questions, there was an allegation of Scotland being subsidised, but the fact is that Scottish people are paying more in taxes than they receive back in block grants. His own Government have identified that.

David Mowat *rose*—

James Cartlidge: I will just make one point so that my hon. Friend the Member for Warrington South (David Mowat) is not intervening on an intervention, which is that I call on him to support me on that point.

David Mowat: On the Barnett formula, it is true that, historically, Scotland has not been subsidised, principally because the Barnett formula extra—over and above need—has been made up for by Scottish oil. Therefore, the taxation situation is as the hon. Member for Glasgow North West (Carol Monaghan) said. That is not the case this year, nor will it be the case in the future.

Mr Charles Walker (in the Chair): James Cartlidge—back to education.

James Cartlidge: It is about education because this is about spending. The point I am making is that if Suffolk had superb trains that were well funded, instead of sending the premium on our railway revenues to other parts of the country, we might feel better about the poor educational funding. If the eastern region received more in terms of the overall Barnett formula, we might feel better. The population of Suffolk is the second-oldest of any county in the country after Norfolk, but our spending formula for health does not reflect that. If all of those were better, we might feel happier. Therefore, we want better spending on schools because our taxpayers are losing out overall. My constituents work hard and pay their taxes. They simply want a fair deal for them and their children.

2.44 pm

Julian Sturdy (York Outer) (Con): It is a pleasure to serve under your chairmanship, Mr Walker.

I pay tribute to my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and to you, Mr Walker, for all the hard work on this issue. I think it was some eight years ago that my hon. Friend the Member for Beverley and Holderness first had a debate on fairer funding for schools. They say that some things in Parliament take time to mature. I know my hon. Friend is maturing with distinction, but let us hope that his eight-year campaign is drawing to a close. Since he first raised the issue eight years ago, sadly, an entire generation of schoolchildren in York have been short-changed on the education funding they deserve.

Although I initially welcomed the Government's additional £390 million of funding in June 2014, the announcement was fatally undermined by its frankly woeful and simplistic implementation. Restricting the additional funding solely to the schools block element failed to recognise the position of many poorly funded local authorities, such as mine in York, which have historically been greater users of special educational needs resources. The result of this implementation is that some schools that already receive generous per-pupil funding have received yet more. I know that the Minister is well aware of that, and I really do have confidence that, over the coming weeks, he and the Department for Education will deliver the much-needed new funding formula, which we have to deliver.

I want to illustrate what this means for schools across my constituency. How is it fair that schools in the City of London receive block funding of well over £8,000

per pupil, whereas schools in York receive barely over £4,000 per pupil? Schools in York receive less than half of the amount received by those London schools. York has dropped from being the 23rd worst-funded local authority in the country to the 7th—a situation that is simply manifestly unfair.

I wanted to focus on the situation faced by two schools in my constituency, Fulford school and Manor Church of England academy, but in the interests of time I will focus on Fulford school. Fulford is a co-educational comprehensive school, taking pupils from across the south of York. Despite having excellent GCSE and A-level results, Fulford is one of the worst-funded schools in the local authority. The school also receives a very low level of pupil premium funding, which, as hon. Members will know, is calculated on the basis of deprivation and low achievement. The same factors are taken into account in the local authority's funding formula, as dictated by national guidelines. That further compounds the problem, as some schools receive double funding for such criteria while others receive less. This also serves to reduce the resources available to schools such as Fulford, and has an impact on the materials that can be provided to pupils, as well as limiting the courses available to them. Teacher contact time and staffing ratios have also been affected, placing greater pressure on teachers' workloads, particularly in high-achieving schools such as Fulford.

The school's headteacher, Ms Savage, has concerns that this will impact on the retention of her best teachers, who have worked so hard to help my constituents' children achieve exceptional results. Fulford has been able to avoid redundancies and more serious cuts through additional funding allocated for rising pupil numbers. However, that is simply unsustainable in the long term. As a result, Fulford is heading towards a budget deficit, despite being recognised by *The Sunday Times* as one of the best financially managed schools in the country. This story is not unusual. The headteachers I have had the pleasure of meeting across my constituency are struggling with the unfairness of the funding formula. This cannot continue.

Children come from all walks of life, but the one thing they have in common is the right to a good education. The only fair way to achieve that is through a national funding formula. I hope that the Government will deliver on their manifesto pledge.

2.49 pm

Victoria Atkins (Louth and Horncastle) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I thank my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) for securing this important debate.

I am privileged to represent one of the most rural and beautiful constituencies in the country, running from the Lincolnshire wolds across to the sweeping coastline of the North sea. I have had the pleasure of visiting many local schools—too many to list in the short time available—and on each visit the pupils have been engaged, dedicated and unfailingly polite yet, in money terms, they receive far less than their peers in cities. For example, they each receive £2,513 less than a pupil in Tower Hamlets. That funding gap is not just an abstract figure;

[Victoria Atkins]

it translates directly into class sizes, facilities and the range of subjects on offer, even more so when the vast distances of the country's second-largest county are taken into account. Simply transporting children to and from school costs Lincolnshire County Council £27 million a year.

Ahead of today's debate, I emailed all the schools in my constituency to ask school leaders for their views, and they have raised issues on both a strategic and a day-to-day level. The impact at strategic level includes the ability to attract staff to work in remote areas, particularly in the all-important leadership roles. That is made all the more difficult if rural schools do not have the budget to pay leaders as well as schools in more urban areas. One school leader emailed me to say:

"We are so restricted in our budgets that our school's performance is now being stunted by these restrictions."

Another wrote saying that

"every year that passes we and other schools in our setting are disadvantaged."

Yet another wrote of the reality of rural schools in Lincolnshire: 100 schools in the county have fewer than 100 pupils because the rural sparsity of the county means that villages have very few pupils. If a village school closes, it has an enormous impact not just on pupils, parents and staff but on the villages concerned.

Teachers have also written to me about the day-to-day impact. One teacher gave the example that the cost of a swimming lesson is much higher in Lincolnshire because of the transport costs and, I suspect, because there are fewer swimming pools per hectare than in a city centre. It simply cannot be right that pupils in Lincolnshire should have to face disadvantages in everything from the leadership of their school to learning to swim because they receive less money from central Government grants than their peers in city centres.

I am conscious of the time, so I finish by paying tribute to the schools, governors and teachers in my constituency and further afield who provide, on the whole, a very good education in the circumstances, and I hope the Government repay their efforts with a fairer funding formula. I know the Minister is listening.

2.53 pm

James Heapey (Wells) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) on securing this debate, and on all his work, not only to secure fairer funding for education in rural areas, but on broadband, public services and health—the full works. His work is much appreciated.

I also pay tribute to Somerset County Council, which vigorously campaigns on the unfairness of the funding that our county receives, and to the many schools that have contacted me and supported the F40 petition. It is no wonder that the schools do so, because we feel this unfairness acutely in Somerset—the county is 135th out of 150 funding authorities. We are £160 per pupil above the lowest-ranked funding authority, but we are fully £3,327 behind the very highest. We are in the bottom fifth across all three dedicated schools grant funding blocks. If Somerset were to receive just the average, it would receive nearly £40 million extra a year.

Earlier, my hon. Friend the Member for Gloucester (Richard Graham) said that we are all used to being at the bottom of the table. I grew up supporting Aston Villa and Bristol rugby club, so I am familiar with that territory. I dream that those clubs might one day reach mid-table mediocrity, which, for now, is exactly what I aspire to when it comes to school funding in Somerset.

Matt Warman (Boston and Skegness) (Con): I am sure that is the minimum to which my hon. Friend aspires, rather than the maximum. I, too, would like Lincolnshire to reach that point—and then move further upwards.

James Heapey: Indeed. I have long since given up on seeing Villa in the Champions League and, for now, just those dizzy heights of mid-table would be perfectly good because it would solve the unfairness and deliver an extra £40 million for our county.

When we make that case, the problem is that people say, "But surely you are robbing Peter to pay Paul." I will therefore make a brief comparison between Somerset and Southwark. I have no axe to grind against the good folk of Southwark, but I would like to indulge my penchant for alliteration, and Somerset and Southwark work well. I suspect, however, that the comparison is not atypical.

Ten years ago, the funding for primary schools in Somerset was £3,570 per pupil per annum, and for secondary schools it was £4,520; in Southwark, at the same time, it was £5,480 for primary schools and £7,210 for secondary schools. In other words, Southwark received about 55% more funding than Somerset. Over the 10 years since, the gap has narrowed very slightly; there is now some 50% more funding over the river than at the other end of the M4. Over those 10 years, however, the attainment gap has not only closed but reversed. Ten years ago, 47.3% of pupils in Southwark achieved five or more A* to C grades at GCSE, compared with 56.6% of pupils in Somerset. There was clearly a need for intervention, and well done to the Government of the day for intervening, but the problem is that now Southwark soars on 62.9%, while Somerset has stood still on 57.7%.

Of course, I applaud the Government for increasing funding to improve standards in inner-city schools, but the gap has reversed and will widen if we do not address it now. I know the Minister will agree with that in principle, but he must tell us today when we will see a decisive move to close that attainment gap between urban and rural areas before it widens further. Now is the time to put it right so that all children are funded equally and so that we can ensure equality of opportunity for all our kids, regardless of where they live.

Mr Charles Walker (in the Chair): Colleagues are being so well behaved that they may now intervene—not too often, but occasionally. Don't hold back.

2.58 pm

David Mowat (Warrington South) (Con): I, too, congratulate the right hon. Member for Exeter (Mr Bradshaw) and my hon. Friend the Member for Beverley and Holderness (Graham Stuart) on securing this debate. Like others, I am a veteran of these debates—we had one in April 2012 and another in April 2014—and they can be surreal, because we all agree that something

must be done. The Opposition did not particularly agree in the 2012 debate but, to be fair, by 2014 they did. The Ministers who responded to those debates also agreed that something had to be done, that we could not go on like this and that there had to be a national formula, yet the months go by.

Just to validate myself, Warrington is 144th in the league table, having declined further once the £390 million was given out under another opaque mechanism towards the end of the last Parliament. I want to say something a little different from other Members. Let me be clear: yes, we have £2,000 less per pupil than other areas, but I would not mind that if I could point my schools in Warrington to an audit trail explaining why it was necessary. Perhaps there is less deprivation. Perhaps sparsity or the age profiles are different. Perhaps there are various criteria. However, that is not the case. The only reason I can give is, “It’s always been like that, and we haven’t got round to fixing it.”

[SIR DAVID AMESS *in the Chair*]

I said in the April 2012 debate, and I think perhaps the April 2014 debate as well, that a new Government came in bristling with talent and reforming zeal, agreeing that the situation was wrong, yet the problem was somehow too difficult, because there had to be losers. That is the crux of it: the Government were concerned that the losers would shout more than the winners. Morally, that is not a good position. We are talking about the life chances of children in our constituents.

Michael Tomlinson (Mid Dorset and North Poole) (Con): Speaking of life chances of children, my hon. Friend has the pleasure of being the Member of Parliament representing my nephew and niece. I encourage him to fight vigorously not only for them—his constituents—but for the rest of us who suffer without a fairer funding formula.

David Mowat: We are doing our best for my hon. Friend’s nephew and niece.

Kevin Foster: Will my hon. Friend give way?

David Mowat: Let me just answer the question. Actually, I want to make one further point to the Minister. I support free schools, and I support a number of our initiatives, including academy consolidation, studio schools, university technical colleges, free school dinners and the pupil premium. They are all good things, yet for my community in Warrington, they are all second-tier issues compared with funding. The situation is not acceptable. Some of these things are almost like a displacement activity for Ministers. What matters to my community is that the Government put a fair funding formula in place, rather than just acknowledging the problem again or saying, “We know it’s wrong, but it’s too hard to fix.” We need to get on with it.

What the Government do is produce league tables. There is a sort of covenant: the Government fund, the schools have to educate, and league tables exist to compare how they are getting on. At some point, unless funding is done fairly, league tables will break down. Maybe there should be funding-adjusted league tables. My hon. Friend the Member for Wells (James Heapey) talked about the two S’s, Southwark and Somerset.

My two are Westminster and Warrington, where the same issue exists—a £2,000 discrepancy. In the correction that took place with the £390 million, oddly, Westminster got more than Warrington, for reasons that were opaque and hard to explain.

Yet there is a way forward. The F40 has set out the criteria for a new formula in a very good paper: age weighting, deprivation, special educational needs, proportion of children whose first language is not English and sparsity. As I said, if as the result of all that Warrington ended up getting £2,000 less than Tower Hamlets, I would be content, because I could explain to my headteachers the reasons why they are having to cut back and make teaching assistants and teachers redundant. At the moment, I cannot do that, and it really is not good enough.

Here is where I give the Minister some encouragement. I do not expect everything to be fixed immediately once a formula is introduced, but the direction of travel must be set. F40 suggested that it should happen over three years, although it could be longer. The direction of travel could take three, five or even 10 years to unwind. We have been talking about it for an awfully long time; it has been an issue for 20 years. However, it is not acceptable for us not even to take the first step of setting up an audit trail so that we can explain to our headteachers why schools in my constituency, such as Bridgewater and St Monica’s, are under huge pressure, partly due to centrally organised salary adjustments.

If, after the consultation—which will apparently be next year, so we will be a year into this Parliament before it ends—the Minister comes back with an approach that means it takes longer than three years to fix the problem, I will not necessarily be upset, but I want the first step to be taken, so that we do not continue to acknowledge the problem while doing nothing. We are talking about the life chances of many children.

3.5 pm

Michelle Donelan (Chippenham) (Con): I commend my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) on securing this important debate. I certainly need not express how important the topic is. It is important because it is about ensuring that children have the best shot at life and the opportunities that they deserve.

Like my colleagues, I understand how difficult it is to rectify the hugely complicated school funding formula, but it is imperative that we make the changes. No wonder it is a key local issue in Wiltshire, as well as everywhere else, it appears. The country’s average received grant this year was £6,500 per pupil, whereas in Wiltshire it was £4,300 per pupil. Just think how much that £2,000 per pupil could do and the benefits that it would bring to their education. Every secondary school in my constituency would receive between £2 million and £3.7 million each school year. In total, Wiltshire schools lose out by more than £35 million compared with the best funded schools in the UK. That is a colossal amount, and it is a colossal injustice to hard-working children.

We cannot sit back and let it continue. We need a new national per-pupil funding formula, rather than the arbitrary and complicated system that we currently

[Michelle Donelan]

have. Yesterday, as my hon. Friend the Member for Stroud (Neil Carmichael) mentioned, the Select Committee on Education, of which I am a member, published a letter from the Secretary of State expressing her strong commitment to fairer funding and saying that she wanted to push it within the spending review. Along with many of my colleagues, I have repeatedly urged the Chancellor and Prime Minister to make education funding an issue for the spending review and a priority.

I will not beat about the bush: I think that the current spending formula is utterly ludicrous and absolutely unfair. Why should children born in my constituency have less money spent on their education than those living down the road in Bristol, for instance? They are all funded by the taxpayer, but it is a postcode lottery that takes no account of children's needs or their numbers. The quest for fairer funding in our education system is backed by parents and teachers up and down the country, especially in Wiltshire, where more than 8,000 people signed my petition, showing how important it is as a local issue.

Of course, money is not everything in education. My sister is in the profession, and I know full well how important teachers are. An inspirational teacher can transform somebody's life. However, money aids the recruitment and retention of teachers, as well as funding the resources that they can use to support teaching, giving children the start that they deserve. I ask the Minister: do not all children deserve a great and equal start, regardless of where they live?

The Prime Minister spoke time and again about equality at the Conservative party conference this year. I hope that that equality will be extended to the most important area of all—education, the building block of the opportunities and the aspiration nation that we all want to achieve. We need action as soon as possible. Every year that we wait, a child in Wiltshire receives less funding and is disadvantaged by the state education system. We must right that wrong as soon as possible to ensure that all children in Wiltshire and in the country as a whole can enjoy equal opportunities from the off. The Government must honour their commitment to equality and stop penalising children for being born in areas such as Wiltshire.

3.8 pm

Michael Tomlinson (Mid Dorset and North Poole) (Con): It is a pleasure to serve under your chairmanship, Sir David. I echo other hon. Members in paying tribute to my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) for securing this debate. It is a pleasure to follow so many colleagues and other hon. Members making the case so clearly for a fairer funding formula.

I come from a family of teachers, I married into a family of teachers and some have said that I ran away from teaching as a profession. I am a governor at my local school, and I pay tribute to all the hard work our teachers in Dorset and Poole put in day in, day out. However, our schools are being let down by the current funding formula. My constituency can compete with those of other hon. Members, because Dorset is in the lowest 11 authorities for funding per pupil, securing just

£4,239. Poole fares even worse, as the second worst funded—not a statistic I am proud of—receiving only £4,167. It is those statistics and facts that bring me here to argue on behalf of schools in my constituency.

As others have said, such statistics suggest that the current funding formula is beyond its sell-by date. More than that, it appears to have no rationale. My hon. Friend the Member for Gloucester (Richard Graham) mentioned his exhibit A, and it shows that there is no historic rhyme or reason to the fact that some schools in Poole get the second-lowest funding, while other schools across the country get much more. Over the years, that has created an unfair situation, which does not serve our schools or our children in Poole and Dorset. There is not the level playing field there should be.

Other hon. Members have mentioned that the funding formula means there is a large disparity between schools across the country with similar characteristics, which are receiving very different amounts.

Mr Gyimah *indicated assent.*

Michael Tomlinson: I am pleased to see the Minister nodding in agreement.

The F40 campaign group, of which I am a member, has set out an alternative formula, which I welcome. The formula would help my constituency by reducing the funding gap from £4,000 to just over £3,000. I could quote more facts and figures, as other hon. Members have done. Behind the numbers, however, are real individuals—real families, children and teachers—and those figures will make a difference in their lives and in their schools. In my constituency, the F40 proposals would see schools get an extra £240 per pupil—an increase of just under 5%, which is welcome. Schools in Poole would receive an extra £116—an increase of just under 3%, which is also welcome. However, I sound a note of caution: under the formula, schools in Poole would still be among the worst funded, although the changes would help to start narrowing the gap.

Victoria Atkins: Does my hon. Friend agree that the campaign is asking not for more money from the Treasury, but simply for a reallocation, so that the money that is already being spent is spent more fairly?

Michael Tomlinson: I am grateful to my hon. Friend for making that point. It is right that the formula is about beginning to close the gap. That is all I am fighting for today.

I am pleased that the Government have recognised the issue's importance. I am also pleased to have fought the election on a manifesto that set out so clearly the need for a fairer funding formula. Similarly, I was pleased by the responses of the Secretary of State and the Prime Minister to my questions in the House. I was pleased not just because they were in answer to my questions, but because they were encouraging.

Other hon. Members have mentioned the £390 million that was granted in 2014-15 and that is now embedded in future years. I welcome that, but I see it as a down payment—a first step—rather than the finished article.

Let me turn for a moment to wider funding issues, because the motion is that

“this House has considered funding for schools”

generally. Montacute school in my constituency is, as the Minister may know, a special academy for children with severe and multiple learning difficulties and special needs. Recently, it received a very welcome £5 million to completely restructure what was a rather dilapidated building that was falling down, and I was delighted to be present at the opening of the new building. However, the funding included no additional money for the inside—the fixtures and fittings, which are the very things that are required to make a school really a school.

Local families have clubbed together as part of Monty's fund, and they have raised £500,000 to date. However, more is required, and I urge the Minister to consider that as a particular request. I will be making a small difference by dressing up as Father Christmas and entering the great Santa fun run with members of Wimborne rotary club. I invite the Minister to join me. Where better to run and raise money for a good cause than round Badbury Rings?

Kevin Foster: Does my hon. Friend agree that although it is great to see such charitable work, people would be more encouraged to take part if they saw a fair funding formula in place?

Michael Tomlinson: My hon. Friend is right that it is all well and good raising money in small ways like this, but we are actually arguing for a fairer funding formula, so let me return to that.

Few people in the Chamber, and few outside it, have questioned the logic of, or the need for, a fairer funding formula. The inequality is clear to see, and I urge the Minister, as other Members have done, to set out a timetable. We need substantive change, and we need it to put the needs of our children first and foremost.

3.16 pm

Neil Parish (Tiverton and Honiton) (Con): It is a great pleasure to serve under your chairmanship, Sir David. I thank my hon. Friend the Member for Beverley and Holderness (Graham Stuart) for his persistence. I also thank the right hon. Member for Exeter (Mr Bradshaw). Similarly, I thank my hon. Friend the Member for Worcester (Mr Walker), who fought hard in the last Parliament for fairer education funding, and who continues to do so in this one.

All of us seem to have been fighting for a change for years. I have huge faith in the Minister—I really have. In “Yes Minister”, one of the characters says, “That will be a very brave decision, Minister,” and we want this Minister to make a very brave decision. The £390 million in funding that was introduced in the last Parliament, and which is going into the base budget, is very welcome. In the end, however, it will not cure the underlying problem. If we just put a bit of money in each time, we will not alter the league table at all. Devon went from fifth from the bottom to sixth from the bottom. While that is welcome, we want a huge amount more to be done.

My constituency, which is by far the most beautiful in the country—not that I am biased—contains a huge number of small schools, which have federated. The headteachers share many schools. There are great teachers and great classroom assistants. People are working really hard, and they deliver a very good education. However, if they can deliver a good education, why are some other areas getting so much more money? Why is it fair

for things to be like that? Why can some of that money not be shared with other areas?

Local government funding seems to be one of those issues, like education, that is so complex that Governments over the years have decided—almost with fear and trepidation—not to alter it, because that would cause so many problems. However, we have to alter it; otherwise, we will not deliver on what we have promised.

Graham Stuart: I would like my hon. Friend to know that, when I started campaigning for fairer funding in local government and education, I had blond hair. I have been doing this not just for eight years—I first raised the F40 in 2005. Does my hon. Friend agree that the Government need to be courageous when they come forward with proposals? They need to be ambitious and really lift authorities that have been disadvantaged for too long. At the end of this, we have to have the courage to do something significant and level the playing field, albeit that it will take time to bring these things in.

Neil Parish: I am glad to see that my hon. Friend still actually has his hair, albeit that it is white. Seriously, though, all of us here—there are 30 Members here, and there were more when we started the debate, on a one-line Whip on a Thursday—have been fighting hard on this issue. What I want to tell the Minister is that we need to be brave enough about funding. We need some sort of siphon to take money from the top and spread it gradually to the bottom, or the anomaly will never be put right. The current situation is wrong for those of us whose constituents have high aspirations but who need more funding to raise them even higher. We need that to be dealt with. All our constituents pay the same taxes, so why should their children not benefit? Other hon. Members have mentioned how schools have great parents, who raise money to help; and that is all very good, but, as I have said, it will not deal with the funding problem.

My constituency has further education colleges in Axminster and Honiton, and Petroc college in Tiverton, and all receive reduced funding. If we have aspirations for young people going from primary through secondary and on to FE or university, the education must be provided. What the Government are doing about apprenticeships is great, but good colleges are necessary if the apprenticeships are to be of real value. All those things fit together.

Tiverton high school is on a flood plain, and in 2012 it was nearly flooded. We need to find funding so that it can be rebuilt on higher land—land is available. All that takes time, I know, but we must ensure that we are treated equally. Our fear is that we are not being treated equally. Since the general election the west country is virtually all Conservative—apart from the little patch of red that is the constituency of the right hon. Member for Exeter, which we understand. My point is that the Government have a lot of responsibility. My hon. Friend the Member for Chippenham (Michelle Donelan) mentioned, as other Members have, the Government's commitment to put the situation right. I reiterate my huge confidence in the Minister and I will invite him to Devon to see what a great job our schools are doing, and what refurbishment and extra funding they need. The Government will settle the matter, and put it right. Again I ask the Minister: please, be brave.

3.22 pm

Edward Argar (Charnwood) (Con): It is, as always, a pleasure to serve under your chairmanship, Sir David.

I congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) on securing the debate. I congratulate my hon. Friend also on his leadership of the campaign, and on what it has achieved thus far. The receptiveness of the Secretary of State for Education to the case that he puts is due not only to her well known fairness and reasonableness, but to the vigour and eloquence with which he has pursued the cause, even if it has turned him grey. It is particularly good to see the Minister here to respond to the debate, as he is not only my hon. Friend but an old friend of mine who will, I know, display in this matter as in others his typical commitment to doing the right thing.

As my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown), among others, has said, the debate is about fairness. We all acknowledge the overall financial challenges that the country faces; today, we ask for fairer distribution of the money available—a point made with typical eloquence by my hon. Friend the Member for South Suffolk (James Cartlidge). My county of Leicestershire—to continue a refrain we have heard from many hon. Members about their own counties—does particularly badly under the current arrangements. It secures about 10% less per pupil than the national average, which comes to hundreds of pounds. Despite that, Leicestershire schools and the dedicated teachers who work in them—I say that as the son of two teachers, who are now retired—do a first-class job for the children of the county and my constituency. They get good results, they provide a good education, and they give young people the good start in life that is vital. However, they do that under financial pressure and that makes their job much harder.

I recently visited the excellent Thrussington school in my constituency. Like many other small village schools it finds it extremely difficult, if not impossible, to meet the demand for places for local children. That is not just because it is such a good school, but because demographic change and increasing numbers of people living in the area make it physically impossible. Consequently many local children must travel some distance to school. That is not fair to the staff who are coping with a full school, or to the parents who cope with additional costs and hassle in their daily lives getting around and getting to work. It is certainly not fair to the children. When I visit the Latimer school in Anstey tomorrow, I dare say I will hear a similar story.

I welcome the Minister's comments, in an intervention, that there have been two funding uplifts under this and the previous Government, but that highlights the fact that the time for fixes is past and that we need a proper formula overhaul that will deliver a sustainable long-term solution for fairer funding in the coming decade. My hon. Friend the Member for Cheltenham (Alex Chalk) noted the need for a timescale for dealing with the issue, and he is right. I suggest, as have many hon. Members, that the time is now.

The Government have done a lot to help make funding fairer. Like other hon. Members, I am grateful to the Minister and the Secretary of State for their part in that, but, speaking for my constituents, there is more to

do. Let us seize the opportunity to deliver fairness and ensure that my constituents get the best start in life, as they deserve.

3.26 pm

Mary Robinson (Cheadle) (Con): I add my thanks to those that have been offered to my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) for securing the debate. I welcome the opportunity to speak on the critical issue of fairer funding for schools.

The fair funding campaign deserves recognition for its valuable and important work, lobbying relentlessly for almost 20 years to close the historical gap between the highest and lowest-funded local authorities. My constituency has some fantastic schools, many of which I have had the pleasure of visiting, but Stockport receives rather less funding per pupil than the national average, as the hon. Member for Stockport (Ann Coffey) said—£4,229 compared to the national average of £4,550.

When I have talked to school leaders in my constituency, many have voiced concerns about the financial implications of the current funding model, which has left them facing budget shortfalls. An example is Hursthead infant school in Cheadle Hulme, which is a three-form entry school with 270 children on the roll. I had the immense pleasure of visiting the school in September and meeting some of the staff and pupils. The headteacher, Jane Driscoll, and the entire governing body team do a fantastic job of leading the school. Hursthead is rated outstanding by Ofsted, but its delegated budget is £892,000, with a total income per pupil, excluding the pupil premium, of £3,304. That is £1,246 per pupil less than the national average, and significantly less than other figures that have been mentioned.

Hursthead is an example of an excellent school working hard to do more with less, but members of the governing body have contacted me to outline the significant cost pressures that the school, like many in the area, faces. Those include repayment of loans that were urgently needed to replace temporary classrooms, and the costs of repairing a leaking roof—a problem common in many primary schools of a certain age. We should remember that excellent schools rely on excellent teachers and that they, too, come at a cost. It is vital that schools are able to retain them. My hon. Friend the Member for Chippenham (Michelle Donelan) was right when she said that an inspirational teacher can change lives. That is why we need to make sure there is funding for them.

When the school governors spoke to me, they said that the current levels of income and expenditure are not compatible with a budget surplus. There are significant pressures on schools that are attempting to manage a growing budget deficit. Measures to balance the budget by limiting expenditure on IT equipment and postponing the purchase of a range of vital resources could be entirely avoided if the fair funding disparity was addressed. My concern is that if the funding position does not improve, those are the types of measures that many schools may need to take.

It is vital that the high level of education provided by that school and many others is not compromised, but that school is just one example of a school in my constituency that is constantly fighting the entrenched, historical imbalances in the education funding model.

Other schools across Cheadle are facing similar pressures—indeed, that is the situation faced by schools across the constituencies of all the Members who are here in Westminster Hall today. We all share the same ambition—to see those imbalances addressed—because ultimately, if they are not addressed, it will be pupils and their education that will suffer.

I am here today because I believe that it is imperative that the Government address this disparity. I am heartened by the Secretary of State's reaffirmation of her commitment to close the funding gap. I urge the Minister, along with his colleagues at the Department for Education, to maintain their momentum on this issue. I welcome the news that the Department is to begin a consultation—I believe it will start next year—and I know that it is currently engaged with the Treasury on the spending review. I urge Ministers from both Departments to look favourably on school funding, not only for the sake of Hursthead infant school but for the sake of all the schools in my constituency and across the country.

3.31 pm

Kevin Foster (Torbay) (Con): It is a pleasure to serve under your chairmanship again, Sir David. I congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) on securing this debate.

Thanks to the good education that I received, I know that 5 November is quite an ominous day to be giving a speech in Parliament, but thankfully I am not a king and it is not nearly four hundred years ago, so perhaps we will be safe today.

It was interesting to hear my hon. Friend the Member for Wells (James Heapey) talk about aiming for mid-table mediocrity in the premier league; I think that at the moment Torquay would be happy to be in the league.

Coming on to the serious point, I am delighted that this debate has been secured so that we can talk again about the unfairness in the current funding system. That is why I am particularly delighted to see my hon. Friend the Member for Worcester (Mr Walker) here today. I know that he will be noting down every point made today, given the impact of this issue on his own constituency and his own lengthy record of campaigning about it.

I will focus on the fact that there is a need for a fairer settlement and a fairer funding system overall. It is tempting to get into Torbay versus Tower Hamlets, or Torbay versus Plymouth, but for me this issue is actually about having a fundamentally fairer system for the allocation of resources, and not a system based on history. In 10 or 20 years' time, thanks to the massive success of the long-term economic plan for the south-west, Torbay might have become one of the most prosperous parts of the country, so the formula may change and changes made now might not help us in the future. However, I would like to see change, because this is fundamentally about fairness—allocating today's sources to today's priorities, and not funding according to historical council spending patterns or considerations that might have been relevant once but are now distant.

What particularly brought this situation to light was the Public Accounts Committee report on the pupil premium, which discussed the fact that the funding for deprived pupils with exactly the same needs can vary by

up to £3,000 per pupil. That is a staggering difference and, as our report concluded, such variations make it much harder to bring effective strategies to bear.

Graham Stuart: Does my hon. Friend agree that it is not just the Minister who we are challenging today? It is delightful to see the hon. Member for North West Durham (Pat Glass) representing Her Majesty's Opposition, as today is also an opportunity for the Labour party to set out that it is committed to fairer funding and accepts that there will be the need for redistribution; it will be painful, but it is right that it should happen.

Kevin Foster: Yes indeed, and let us be clear that the council that would benefit the most from the F40 proposals is Barnsley. If one was looking for an example of an area that one would have thought the Opposition would be committed to wanting to do something for, it would be that one.

For me, this is not about wealthy parts of the country versus deprived parts of the country. There are parts of my constituency that are quite wealthy, but they are the older parts—the places that are less likely to have young families with children going through school. The areas in my constituency that are the most deprived and that have the most challenges are the ones that have the most young families with children going through school. I was delighted to hear my hon. Friend the Member for South Suffolk (James Cartlidge) make the point that education is the ladder out of deprivation.

James Cartlidge: It is very kind of my hon. Friend to refer to my comments. He is making a very interesting point about overall prosperity. Is it not the case that the levels of deprivation in places such as Tower Hamlets and Hackney were once much higher than they are now, and actually what is happening is that inner London has become relatively far more prosperous, partly because of the housing market and partly because of the City and so on, whereas parts of our constituencies have not caught up at the same pace? That is the underlying change that justifies the demand for fairness.

Kevin Foster: I totally agree with my hon. Friend. We need up-to-date information and an up-to-date funding formula. Let us be candid: a hundred years ago, Liverpool was a booming port that was producing a tax surplus. Now, the situation there is the other way round, because of changes in industry. It would be strange to hear arguments that we should base funding today on what the economy was like a hundred years ago. Equally, if we do not change the formula and do not move on, people can find themselves living in areas that were once deprived that still receive extra support even though they are no longer deprived.

This is about making sure that pupils are fairly funded, because even in the most prosperous parts of this country there will be families who are struggling and who need the ladder of opportunity that good, solid education provides, so that they can get the jobs and the skills, and share in the aspiration that many of us have.

Graham Stuart: My hon. Friend is very generous in giving way to me again. It is also important that people outside this place do not think that this issue is about stopping recognition of deprivation. The pupil premium

[Graham Stuart]

exists precisely to meet the needs of those in deprivation, but we must ensure that there is not double-counting of deprivation and that we have a system that is fair to every child, wherever they live.

Kevin Foster: Absolutely. I agree with my hon. Friend that what we want is the funding following the need and not following the postcode that people happen to live in. That is why the pupil premium was introduced and it is why the PAC was right to highlight a £3,000 difference in pupil premium funding based not on need or the type of education that a school has to provide or the facilities it needs, but on the different postcodes in which pupils live. Nobody feels better off because they move from one postcode to another; nobody says, “I’m feeling hugely better off because I’ve moved a couple of hundred metres down the road and I’ve crossed a municipal boundary.” People feel better off if there is actually more money in their pocket and more income in their household. It is right that our funding formula should follow the need and not historical funding allocations.

That is not to say that schools in my area are not doing well. There are schools, such as Curledge Street academy and Ellacombe academy, that do extremely well and that have really turned around, partly due to the academies programme during the last few years. They deliver excellent results and give students the ladder of opportunity that we all want to give students. We want to send a message to them that a fairer funding scheme is on its way.

That is why the Government’s actions over the last five years are very welcome. They have made a difference. I accept that things cannot change overnight, but what we want to see is what the PAC called for, which is a timetable to resolve this issue, which we can then use to move forward.

This is not about rural versus urban, or about the north of England versus the south of England. We can see that in the diversity of constituencies that are represented in the debate today, ranging from Stockport to the south of Devon. This is about fairness, and having resources allocated on the basis of need and not on the basis of historical anomaly. That is why it is right that we have had this debate today; that is why I hope the Government will now take things forward and find a solution; and that is why I am pleased to have spoken in this debate.

3.39 pm

Carol Monaghan (Glasgow North West) (SNP): It is a pleasure to serve under your chairmanship, Sir David.

I congratulate the hon. Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) on securing the debate. As a physics teacher for more than 20 years in Glasgow, listening to the debate has been absolutely fascinating for me. Our two nations are so closely linked, but our education systems and the funding of them are poles apart. I have learned quite a lot this afternoon and scribbled lots of notes. I would like to make some comments, some from a personal perspective, on the points raised and to point to things that have been done in Scotland that may be worth considering.

Scotland has neither the funding variations that we have heard about today, nor the discrepancies. There are slight differences in some places such as in the highlands and islands, where teachers might be encouraged to work with relocation funding—it supports them in setting up a new home—but other than that there are not great discrepancies. There are differences between rural and urban schools in Scotland, but figures of £2,000 sound incredible to me, and I am amazed that the issue has not been dealt with.

It is not just that there are discrepancies in funding; I think there is a real underfunding of education, and that is one issue that has not been addressed. I have just looked this up, but the Institute for Fiscal Studies estimates that the average funding per pupil in England—Members can correct me if I am wrong—sits at about £6,000. The average in Scotland is £6,738. I would argue that the average probably needs to be even more in Scotland, but it is about where Governments decide to spend money. Education and closing any attainment gap are at the heart of the Scottish Government’s agenda. To combat the effects of poverty and to ensure that children have the best possible start in life, the Scottish Government have invested £329 million in early years education.

Kevin Foster: Does the hon. Lady think it would be worthwhile if a pupil premium was introduced in Scotland, similar to that in England? Through that, the money would follow the pupils with need, rather than the areas in which they live.

Carol Monaghan: It is interesting that the hon. Gentleman mentions that. When he was speaking, I made a note that this pupil funding is now being introduced in Scotland. The Scottish Government are looking at directing funding to where it is most needed: to pupils in deprived areas. That has already been done. Another thing that has been done in Scotland is the continuation of the education maintenance allowance to ensure that 16 to 18-year-olds from deprived backgrounds remain in education. That has been expanded to include students in further education colleges. There is a recognition in Scotland that funding must follow pupils.

James Heapey: The hon. Lady is giving us a very interesting explanation of how education works in Scotland. It is encouraging to hear that Scotland uses levers such as direct pupil funding through the maintenance allowance to help those who have particularly hardship, but that is underpinned by a standard formula across the country. We should learn from that south of the border.

Carol Monaghan: The hon. Gentleman makes a good point. That is what I was trying to say in my opening remarks: Scotland does not have the massive discrepancies that seem to be present in the constituencies of other Members.

Mr Gyimah: I thank the hon. Lady for raising two particular points about Scotland: overall funding and attainment. To put the record straight, while the UK Government protected schools funding in real terms in the previous Parliament, the Scottish Government cut funding in real terms. It is worth getting that on the record. On attainment and narrowing the gap, she will be aware of a recent independent report from the

Commission on School Reform, whose members are Scottish education experts. The report raised serious questions about the Scottish Government's ability to close the attainment gap north of the border.

Carol Monaghan: The Minister must have different figures from me, because across Scotland we are seeing the attainment gap reduce and pupils from more disadvantaged backgrounds being more successful in accessing higher and further education than ever before.

One of the great things this afternoon has been the positive language used about the teaching profession, which is reassuring to hear. Often teachers hear phrases like "failing schools" and "poor teaching", and they end up being blamed for a lot of society's problems, rather than credited for the work they do in trying to tackle the very same problems. I am reassured by what I have heard, and I suggest to all Members here today that they continue to use that positive language, because it makes such a difference to teachers.

The hon. Member for Beverley and Holderness talked about flat cash and not wanting to increase the education budget. I would argue with that. Governments have difficult choices to make, and they decide where money is spent. If education is a priority and our young people are valued for the contribution they can make to the country, we should be investing properly in education.

Graham Stuart: It is worth putting on record that with the number of pupils expected to increase by 7% in England over this Parliament, there will be a 7% increase in cash terms in the schools budget. That is in the context of a need for a big readjustment across Government spending to take us into surplus and not to give the very children we are trying to educate further debt to shoulder in years to come.

Carol Monaghan: I thank the hon. Gentleman for that. He spoke about the discrepancy between neighbouring schools in neighbouring areas, which was a real eye-opener for me. We do not have those discrepancies in Scotland, but I imagine they impact on parental choice on the schools they wish to send their children to, which is an issue.

The right hon. Member for Exeter talked about further education underfunding. We have to consider that education does not always stop on leaving school. Different pathways are open to our young people in education. For many young people, especially those from disadvantaged backgrounds, further education offers a pathway for them to continue their education.

Mr Bradshaw: Is it not the case that the SNP Administration in Scotland have dramatically cut funding for further education to fund their so-called free higher education for university students? The hon. Lady claims that Scottish pupils are performing better than English pupils with higher funding, but her Government's recent report showed that reading standards for eight and nine-year-olds have fallen by 5% since 2012. Her Education Minister, Angela Constance, has said that Scottish children are not doing as well as they should be. That is why the Scottish Government have put in place the measures to which the hon. Lady just referred—their record is appalling.

Carol Monaghan: The right hon. Gentleman raises some points that have been raised time and again. Difficult choices had to be made on college places. Places were cut—places that were not leading to employability and places that did not give our young people the best chances. Tough choices had to be made, and places that led to employability were protected. The overall number of college places has not changed; the range of courses may be different.

The right hon. Gentleman mentioned attainment dropping since 2012. It is interesting that we see attainment dropping at the same time as austerity was biting. We cannot separate attainment and poverty. The two are inextricably linked. As soon as we see austerity, we see issues with our children.

Graham Stuart: Will the hon. Lady give way again?

Carol Monaghan: No, I am fed up of giving way. *[Laughter.]*

I have already mentioned the targeting of pupils in deprived areas, which is really important. Early intervention and the Scottish attainment challenge, which is supported by a £100 million Scottish attainment fund, are targeted at primary school pupils in deprived areas to ensure they are able to reach their potential.

The hon. Members for Stockport (Ann Coffey) and for Shrewsbury and Atcham (Daniel Kawczynski) talked about all the extras that may go when education funding is tight. There was mention of outdoor education and parents raising money. Another issue is that teachers end up buying resources for the school. Teachers' salaries are not at the levels they should be, and if they have to eat into their salaries to buy resources, that is a huge issue, so we need to think about that.

Various Members mentioned teachers' pay. Again, this is another fascinating point for me. The hon. Members for Banbury (Victoria Prentis), for Louth and Horncastle (Victoria Atkins) and for Cheadle (Mary Robinson), to name but a few, mentioned issues with attracting highly qualified, good teachers to their schools. In Scotland, there is parity for teachers' pay across all local authorities and schools and pay is set by the General Teaching Council for Scotland in collaboration with the unions, so we do not have the same issue. A similar situation in England might make a huge difference to some of the problems that have been discussed.

I am almost finished, but I want to pick up on something that the Member for Tiverton and Honiton (Neil Parish) said. He described his constituency as the most beautiful in the country. Although I have not been there, I accept that that is true in his country, but in my country, there are many more beautiful constituencies.

As education is a devolved matter, I have suggestions, not questions. First, ensure that teachers are valued and that they understand that value by continuing to use positive rhetoric, and by ensuring that wages are set at a level standard across the country. Intervention for pupils with particular difficulties, who are disadvantaged by poverty or background, should continue. If that needs funding, it should be funded. If the Government are truly interested in ensuring a level playing field, not only across the country but for pupils from different backgrounds, I suggest that reinstating the education maintenance allowance for 16 to 18-year-olds from

[Carol Monaghan]

deprived backgrounds would make a huge difference in allowing them to remain in education and to access further and higher education.

3.54 pm

Pat Glass (North West Durham) (Lab): It is a pleasure to serve under your chairmanship, Sir David. I hope my voice will last out. I congratulate the hon. Member for Beverley and Holderness (Graham Stuart) and my right hon. Friend the Member for Exeter (Mr Bradshaw) on securing this debate. I also thank the Backbench Business Committee for making time for the debate. It is a pleasure to follow the hon. Member for Glasgow North West (Carol Monaghan), but I have one comment on her remarks. I am from the north-east of England and we used to look enviously over the border at the quality of education in Scotland and the outcomes for Scottish children. We do not do that any more.

The debate has been really interesting, especially the way in which Members have lined up one after another to say how far they are down the financial league tables. I noticed that Tower Hamlets was highlighted quite a few times. I remember visiting a couple of schools in Tower Hamlets with the hon. Member for Beverley and Holderness and the current Chair of the Education Committee, the hon. Member for Stroud (Neil Carmichael), when we were carrying out an investigation into sport in schools. We visited a couple of schools in Tower Hamlets and were struck by the huge level of problems that the teachers faced. About a third of the children were in receipt of the pupil premium, but what struck us most was that almost half of the children were the children of the working poor who did not qualify for the pupil premium, and yet in many cases their disposable income was less than that of the parents of those who did. We were told that many of the parents had two and three jobs and often did not have the time or sometimes the skills to be able to support their children in education. I do not think any of us came away thinking that the money those schools got was not needed or was wasted.

The matter has been debated many times and the coalition Government promised to address it in 2010. Like many of the things we think are easy, they are far from easy. I feel for the Minister, because this is not going to be an easy circle to square.

Mr Gyimah: Except with your support.

Pat Glass: Before the election, Labour also promised to introduce a review of school funding. We want to support the Government as they move forward with their review, but we are clear that funding has to be fair and just. It cannot simply be a recycling or shifting of existing resources within the system from those with greater needs to those with less great needs. One or two people said that children with the same levels of need must receive the same levels of funding. We support that in principle, but we want to see new money in the system.

The basic inequalities in the system go back a long way. My right hon. Friend the Member for Exeter was absolutely right when he said that its roots lie in the old standard spending assessment. I read the *Hansard* from

the previous debate just before the election. The then shadow schools Minister, my hon. Friend the Member for Cardiff West (Kevin Brennan), said that the formula was known only to three people and

“one was dead, one had gone mad and the other one had forgotten”.—[*Official Report*, 10 March 2015; Vol. 594, c. 260.]

I am not sure where I fit into that, but there are advantages to being around the education system for a long time and having some degree of shared memory of all this.

Graham Stuart: Will the hon. Lady give way?

Pat Glass: I will just finish this point and then I will be happy to give way.

Historically, local authorities that prioritised education and spent above standard spending assessment—sometimes a great deal above SSA—were often metropolitan authorities that had their funding simply rolled forward into the schools block of the dedicated schools grant, and those authorities, often counties, that spent at or under—sometimes significantly under SSA—had their underspends rolled forward into the schools block of the SSA. Those are the roots of why we are where we are today.

Graham Stuart: I am grateful to the shadow Minister for giving way and I congratulate her again on her post. She said she would expect new funding to come into the system. Was she ruling out redistribution? It is politically difficult. The previous Labour Government did not want to go there: although many Labour areas would benefit, perhaps more would lose. I recognise the political difficulty, but surely similar children in similar schools in similar circumstances should get similar funding. If we accept the principle and accept that it is wrong now, we have to accept redistribution. Does she accept that principle and support those of us who, like the Minister, will have to take the difficult decisions?

Pat Glass: I will address that point as I make my argument.

It has been made clear today that however we came to be where we are, we all now agree that pupils with similar or the same needs throughout the country should not receive such different levels of funding. It is less clear how to resolve that, and it will not be easy to achieve. The Prime Minister has decided not to protect the entire education budget in real terms. The Institute for Fiscal Studies has highlighted that over the course of this Parliament per-pupil funding will fall for the first time since the mid-1990s, which will make it that much harder for the Government to deliver a genuinely fair funding system.

The Secretary of State told the House last week that the Government remain committed to implementing their manifesto pledge to make funding fairer. She told us that she will protect the schools budget, which she has promised will rise as pupil numbers increase. The IFS says that that is not going to happen, but we will give her the benefit of the doubt. She also highlighted the progress she has made in providing the additional £390 million this year for those areas with the lowest levels of funding, and said that that will continue next year.

But that is the rhetoric. As the hon. Members for Beverley and Holderness and for Shrewsbury and Atcham (Daniel Kawczynski) said, the reality in schools is very different. According to the latest National Union of Teachers survey, 60% of school representatives stated that teaching posts have been lost in their school; more than 60% stated that classroom support posts had been lost; and 55% stated that other support posts had been lost. Nearly 60% reported larger class sizes; more than 65% reported a reduction in spending on books and equipment; and nearly 45% stated that teachers were paying more for materials than they were previously. Of particular concern to the Members who mentioned it in their speeches will be the fact that 50% reported cuts in support to pupils with special educational needs. Respondents also noted a greater reliance on non-qualified teachers and teaching assistants.

Although we all agree with the principle that pupils with similar levels of need should receive broadly similar levels of funding, the Minister should reflect on some of the very real concerns that Members have raised today when he is considering the matter and ensure that any further changes are not only fair but just. Like the hon. Member for Gloucester (Richard Graham), I am interested to hear how it is going to happen, how it will be paid for, and what the time scales will be. I want to hear the what, the when and the how.

Schools are grateful for the additional £390 million allocation, but we must be clear that it is not new money and has come largely from a 25% cut in funding to the 18-plus pupil-funding stream and from the massive cuts we have seen to further education funding, with further massive cuts to come. Pupils who access FE or remain in school over the age of 18 are often pupils with SEN, vulnerable children, or children who simply learn more slowly and need an extra year or two to get to the level of their peers. They are the children closest to being NEET. It is neither fair nor just to take funding from that group of children to distribute across the rest of the sector, and it is not fair to take funding from other less well-off parts of the education sector. We particularly do not want to see another smash and grab on the FE sector.

I agree with fair and transparent funding in principle, but I repeat that new money is required. Funding must be fair to other parts of the system, especially those parts supporting children with SEN, looked-after children and other vulnerable children. It needs to be fair to the higher education sector, and particularly to the FE sector, given what has already happened. It must be fair to rural areas with small schools, which have been mentioned by a number of Members. My constituency is rural and has a school with just 12 children. The very existence of such small schools would be threatened by a system that makes no financial allowance for size. There will have to be transitional arrangements to ensure that no area or school loses out heavily.

I want to give the Minister the benefit of my experience, which I feel I will be giving him a quite a lot in the months to come. I have a little time, so I will give him two examples. I remember being involved in a local authority where we wanted to change the funding system to make allowances for children from black and minority ethnic backgrounds. We made what we understood to be a small tweak to the system that resulted in a big change, with funding going to a school that was educating

the children of the directors and senior managers of a Japanese car factory. They clearly did not need the money. The Minister should be aware that there can be unintended consequences.

More importantly, I do not know whether other Members remember, but in around 2005, schools started to scream that their local authorities were not handing over funding—that it was being top-sliced. The Blair Government at the time responded by naming and shaming local authorities, which then started to scream that it was unfair and was not happening. Someone had the bright idea that it was SEN funding: “SEN funding has gone up massively; that’s what’s causing this.” There was an investigation, and it turned out that an accountant in the Treasury had tweaked a tiny bit of the formula here, which had a massive impact over there. Whatever happens, the Minister must be clear that the changes are properly consulted on; that we know exactly who will be the winners and losers, and by how much; that they are piloted; and that there are transitional arrangements over a period of time.

The Chancellor and the Minister are in real difficulty. Perhaps Government Members did not see, but the Secretary of State’s face was a picture when the Prime Minister promised to continue the infant free school meals programme at PMQs last week. We hear a lot every week about the promise of 30 hours of free childcare, but that is already under-funded by £1 billion. I have sympathy for the Minister, because I have been in his position, albeit to a lesser extent. I have been the person who has had to deliver good and outstanding services, but who had to balance the budget amid all the cries for additional money.

I ask every Member present who has called for fairer funding for schools to remember where the last tranche of funding came from—a smash and grab on FE. Every one of us has an FE college in our constituency. We know that they have been hit massively already and are facing a further 24% cut in funding. Our colleges have been more than decimated by cuts, and we do not want to see more. All Members present will want to see a new funding system that is fair and just to all children and all sectors. With that, I am happy to sit down and let the Minister try to square the financial circle.

4.6 pm

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): It is a pleasure to serve under your chairmanship, Sir David. I thank everyone who has spoken in this rather lengthy but none the less constructive debate, and congratulate my hon. Friend the Member for Beverley and Holderness (Graham Stuart) and the right hon. Member for Exeter (Mr Bradshaw) on securing a debate on this important issue. I also thank the F40 for a long and vigorous campaign.

When I was given this job, I spoke to a senior civil servant in the Department for Education who said to me that someone was working on fair funding for schools when he joined the Department in 1991. The problem has been around for a very long time. It did not arise overnight and it bedevils many different types of authorities. This is not a partisan issue: Labour-held authorities have funding issues, as do Conservative-held ones. There are some underfunded inner-city authorities and there are underfunded authorities outside of cities.

[Mr Sam Gyimah]

I thank all Members for the manner in which the debate has been conducted. It has not been party political; instead, we have focused on the issues in our constituencies.

Neil Parish: I understand the historical element, which my hon. Friend the Minister outlines well, but I have huge confidence that he will be the Minister who, after all these years, actually sorts this out.

Mr Gyimah: I thank my hon. Friend for his confidence in me. It feels rather strange to be urged to be “brave”, as Sir Humphrey would say.

To address the point made by the shadow Minister, the hon. Member for North West Durham (Pat Glass), if one represents a local authority such as hers in Durham, which is the 57th best-funded local authority in the country, one has the luxury of saying, “It’s difficult, but we have to do all these things.” She does not have to take the difficult decisions. She has the luxury of having a local authority that is very adequately funded, but those Members representing local authorities that have been underfunded for more than a decade, where schools are doing quite well with limited resources, are saying that it is time to rectify the situation. It is right that we listen to them and act.

Before getting into the detail of that issue, I want to respond to the point made by the hon. Member for Glasgow North West (Carol Monaghan). The Government recognise the importance of long-term investment in education to prepare children for success in adult life. In the previous Parliament, we invested more than £190 billion in our schools—a real-terms increase every year. In this Parliament, we will continue to protect the schools budget, as we promised in our manifesto. We will also ensure that the money reaches the places where it is needed, so all children in all age groups and all locations can access excellent education. We committed in our manifesto to making schools funding fairer, so that every school can support every child in achieving their potential.

The right hon. Member for Exeter made that point extremely well when he highlighted the fact that the root cause of this issue is historical funding. At some point in history—2005, I think—we froze schools funding in aspic, and whatever an authority spent the previous year became the baseline for its funding allocation. Demographics, local authorities and schools’ needs changed, but the funding formula was not updated to reflect current need.

Mr Bradshaw: A question has occurred to me during this debate. Broadly speaking—I know this is a simplification—Conservative shire counties had lower education funding and lower council tax, while Labour urban authorities tended to have higher education funding and higher council tax. Given the Government’s policy of capping increases in council tax, has any work been done in the Minister’s Department on the potential impact of redistribution on council tax? It would be unfair for people living in Labour authorities, which have historically had high council tax and high education spending, suddenly to lose that money through central Government, and for people in low-spend, low-council

tax Tory areas to have no increase in their council tax but suddenly to have a big increase in their schools funding.

Mr Gyimah: As the right hon. Gentleman knows, there has to be a referendum for a council tax increase of more than 1.99%. We are talking about how central Government deal with revenue funding for schools. We have got to the point where schools’ capital needs are based on need. If the schools in a constituency have serious problems, we have a thorough process for identifying their needs and allocating funding appropriately, but we do not have a similar process on the revenue-funding side.

It is patently unfair that Knowsley receives nearly £750 less per pupil than Wandsworth, given that more pupils in Knowsley are entitled to free school meals. It is unfair that a secondary pupil with low prior attainment would attract more than £2,000 in Birmingham but only £35 in Darlington. In four local authorities they would not attract any funding at all. That is not right. The hon. Member for Stockport (Ann Coffey) spoke very clearly about that injustice.

In the previous Parliament, we took a big step. To those who say that the Government should be brave, I say that we have been brave. In an era of austerity, we invested £400 million to help level the playing field.

Graham Stuart: The £390 million is in its second year, and that will be the baseline. Will the Minister consider looking at the allocation again, because only a little more than half of it went to the lowest-funded authorities? If those that should not have had it have only recently received it, their pain in losing it will be less. The £390 million could be repurposed to lift up the lowest-funded authorities together. That would remove the outliers, even before we get to the national funding formula.

Mr Gyimah: I thank my hon. Friend for that point. I agree with the hon. Member for North West Durham that this is a complicated area. What happened with the £390 million is that local authorities whose spending was low on the high needs block but high on the schools funding formula did not see the full benefit, because the £390 million was allocated purely on the basis of schools funding. That means that any reform in this area has to take into account the different blocks of the dedicated schools grant: schools funding, high needs and early years. Some local authorities shift money among those different budgets, so we must look at this in the round.

Let me return to the difference that the £400 million has made. Buckinghamshire received a further £80 million and Cambridgeshire received more than £23 million, or £311 for every pupil. Bury, Surrey, Shropshire, Salford and more than 60 other authorities benefited from additional funding for their schools. Money was not being shuffled into Conservative areas from other local authorities. The beneficiaries of the £400 million, which is now the baseline, are underfunded local authorities. We looked at underfunding based on characteristics; we did not pick an arbitrary number.

Graham Stuart: Westminster was a beneficiary, was it not? I may have got that wrong. Clearly, the money was not always going to the lowest-funded authorities. Only a little more than half went to the lowest-funded authorities. There is a real opportunity to look at this again.

Mr Gyimah: As my hon. Friend knows, we are having this debate because the Government want to go further than £390 million. The changes in some hon. Members' constituencies over the past 10 years have been significant. In Dorset, the funding schools receive does not reflect the proportion of pupils eligible for free school meals, even though that proportion has almost doubled. In Lincolnshire—this relates to the point made by my hon. Friend the Member for Louth and Horncastle (Victoria Atkins)—the proportion has doubled, but the funding has not changed at all. In other areas, the number of children eligible for free school meals has gone down by 40%, but the authority still receives the same amount of funding. The distribution of funding today does not reflect the needs of our children, so it has to be changed.

It is widely recognised that the impact of the distribution is hugely unfair, as many hon. Members have said today. A child who goes to school in Trafford will attract £4,228, but in next-door Manchester they will attract £5,081. At the extremes, Wokingham—my right hon. Friend the Member for Wokingham (John Redwood) is no longer in his place—receives £4,151 for every school pupil, while Tower Hamlets receives £7,000, or 70% more. Of course, we have to ensure that Tower Hamlets receives the funding it needs, based on the characteristics of its pupils, to enable its schools to do their job, but a discrepancy of 70% or more shows that rooting the funding formula in the historical allocation has allowed things to get out of kilter.

As I said, we have made some progress, and many schools that are doing an excellent job are benefiting. I want to draw hon. Members' attention to York, because my hon. Friend the Member for York Outer (Julian Sturdy) is here. It is one of the lowest-funded authorities in the country, yet 86% of its primary pupils and 93% of its secondary pupils are in good or outstanding schools. I congratulate the teachers in York for the excellent work they are doing. However, schools in York could do even more to help us in our mission to build a world-class education system if their funding matched the schools' and pupils' needs.

A system in which a school can get 50% more money for providing the same education to the same pupils just by moving from Barnsley to Hackney is not fair to schools, parents or children. To be fair to taxpayers at a time of austerity, we need to ensure that we get the most out of every pound we spend on our schools. Although we have protected the schools budget overall, we will not make the most of it until it is targeted where it is needed.

Graham Stuart: Perhaps the Minister is about to move on to what I am going to ask him. Can he set out the principles that will be used, so that we have some idea of the parameters that will be used to determine allocation? This will be politically challenging, so it is important that the terms on which it is done carry the widest possible support across the House.

Mr Gyimah: I thank my hon. Friend for his third intervention so far. The good news is that there is consensus on the need for reform, and support for how we plan to get there. Devising the new system will be a big, difficult job. There is no other way of describing it. We are being encouraged to move quickly, but also to listen; the best thing to do as we set out our proposals,

soon after the spending review, is consult carefully and widely with local authorities and schools. That will be our approach.

Also, I received the letter sent to the Prime Minister from over 100 Members, led by my hon. Friend the Member for Beverley and Holderness.

Julian Sturdy: The Minister is doing an excellent job, as I knew he would, in setting out his case. On timing, many of the excellent schools in my constituency of York, which he mentioned, are having to dip deep into their reserves to get through these years. They simply will not have the time if we do not act sooner rather than later.

Mr Gyimah: I share and understand my hon. Friend's need for urgency, but the first thing is to build consensus for reform. It is good that the National Association of Head Teachers supports reform; it recently said:

"The level of unfairness in school funding has been staggering", and that it welcomes the move towards fairer funding. That is echoed by the Association of School and College Leaders, which says that reform is "long overdue and very welcome."

Parents know that education should not be a postcode lottery. There is a lot of work to do, and I would like to see the Opposition join the NAHT, and all the other organisations calling for reform, in supporting our building of consensus for what would be a historic achievement for our schools and for constructing an excellent education system.

Michael Tomlinson: I am grateful to the Minister for his responses so far. However, if he cannot commit to a specific date, may I invite him to at least set out a timetable allowing our local education authorities to plan well in advance, which will help our schools?

Mr Gyimah: My hon. Friend tempts me to pre-empt our spending review; that would not be appropriate for a junior Minister, and would not be welcomed by the Chancellor. I will not set out a timetable, but I have said that we will not only seek to build consensus and to consult widely, but support schools through the transition and encourage efficiency to get the most out of fairer funding.

As well as reforming the funding system, we will push schools to be more efficient in their spending. In this difficult financial climate, it is even more important that schools are relentless in their drive to squeeze the best value for their students out of every pound that they receive.

Kevin Foster: I thank the Minister for giving away again. He is being very generous with his time to the Members who are still here to listen to his remarks. I accept that he will not set out a timetable while he is on his feet today, but is he hopeful that the matter will be resolved by the end of this Parliament?

Mr Gyimah: What I can say on timing is that, whatever the changes, schools need enough time to adjust and plan; I have heard that from a lot of schools. That will guide us in implementing any reforms.

Graham Stuart: 2017-18?

Mr Gyimah: I will not comment any further on timing. It is important to focus on schools' financial management, because good management and good attainment can go hand in hand, as demonstrated by the York example. While we will push schools to be more efficient, we will also help them to spend their funds in the way that has the biggest impact on pupil attainment. We will continue to give schools greater freedoms to make the right decisions, for themselves and their pupils, on how their budgets should be spent. We will free up schools to adopt the right structures and practices to meet their specific needs, and help them to identify the areas where they can make savings. We will help schools improve their financial expertise, share best practice and work together more efficiently.

Neil Carmichael: This question is not about timing; it is about consulting widely, including with multi-academy trusts and academies, because they are in this together. The Minister has mostly referred to local authorities, but we have to consider all schools.

Mr Gyimah: The Chairman of the Education Committee is absolutely right. When looking at the funding system, we must consider all schools, be they free schools, academies or local authority maintained schools. While on this point, I noted the tests that he outlined, and how his Select Committee will review any proposals that come forward. We will bear those tests in mind as we consider what to do over the coming weeks and months. I thank him for making them and the criteria very clear.

Let me bring my remarks to a close. Fairer funding underpins our vision for a world-class education system. To really support schools, we need to make the funding system fairer for every school and every child. Our vision is of a future in which every school in the country, whatever their characteristics and wherever they are, provides excellent education, allowing every child to succeed. I am enormously grateful to colleagues who have been campaigning hard for this over several years, and thank them for their contributions to the debate. To move forward, we want a real consensus, so I would like to see the Labour party, which did not mention fair funding in its manifesto at the last election—

Pat Glass: That's not true.

Mr Gyimah: If the hon. Lady wants to intervene, I will take the intervention. I would like to see the Labour party come forward and support the proposals, because schools in constituencies represented by MPs of both our parties need this problem addressed. We have already protected budgets for 2016-17, and have baked in the extra funding from last year. I hope to be able to update hon and right hon. Members on our further plans shortly. In the meantime, I encourage all those who have spent years campaigning for fairer funding to continue. We are making good progress. I hope that what we have done so far and the fact that we are willing to listen show that, at last, we are not just talking, and that the Government are ready to act.

4.27 pm

Graham Stuart: It has been a pleasure to serve under your chairmanship, Sir David. What a delight this is! It was 10 years ago when I first asked a question about

F40 funding to a Labour Minister, and I got a singularly inadequate reply. It was in March 2006 when I got my first debate on this subject. I called for an urgent debate in January 2007, and secured one in May 2007. This has been going on for a long, long time. The Minister and the Government are committed to delivering fair funding for our schools; that is long overdue and very welcome.

I think colleagues would like to hear more about the principles; we will perhaps do so when the Minister comes forward early in the new year—certainly by the end of January—with proposals to be consulted on.

Mr Gyimah: No timings.

Graham Stuart: We need more on the timing, because while consulting widely and seeking consensus is credible, the Government are committed to this. It does not require consensus; it requires the implementation of the manifesto promise. Seeking consensus is entirely right, but requiring it is a different matter altogether.

Then there is the element of ambition. How far are the Government prepared to go? I think it was a Treasury official who said, years ago, "Minister, the people you make happy, you never make as happy as the people you make unhappy, unhappy." That is the problem. When we finally get the proposals, we and our constituents will grunt and say, "About time," but there has to be redistribution; it is unfortunate that the Opposition spokeswoman, hon. Member for North West Durham (Pat Glass), was not prepared to say that. As it is, there has been a 7% increase in the education budget in this Parliament because of the number of pupils. Given the context, there has to be redistribution. Some people will lose, which means looking them in the eye and explaining why it is fair and right that they should do so. That takes courage, but if we are going to do it, we could do with both sides of the House joining in and accepting that principle. I welcome Labour's support for fairer funding, but it needs to be followed by the recognition of the need for redistribution.

In my final seconds, I want to comment on the contribution of the hon. Member for Glasgow North West (Carol Monaghan), the Scottish National party spokeswoman. It seems that the free university education of middle-class children, who are predominantly the most likely to go to university, has been funded at the expense of working-class kids in further education colleges, who have had their vocational opportunities stunted as a result. I do not think that the SNP has much to teach us about that, although they do seem to have more equal funding of schools, per pupil. It seems a good principle to have pretty much level funding, except when the reasons not to are overwhelming, such as higher teaching costs in London. That does not mean, however, that we need have the gross discrepancies that we see today.

It has been a great debate, and I thank all my colleagues for being here. I look forward to the Minister coming forward with proposals as soon as possible.

4.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Thursday 5 November 2015

TREASURY

Counter-terrorist Asset Freezing Regime

The Economic Secretary to the Treasury (Harriett Baldwin): Under the Terrorist Asset-Freezing etc. Act 2010 (TAFa 2010), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset freezing regime mandated by UN Security Council resolution 1373.

This is the 18th report under the Act and it covers the period from 1 July 2015 to 30 September 2015. This report also covers the UK implementation of the UN Al-Qaida asset freezing regime and the operation of the

EU asset freezing regime in the UK under EU regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU. Under the UN Al-Qaida asset freezing regime, the UN has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under the Al-Qaida (Asset-Freezing) Regulations 2011. Under EU regulation 2580/2001, the EU has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under part 1 of TAFa 2010.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council resolution 1373. The two individuals subject to designations, which have been notified on a restricted and confidential basis, under sections 3 and 10 of TAFa 2010 are denoted by A and B.

The following table sets out the key asset-freezing activity in the UK during the quarter ending 30 September 2015:

	TAFa 2010	EU Reg (EC) 2580/2001	Al-Qaida regime UNSCR1989
Assets frozen (as at 30/09/2015)	£39,000	£11,000 ¹	£50,000 ²
Number of accounts frozen in UK (at 30/09/2015)	45	10	21
New accounts frozen (during Q3 2015)	1	0	0
Accounts unfrozen (during Q3 2015)	0	0	4
Total number of designations (at 30/09/2015)	30	33	304
(i) New designations (during Q3 2015, including confidential designations)	0	0	2
(ii) Number of designations that were confidential (during Q3 2015)	0	N/A	N/A
(iii) Delistings (during Q3 2015)	0	0	2
(iv) Individuals in custody in UK (at 30/09/2015)	3	0	0
(v) Individuals in UK, not in custody (at 30/09/2015)	1	0	2
(vi) Individuals overseas (at 30/09/2015)	19	10	230
(vii) Groups	7	23	72
Individuals by nationality	9	N/A	N/A
(i) UK Nationals ³	14		
(ii) Non UK Nationals			
Renewal of designation (during Q3 2015)	9	N/A	N/A
General Licences		(i) 0	
(i) Issued in Q3		(ii) 0	
(ii) Amended		(iii) 0	
(iii) Revoked			
Specific Licences			
(i) Issued in Q3	3	0	2
(ii) Amended	3	0	0
(iii) Expired	0	0	0
(iv) Revoked/Redundant	0	0	0
(v) Refused	0	0	0

¹This does not duplicate funds frozen under TAFa.

²This figure reflects the most up-to-date account balances available and includes approximately \$64,000 of funds frozen in the UK. This has been converted using exchange rates as of 30/06/2015. Additionally the figures reflect an updating of balances of accounts for certain individuals during the quarter, depleted through licensed activity.

³Based on information held by the Treasury, some of these individuals hold dual nationality.

Legal Proceedings

The appeal brought by Zana RAHIM has been settled.

Moazzem BEGG, who was previously designated under TAFa 2010, lodged an appeal on 3 November

2014, challenging the Treasury's decision to revoke rather than quash his designation. These proceedings were ongoing during the reporting period.

One individual, C, designated under TAFE 2010 lodged an appeal against their designation on 27 May 2015. These proceedings were ongoing during the reporting period. They lodged their witness statement on the 11 September 2015.

There were no criminal proceedings in respect of breaches of asset freezes made under TAFE 2010, during the reporting period.

Annex A—Designated persons under TAFE 2010 by name¹

1. Hamed ABDOLLAHI
2. Bilal Talal ABDULLAH
3. Imad Khalil AL-ALAMI
4. Abdelkarim Hussein AL-NASSER
5. Ibrahim Salih AL-YACOUB
6. Ruhul AMIN
7. Manssor ARBABSAR
8. Usama HAMDAN
9. Nur Idris HASSAN NUR
10. Nabeel HUSSAIN
11. Hasan IZZ-AL-DIN
12. Mohammed KHALED
13. Parviz KHAN
14. Reyaad KHAN
15. Musa Abu MARZOUK
16. Khalid MISHAAL
17. Khalid Shaikh MOHAMMED
18. Aseel MUTHANA
19. Nasser MUTHANA
20. Abdul Reza SHAHLAI
21. Ali Gholam SHAKURI
22. Qasem SOLEIMANI
23. A (restricted designation)

Entities

1. Basque Fatherland and Liberty (ETA)
2. Ejército de Liberación Nacional (ELN)
3. Fuerzas armadas revolucionarias de Colombia (FARC)
4. Hizballah Military Wing, including external security organisation
5. Popular Front for the Liberation of Palestine—General Command (PFLP-GC)
6. Popular Front for the Liberation of Palestine—(PFLP)
7. Sendero Luminoso (SL)

Annex B: Persons designated by the EU under Council Regulation (EC)2580/2001²

Persons

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL YACOUB*
4. Manssor ARBABSAR*
5. Mohammed BOUYERI
6. Hasan IZZ-AL-DIN*
7. Khalid Shaikh MOHAMMED*
8. Abdul Reza SHAHLAI*
9. Ali Gholam SHAKURI*
10. Qasem SOLEIMANI*

Groups and Entities

1. Abu Nidal Organisation (ANO)
2. Al-Aqsa E.V.
3. Al-Aqsa Martyrs' Brigade

4. Babbar Khalsa
5. Communist Party of the Philippines, including New People's Army (NPA), Philippines
6. Devrimci Halk Kurtulu Partisi-Cephesi—DHKP/C (Revolutionary People's Liberation Army/Front/Party)
7. Ejército de Liberación Nacional (National Liberation Army)*
8. Fuerzas armadas revolucionarias de Colombia (FARC)*
9. Gama'a al-Islamiyya (a.k.a. Al-Gama'a al-Islamiyya) (Islamic Group—IG)
10. Hamas, including Hamas-Izz al-Din al-Qassem
11. Hizballah Military Wing, including external security organisation
12. Hizbul Mujahideen (HM)
13. Hofstadgroep
14. International Sikh Youth Federation (ISYF)
15. Islami Büyük Dogu Akincilar Cephesi (IBDA-C) (Great Islamic Eastern Warriors Front)
16. Khalistan Zindabad Force (KZF)
17. Kurdistan Workers Party (PKK) (a.k.a. KONGRA-GEL)
18. Liberation Tigers of Tamil Eelam (LTTE)
19. Palestinian Islamic Jihad (PIJ)
20. Popular Front for the Liberation of Palestine—General Command (PFLP-GC)*
21. Popular Front for the Liberation of Palestine—(PFLP)*
22. Sendero Luminoso (SL) (Shining Path)*
23. Teyrbazen Azadiya Kurdistan (TAK)

¹ For full listing details please refer to <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>

² For full listing details please refer to www.gov.uk

* EU listing rests on UK designation under TAFE 2010

[HCWS293]

DEFENCE

Call-out of Reserve Forces (Afghanistan)

The Minister for the Armed Forces (Penny Mordaunt): With the expiry of the call-out order made on 10 November 2014¹, a new order has been made under section 56(1 B) of the Reserve Forces Act 1996 to enable reservists to be called into permanent service in support of United Kingdom operations in Afghanistan.

Under the call-out order made on 10 November 2014, 64 reservists have been called out for operations. We anticipate a continued requirement for reservists, with the right skills and experience, over the period the new order will be in force. This is fully in line with our policy of having more capable, usable, integrated and relevant Reserve Forces.

The order takes effect from 9 November 2015 and ceases to have effect on 8 November 2016.

¹ Call-out order authorising the call out of Reserve Forces for operations in Afghanistan, signed 10 November 2014.

[HCWS295]

HOME DEPARTMENT**Justice and Home Affairs Pre-Council statement**

The Secretary of State for the Home Department (Mrs Theresa May): An extraordinary meeting of the Justice and Home Affairs (JHA) Council will be held on 9 November in Brussels. The meeting has been convened by the Luxembourg presidency of the Council of the European Union, in response to the ongoing migration crisis currently faced by Europe. I will attend on behalf of the UK.

We expect the discussion to focus on continuing efforts to manage ongoing migration pressures, including those at the external EU border and efforts to improve the effectiveness of the migration ‘hotspots’ in Italy and Greece, as well as the implementation of relocation measures in which the UK is not taking part. The

discussion will also cover member states’ offers of practical assistance to those countries experiencing particular pressure. The UK is offering substantial assistance in that regard.

[HCWS294]

SCOTLAND**Women in the Scottish Economy**

The Secretary of State for Scotland (David Mundell): The Government will be responding to the recommendations in due course and discussions between Professor Sawers and the UK Government are continuing on this matter.

[HCWS296]

ORAL ANSWERS

Thursday 5 November 2015

	<i>Col. No.</i>		<i>Col. No.</i>
CHURCH COMMISSIONERS	1108	ENVIRONMENT, FOOD AND RURAL AFFAIRS —	
Carbon Footprint.....	1112	<i>continued</i>	
Memorial Service: Civilians Killed in World War 2	1112	Flood Plans (Gloucestershire).....	1094
Funeral Charges.....	1110	Food and Farming Industry: Productivity	1102
Jeremy Pemberton.....	1110	Food Security.....	1101
Women Bishops	1108	Food Waste	1094
		Regional Food and Drink	1101
		Topical Questions	1103
ENVIRONMENT, FOOD AND RURAL AFFAIRS	1091	Tree Planting	1095
Air Quality.....	1098	Urban and Rural Areas: Inequality.....	1100
Farm Produce (Fair Practice).....	1091	PUBLIC ACCOUNTS COMMISSION	1109
Flood Defences	1102	BBC	1109
		Kids Company	1111

WRITTEN STATEMENTS

Thursday 5 November 2015

	<i>Col. No.</i>		<i>Col. No.</i>
DEFENCE	34WS	SCOTLAND	36WS
Call-out of Reserve Forces (Afghanistan)	34WS	Women in the Scottish Economy	36WS
HOME DEPARTMENT	35WS	TREASURY	31WS
Justice and Home Affairs Pre-Council statement ...	35WS	Counter-terrorist Asset Freezing Regime	31WS

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CONTENTS

Thursday 5 November 2015

Oral Answers to Questions [Col. 1091] [see index inside back page]

Secretary of State for Environment, Food and Rural Affairs
Church Commissioners
Public Accounts Commission

Burma [Col. 1115]

Answer to urgent question—(James Duddridge)

Human Rights (Egypt) [Col. 1123]

Answer to urgent question—(Mr Ellwood)

Business of the House [Col. 1131]

Statement—(Chris Grayling)

Aviation Security [Col. 1153]

Statement—(Mr McLoughlin)

Backbench Business

Royal Bank of Scotland [Col. 1164]

Motion—(Kate Osamor)—agreed to

Dog Meat Trade [Col. 1213]

Motion—(Robert Flello)—agreed to

Driver First Assist [Col. 1228]

Debate on motion for Adjournment

Westminster Hall

School Funding [Col. 395WH]

General Debate

Written Statements [Col. 31WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
