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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Monday 25 January 2016

HER MAJESTY'S GOVERNMENT

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OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2015]

SIXTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES

VOLUME 605

TENTH VOLUME OF SESSION 2015-16

House of Commons

Monday 25 January 2016

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION

The Secretary of State was asked—

Mental Health

1. **Liz McInnes** (Heywood and Middleton) (Lab): What estimate she has made of the number of children in schools with mental health problems; and what assessment she has made of the capacity of schools and sixth-form colleges to appropriately support those children.

[903199]

8. **Ben Howlett** (Bath) (Con): What steps the Government are taking in schools to support young people with their mental health.

[903207]

The Secretary of State for Education (Nicky Morgan): First, may I take this opportunity to welcome the new shadow Ministers for childcare, the hon. Member for Darlington (Jenny Chapman), and for mental health, the hon. Member for Liverpool, Wavertree (Luciana Berger), to their places on the Opposition Front Bench?

This Government are committed to helping all young people fulfil their potential. Mental health is a personal priority for me as Secretary of State and we are committed to helping schools provide the necessary support. This includes a pilot to improve access to specialist services where needed, and guidance on counselling, behaviour and teaching about mental health. The Government are also investing an additional £1.4 billion in children and young people's mental health services, which will deliver a step-change in the way these services are commissioned and delivered.

Liz McInnes: The number of children going to A&E with mental health issues has more than doubled since 2010, and schools are having to manage a growing crisis. Decreased access to support from child and adolescent mental health services is making this much harder. I appreciate the Secretary of State's warm words, but what guarantee can she give pupils, parents and teachers that this Government are serious about acting on these issues?

Nicky Morgan: Importantly, there is interest in this matter in all parts of the House, and I recognise and welcome that. That is the first step to tackling the stigma associated with mental health and getting people to talk about it, but the hon. Lady is absolutely right that we have to go further. That is why my right hon. Friend the Prime Minister announced £1.4 billion for young people's mental health services, and a portion of the funding for that was announced recently. Also, the Department is contributing £1.5 million to joint training pilots to look at having single points of contact in schools and CAMHS. Teachers are not mental health workers, but they do have the opportunity to spot problems. They must know, and be able to work with, those in their local health services.

Ben Howlett: It is clear that this Government are committed to ensuring that young people have good access to mental health support. Does the Secretary of State agree that the Department for Education's mental health service and "schools link" pilot, bringing in a single point of contact in 255 schools, will mean there is a more joined-up approach between schools and health

services, which will positively impact on the mental health of our young people across the UK, and the south-west in particular?

Nicky Morgan: I am pleased to be able to say that the first round of training workshops has been successfully delivered to 255 schools and the second round is now under way. Schools and clinical commissioning groups are taking part in an evaluation of the programme to help us understand whether, and how, having the named lead roles has improved the working between schools and CAMHS and to look at any wider changes across participating schools.

Andrew Gwynne (Denton and Reddish) (Lab): Access to these services for all children and young people is absolutely crucial. With pressures increasing on school budgets, what guarantees can the Secretary of State give that all children and young people who need access to good quality mental health and counselling services are able to get them?

Nicky Morgan: I have already mentioned the joint training pilots. As a Department we have also provided £4.9 million this year to support 17 voluntary sector projects, and this is the first time that mental health services have been a part of that. The teacher voice omnibus survey carried out last summer found that 54% of teachers reported feeling that they knew how to help pupils with mental health issues access appropriate support and 62% reported that their school provided counselling services for pupils needing extra support, but I would be the first to admit we have further to go on this.

Dr Sarah Wollaston (Totnes) (Con): In the last Parliament, the Health Committee heard compelling evidence of the need to focus on prevention and early intervention. Much of that, as the Secretary of State will know, is being funded from public health budgets. Will the Secretary of State set out what discussions she will have, and reassure the House that as those budgets come under pressure the very valuable services being put in place will not be affected?

Nicky Morgan: I read with interest the Health Committee report in the last Parliament, and I and the Under-Secretary, my hon. Friend the Member for East Surrey (Mr Gyimah), have regular conversations with our colleagues in the Department of Health and across Government on this issue. Early insights from the local transformation plans, which my hon. Friend the Member for Totnes (Dr Wollaston) will know about, indicate that some areas are already running their own activities to decrease stigma and discrimination, or are planning to do so. Sadly, there remains discrimination against the prioritisation of mental health services even within some parts of the NHS. We have to change that.

Carol Monaghan (Glasgow North West) (SNP): I am feeling rather abandoned on the Scottish National party Benches today, and I am wondering whether my colleagues are off celebrating an early Burns Night. I wish any Members who will be taking part in such events a very enjoyable time.

The link between mental health problems and poverty is well documented, with young people from the poorest 20% of households three times more likely to suffer from

poor mental health than those from the most affluent 20%. What plans does the Secretary of State have to study the impact of removing the education maintenance allowance on the mental health of the most disadvantaged young people in society?

Nicky Morgan: I agree with the first part of the hon. Lady's question, although I am afraid that I could not agree with the second part because I could not quite see where she was heading with it. The overall issue is that the mental health of young people from all backgrounds needs to be addressed, in the sense of tackling early intervention and prevention and of ensuring that we produce strong, resilient young people. That is why I have been talking a lot about character education, which is something that I want to prioritise in the schools system in England.

Damian Green (Ashford) (Con): I am delighted by the announcements that the Prime Minister and the Secretary of State have made on this issue, not least because many families in my constituency and in other parts of east Kent have great difficulty in accessing mental health services, particularly for adolescents. Can the Secretary of State reassure the House that her Department's involvement in these matters will mean that people throughout the education system will be much more alert to the early signs of mental health problems and have quicker access to the medical mental health services?

Nicky Morgan: I agree with my right hon. Friend. That is precisely why the Department has made this a priority. We understand that, although teachers are not mental health workers, they work with young people day in and day out, week in and week out, and they will be able to spot the issues. However, they need to know that when the cases get referred, they will be dealt with speedily by the medical service, which is why we are working closely with the NHS as well. I also want to ensure that teachers are fully equipped to tackle mental health problems and mental health stigma in classrooms, and that is why we have funded the Personal, Social, Health and Economic Education Association to produce guidance and lesson plans to support age-appropriate teaching on mental health issues which can be used in this academic year.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I should like to thank the Speaker for kindly giving me permission to join this departmental question session and others in order to raise these important issues on mental health. At least half the adults who have mental health problems are diagnosed in childhood, so it is vital that we intervene early to promote good mental health in children. I listened carefully to what the Secretary of State said, but it is on her Government's watch that they will underspend by £77 million on the child and adolescent mental health budget. Concerns have been raised by no fewer than four Select Committee Chairs about this Government's dire record on PSHE, and we have seen a dramatic increase in the number of children turning up at A&E with mental health problems because the thresholds to access services are increasing. When will the Secretary of State stop the warm words and give us proper action to support the child and adolescent mental health services that this country desperately needs?

Nicky Morgan: I welcome the hon. Lady's appointment. She will know of my personal interest in this matter, and that I am the first Secretary of State to task one of the Ministers in my Department with specific responsibility for mental health education. It is a shame that she did not have a chance to amend her question—or perhaps her statement—before she stood up. If she had done so, she could have reflected the fact that I have already talked about the joint training pilots, about the £1.25 billion my right hon. Friend the Prime Minister has already announced, about the PSHE Association, about training for schools and about the provision of counselling. I look forward to working with her on this very important issue.

Free Childcare

2. **Mr Ranil Jayawardena** (North East Hampshire) (Con): What progress the Government have made on implementing their policy to provide 30 hours of free childcare for working parents. [903200]

5. **Graham Evans** (Weaver Vale) (Con): What progress the Government have made on implementing their policy to provide 30 hours of free childcare for working parents. [903203]

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): We are making rapid and substantial progress towards our manifesto commitment to provide 30 hours of free childcare for working families. The Chancellor has committed to an increase in funding for free places of more than £1 billion a year by 2020. The Report stage and Third Reading of the Childcare Bill will take place this afternoon, and early implementation is on track for this autumn, with full roll-out in 2017.

Mr Jayawardena: In rural areas, nurseries are often smaller which can result in higher costs per pupil. Can the Minister assure me that those nurseries will not be adversely affected, and will he visit my constituency to see some of those nurseries at first hand?

Mr Gyimah: May I reassure my hon. Friend that our review of childcare costs, in consultation with the sector, took into account the cost of childcare for every type of provider right across the country? We have announced an increase in the average national funding rate from £4.56 an hour to £4.88 for three and four-year-olds from 2017-18 and will be consulting to ensure that that reaches the frontline. In response to my hon. Friend's request, I would be delighted to visit nurseries in Hampshire, which, I know, are at the forefront of innovation in the sector.

Graham Evans: Next month, I will be holding my fifth annual jobs and apprenticeships fair at the outstanding Mid Cheshire College. Does my hon. Friend welcome the extension of this Government's commitment to 30 hours of free childcare to help parents get back to work?

Mr Gyimah: I congratulate my hon. Friend on the Weaver Vale jobs fair. He is absolutely right that the purpose of the 30-hour commitment is to help make work pay, help with the cost of living and give children the best start in life. May I suggest that he invites local childcare providers to his jobs fair so that parents can talk to them as well as to potential employers, and I encourage all colleagues to do the same?

Ms Karen Buck (Westminster North) (Lab): Does the Minister agree that a parent's childcare needs do not end when a child reaches four, and that after school and school holiday childcare is absolutely essential, particularly for working parents? Does he therefore share my disappointment that Westminster City Council is ending all funding for its school-age childcare service, or play service, as part of a £665,000 cut to their children's services budget?

Mr Gyimah: The hon. Lady asks a very important question about childcare for school-age children. I cannot comment on the specific case of Westminster City Council, but I do know that tax-free childcare, which we have legislated for and which comes into force from 2017, will allow parents to purchase childcare out of school for children from nought to 12, and for disabled children up to the age of 18.

Valerie Vaz (Walsall South) (Lab): Will the Minister say what support schools will be given to accommodate the extra intake?

Mr Gyimah: That is an excellent question. There are many excellent school nurseries available. She may be aware that, as part of our last spending review, we announced £50 million of capital funding, and that we will be working with schools that need to expand to be able to deliver the cost of childcare.

Carol Monaghan (Glasgow North West) (SNP): The Government's plans for introducing 30 hours of free childcare for working parents have rightly received cross-party support, but, as we have already heard, there is still some way to go with regard to parents seeking employment. What work will the Minister do with parents who are currently seeking employment to enable them to access the childcare?

Mr Speaker: The hon. Lady appears to have phoned not one friend, but two. We are deeply grateful to her and to those hon. Members.

Mr Gyimah: It is encouraging to see that the Scottish National party has followed the Conservative party's lead and is now pledging 30 hours of childcare in the upcoming Scottish elections. The hon. Lady will be aware that we have the childcare element of tax credits in England, so that parents who do not qualify for the second 15 hours can get support for up to 75% of their childcare costs through that policy.

Jenny Chapman (Darlington) (Lab): On 14 April last year, the Prime Minister boasted—I cannot do a David Cameron impression—that with a Conservative Government “you will get 30 hours of free childcare a week”.

As I recall, there was much rejoicing throughout the land. However, can the Minister now confirm that one in three of the families who he said would get the 30 hours of free childcare—and they believed it because the Prime Minister told them that they would—will receive no additional hours at all?

Mr Gyimah: I welcome the hon. Lady to her post. I look forward to her future contributions as vice-chair of Progress, especially as I now understand that to be a front for hard-right views in the Labour party. She will know that for the first 15 hours, the offer is universal—

99% of four-year-olds and 94% of three-year-olds get it. We have been very clear that the second 15 hours is a work incentive. Surely she does not believe that Islington parents on £100,000 a year should be entitled to free childcare. I know that she wants to represent the new core constituency of the Labour party.

Post-16 Education

3. **Alex Cunningham** (Stockton North) (Lab): What discussions she has had with education providers on reviews of post-16 education and training. [903201]

10. **Mike Kane** (Wythenshawe and Sale East) (Lab): What discussions she has had with education providers on reviews of post-16 education and training. [903210]

The Minister for Skills (Nick Boles): I have had several meetings with college leaders, often represented by hon. Members, and will continue to do so as the area review process unfolds.

Alex Cunningham: The Minister will be aware of the area review of colleges in the Tees valley, which could lead to one or more mergers. The banks will be big winners in this, and I am told that if colleges become liable for penalties for breaking loan contracts that could run into millions of pounds. How much will the banks benefit from these mergers?

Nick Boles: This is absolutely the first I have heard about that, and it is certainly not my intention that a single pound of taxpayers' money should go to benefit banks. The whole point of the area review process is to strengthen institutions so that, like Middlesbrough College in the Tees area, they can offer an excellent service by providing high-quality technical and professional education to local people.

Mike Kane: How does the Minister reconcile the Government's commitment to a devolved skills settlement in Greater Manchester with slashing a quarter of the further education college budget and slapping an apprentice tax on business?

Nick Boles: It is fairly amazing to hear an Opposition Member attack the apprenticeship levy, which is something that the Opposition thought was so extraordinarily left-wing that they were not willing to propose it in their manifesto. I should have thought that the modern Labour party would consider it a thoroughly mainstream suggestion. As for the hon. Gentleman's other comments, he will have observed that his party organised an Opposition debate to attack the 25% to 40% slashing of further education budgets, which did not happen when the Chancellor stood at the Dispatch Box and confirmed that we were going to maintain adult skills funding and 16 to 19 funding.

Neil Carmichael (Stroud) (Con): Returning to the subject at hand, does the Minister agree that it is really important to focus on technical and professional training, and that the best way to do so is to provide apprenticeships that have quality as a hallmark, and attract people who know that that will lead to a job, and know the value of being an apprentice?

Nick Boles: I agree entirely with my hon. Friend, the Chairman of the Select Committee on Education. It is particularly welcome to see that the number of apprenticeship starts have, yet again, gone up in the latest quarter. That is true not just for apprenticeships generally but for higher and degree apprenticeships, which give young people the reassurance that an apprenticeship can take them to whatever level they aspire to reach.

Amanda Milling (Cannock Chase) (Con): The National Design Academy, Stafford University and GMP Design are jointly seeking to locate a 737 aeroplane in Rugely, which would be converted into a design studio to house their new experiential design course. Does my hon. Friend agree that such innovative thinking could inject new energy into post-16 education and training?

Nick Boles: I was not aware of that example, but it sounds fantastic. It is exactly what the most innovative colleges are doing, and we want, through the area review process, to enable more colleges to become as innovative as that.

Ruth Smeeth (Stoke-on-Trent North) (Lab): I have the privilege of representing the best people in the country, but they have been failed by the Government. My constituents awoke today to learn that the people of Stoke-on-Trent are less likely than people in any other city to leave school with the formal qualifications that they need. A report by the Centre for Cities revealed that 39,700 people in Stoke-on-Trent have no formal qualifications, putting us at the bottom of the league table. Will the Minister meet us to discuss how post-16 education and training providers can best be used to help my city?

Nick Boles: First, I should be delighted to meet the hon. Lady, but I would gently point out to her that those constituents who were failed went to school under a Labour Government.

High-performing Teachers

4. **Mr Alan Mak** (Havant) (Con): What steps her Department is taking to ensure that schools in every part of the country have access to high-performing teachers. [903202]

13. **Chris Davies** (Brecon and Radnorshire) (Con): What steps her Department is taking to ensure that schools in every part of the country have access to high-performing teachers. [903213]

16. **Chris Green** (Bolton West) (Con): What steps her Department is taking to ensure that schools in every part of the country have access to high-performing teachers. [903216]

The Minister for Schools (Mr Nick Gibb): We are committed to ensuring that children in every part of the country, regardless of their background or circumstances, benefit from an excellent education. High-quality teachers are central to that ambition. We have recently announced the establishment of the national teaching service, which will place some of our best teachers, including heads of

department, in schools that need most support, particularly in areas of the country that find it hardest to retain and recruit good teachers.

Mr Mak: I thank the Minister for that answer. Roxanne Vines, the outstanding headteacher of Mill Hill Primary School in my constituency, took up her post following support and guidance from the Future Leaders Trust. Will the Minister join me in congratulating Roxanne on her headship and confirm that the Government will continue to support charities that help great teachers become great headteachers?

Mr Gibb: I am delighted to congratulate Roxanne Vines on taking up her post as headteacher at Hill Mill Primary School and wish her all the very best. High-quality headteachers are vital if we are to achieve our ambition of excellence everywhere. We are currently funding a range of prestigious development and leadership programmes and qualifications for headteachers and senior teachers through the hugely effective and successful Teaching Leaders and Future Leaders organisations.

Chris Davies: My local authority has declared its intention to close a number of schools in Brecon and Radnorshire, including Nantmel, Dolau and Llanbister Primary Schools and Gwernyfed and Brecon High Schools. Does my hon. Friend agree that the best way for pupils to have access to great and talented teachers is to keep excellent local schools open and not allow Powys County Council and the Labour-run Welsh Assembly to close the door on our children's education?

Mr Gibb: My hon. Friend is of course right that high-quality teaching is the single most important influence on academic standards. In England, we have more and better qualified teachers than ever before, with the proportion of graduates entering the profession holding a first or a 2:1 rising from 63% to 74% since 2010. I am sure that parents in his constituency will come to their own view about whether Powys County Council's decision to close schools is an effective or ineffective way of improving the education of their children.

Chris Green: Eatock Primary School in my constituency is now among the 100 top-performing schools in terms of progress made between key stages 1 and 2. Will the Minister join me in congratulating the whole school, and especially the headmistress and teaching staff?

Mr Gibb: I am very happy to join my hon. Friend in congratulating Mrs Flannery, the headteacher of Eatock Primary School. In fact, I recently wrote to her to congratulate her and her staff on their exemplary key stage 2 results, as 100% of the pupils are making at least expected progress in reading, writing and maths.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I bring the Minister down to earth? He trumpets the successes of this Government's education policy, but the fact is that every time the chief inspector speaks he says that the Government are failing to deliver the best possible education for our children up and down the country?

Mr Gibb: I do not recognise the statements from Sir Michael Wilshaw that the hon. Gentleman is citing. As a former Chair of the Education Committee, he should know better. We are determined to see excellence

in every part of the country. Where there are patches where schools are not performing, whether in rural or coastal areas, we are taking action swiftly, and certainly more swiftly than the Government he supported before 2010.

Chris Leslie (Nottingham East) (Lab/Co-op): The Minister will know that there are schools in my constituency and elsewhere that want to improve rapidly but are struggling with the challenge of recruitment. One academy principal told me last week that he has spent over £60,000 just on the advertising costs. Is not it time that the Department set up a single pooled vacancies site so that we can have that money going to the frontline?

Mr Gibb: It is not necessary to spend that kind of money recruiting teachers, because there are many free websites for teacher recruitment. I have been to many schools that have very imaginative ways of recruiting—going into sixth forms, local employers and universities to recruit graduates for their School Direct scheme—and they find very high-quality graduates coming into teaching. The challenge we face in this country is that we have a very strong economy, which is something we would not have were the hon. Gentleman to become Chancellor in a future Labour Government.

Nic Dakin (Scunthorpe) (Lab): Demand for teachers is growing. Are the Government, despite Ofsted's warnings, still burying their head in the sand about the teacher recruitment and supply crisis on their watch? If they are not, what are they doing about it?

Mr Gibb: We are certainly not burying our head in the sand. We have the highest number of teachers—there are now 455,000, so 13,000 more today than there were in 2010. We are also taking action to deal with the challenge of having a strong economy. We have introduced bursaries—up to £30,000 for top physics graduates. We have introduced the “Your future their future” advertising campaign. We have removed the cap on physics and maths recruitment. We have expanded Teach First. We have incentives for returners; some 14,000 returners came back into teaching last year, which is a record number. We are improving behaviour in our schools to improve retention, and we are dealing with the workload, which is one of the reasons why teachers say they leave the profession.

Quality in Careers Standard

6. **Graham Stuart** (Beverley and Holderness) (Con): If she will make it her policy to require all schools to work towards a quality award for careers education, information, advice and guidance recognised by the quality in careers standard. [903205]

The Secretary of State for Education (Nicky Morgan): We want to spread excellent practice in schools in respect of careers and employment engagement activity to help prepare young people for successful working lives. That is why I launched the Careers & Enterprise Company, which is connecting employees from firms of all sizes with schools through a network of enterprise advisers drawn from business volunteers. I know that my hon. Friend has met the chairman and chief executive of the company. Its role is to harness exceptional schemes

such as the Humber careers gold standard, which my hon. Friend has championed and which encourages the delivery of inspiring careers advice.

Graham Stuart: It was great to hear at the weekend that the Secretary of State was going to act to give further education colleges and apprenticeship providers access to our schools, but the central challenge in the careers space is the lack of incentives for schools to play with when they have so many high incentives in relation to exams. Will the Secretary of State change Government guidance to introduce a requirement to work towards an award that fits the quality in careers standard?

Nicky Morgan: I thank my hon. Friend for welcoming the announcements that were made at the weekend. He is right: the quality of careers advice is paramount. That is why we have published more robust statutory guidance, and why Ofsted already has to inspect and pass judgment on the ways in which schools prepare young people for their careers.

We are considering how to create the right incentives. We will consult a range of organisations, including the Gatsby Charitable Foundation and the Quality in Careers Consortium Board, and will publish a new careers strategy in the spring.

15. [903215] **Yvonne Fovargue** (Makerfield) (Lab): It is bad enough that the Government do not value face-to-face careers advice, but, according to Ofsted, only 8% of young people have even heard of the national careers telephone helpline. What plans has the Secretary of State to raise its profile and prepare our young people properly for the world of work?

Nicky Morgan: I have already mentioned the Careers & Enterprise Company, which will be working with schools and local enterprise partnerships all over the country to create a network of enterprise advisers and co-ordinators with the aim of ensuring that young people can engage in a range of activities. This is not just about calling a telephone helpline; it is about a mixture of work experience, inviting speakers to schools, understanding why young people are studying certain subjects, and enabling them to get out and experience mini-apprenticeships.

Danny Kinahan (South Antrim) (UUP): I lost my voice at the weekend, and I am afraid that that makes it a bit harder for me to speak.

The all-party parliamentary group for education will shortly launch an inquiry into how well our education system is preparing children for the world of work. Will the Secretary of State ensure that schools have enough resources to teach “soft” skills, such as IT skills, so that young people are well prepared for their careers?

Mr Speaker: The hon. Gentleman’s mellifluous tones can still be heard. I am pleased to inform both him and the House of that.

Nicky Morgan: I very much enjoyed listening to the hon. Gentleman’s question, and I welcome the work of the all-party parliamentary group. We are, of course, already teaching computing throughout all the key stages of the national curriculum, having introduced coding

last year. The hon. Gentleman is right to draw attention to the important role of our education system in preparing young people for the world of work and for 21st-century Britain, and I look forward to hearing more from the all-party parliamentary group.

Mr Gordon Marsden (Blackpool South) (Lab): Four years after scrapping work experience at key stage 4, shredding Connexions and local careers service funding, and giving schools careers advice responsibilities but no resources, the best that the Secretary of State could do yesterday was blame schools for outdated snobbery over apprenticeships. Is it not a fact that she has been stung into action by the continued barrage of concern—the director general of the British Chambers of Commerce spoke of a “national embarrassment”—and that the Minister for Skills needs some sticking plaster for his appearance before the Select Committee this afternoon as part of its urgent inquiry on careers advice?

Will the Secretary of State ensure that careers advice and apprenticeship take-up are included in Ofsted’s assessment? Does she think that volunteer enterprise advisers—however hard-working—and a mere £20 million for her enterprise company will undo the damage that we see in the Government’s previous record?

Nicky Morgan: If the hon. Gentleman wants to talk about previous records, he should think about the previous record of his own party in government, when it completely failed to prepare young people for the world of work. In fact, it perpetuated fraud on them by allowing them to do technical and professional qualifications that did not lead either to satisfying the requirements of employers or to university. He clearly failed to listen to my earlier answer in which I said that Ofsted already inspects on careers advice and almost £70 million is being spent during this Parliament in relation to careers.

Social Mobility and Child Poverty

7. **Tom Brake** (Carshalton and Wallington) (LD): What steps she is taking to implement the recommendations of the Social Mobility and Child Poverty Commission’s report, “State of the Nation 2015: Social Mobility and Child Poverty in Great Britain”, published in December 2015. [903206]

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): The Prime Minister made it clear in his first major policy intervention this year that improving life chances is a key priority for this Government. We will, in due course, publish a strategy setting out all the ways in which we will be fighting disadvantage and spreading opportunity. The strategy will focus on the root causes and human dimensions of child poverty. We will work with the reformed Social Mobility and Child Poverty Commission, which will play an important role in this.

Tom Brake: I am sure that the strategy that the Minister mentions will recognise that early intervention is key to improving social mobility. Has he looked at the impact of the removal of the ring-fencing of the early intervention grant, which has led to a 40% drop in the money available for early intervention? What will the impact of that be on social mobility?

Mr Gyimah: The right hon. Gentleman will know that Conservative Members take social mobility very seriously, and we have an excellent record on it; we even allowed the Liberal Democrats into government once. On the early intervention grant, we have increased the amount of money for troubled families and are deploying it in a very targeted way to help the families who need it most.

School Places: Thirsk and Malton

9. **Kevin Hollinrake** (Thirsk and Malton) (Con): What plans the Government have to meet demand for school places in Thirsk and Malton. [903209]

The Minister for Schools (Mr Nick Gibb): The Government are spending £23 billion on school buildings to create 600,000 new school places by 2021, open 500 new free schools, and address essential maintenance needs. Supporting local authorities in their responsibility to ensure sufficient school places in their area is one of our top priorities. North Yorkshire received £12 million in funding for new school places between 2011 and 2015 and has been allocated a further £40 million to create the further places required by 2018.

Kevin Hollinrake: Across North Yorkshire we are seeing a 10% increase in the demand for primary school places, and many of my constituents are concerned that we provide the infrastructure to meet rising populations and the increased numbers of houses being built. Will the Minister confirm that the capital funding will be provided to meet that ongoing demand for new places?

Mr Gibb: As I said, the Department has allocated £40 million to North Yorkshire for places required by 2015. This is based on the local authority's own forecast of how many places it will need. We encourage local authorities to negotiate significant developer contributions for new places where they result from developments. I would be delighted to meet my hon. Friend to discuss this matter in more detail. Perhaps, through him, I can persuade North Yorkshire County Council to encourage more free school applications.¹

Childcare

11. **Marie Rimmer** (St Helens South and Whiston) (Lab): What assessment she has made of the affordability of childcare. [903211]

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): This Government understand that for many parents childcare is the main issue. That is why we will be helping parents with the cost of childcare to the tune of £6 billion a year from 2019 onwards.

Marie Rimmer: Childcare and early education are vital to help children to get the best start in life, particularly in the most disadvantaged families, yet this policy does nothing to help the most disadvantaged children, and the Minister's decision to change eligibility means that those who may benefit most will miss out on the extra 15 hours. What plan does he have to raise its quality in the early years, particularly to address the issue of disadvantaged children who will not benefit?

1. [Official Report, 1 February 2016, Vol. 605, c. 5-6MC.]

Mr Gyimah: Disadvantaged children are at the heart of our childcare policy. This Government introduced 15 hours of childcare for disadvantaged two-year-olds, and all three and four-year-olds get the first 15 hours free. As for the second 15 hours, which is a work incentive, it is logical to say that before someone gets 16 hours of childcare, given that they get 15 free, they work one additional hour. That makes total sense.

School Starting Age

14. **Stephen Hammond** (Wimbledon) (Con): What progress the Government are making in giving summer-born and premature children the choice to defer starting school. [903214]

Mr Gibb: I pay tribute to my hon. Friend for his work in supporting and campaigning for summer-born children. Subject to parliamentary approval, we have decided to amend the school admissions code to support summer-born children to enter school in the reception year if their parents decide to defer their start at school. We are now considering other, consequential changes to the code, including whether the due date rather than the birth date of premature children should be used for determining when they will begin school, and we will conduct a full public consultation in due course.

Stephen Hammond: I thank my hon. Friend for his hard work in ensuring that the Department is listening to the campaign. Is there any chance he could provide a timeline so that parents who are planning their children's future can do so with some security?

Mr Gibb: I understand my hon. Friend's impatience to secure the legislative changes, but it is important that we consider the other changes we need to make to the school admissions code at the same time as making changes to the rules regarding summer-born children. The work is ongoing, and we will begin the consultation in due course.

Online Safety

17. **Lucy Frazer** (South East Cambridgeshire) (Con): What steps the Government are taking to keep children safe online at school and at home. [903219]

The Minister for Children and Families (Edward Timpson): Schools, internet providers and parents all have a role to play in keeping children safe online. All schools must have regard to the statutory guidance, "Keeping children safe in education", when carrying out their duties to safeguard and promote children's welfare. Every school is required by law to have measures in place to prevent all forms of bullying, including cyber-bullying, and e-safety has been a statutory requirement in the computing curriculum since September 2014.

Lucy Frazer: I am very grateful to the Minister for that response because this is key. The Education Committee recently heard from a number of children in care, who raised the issue of the internet and safety on the internet, particularly in relation to self-harm. We heard that when someone types "self-harm" into Tumblr, they get a message of support and are directed to particular websites that will help them. Will the Minister encourage other social media sites to do the same?

Edward Timpson: My hon. and learned Friend is right to push on this issue. We encourage, and will of course continue to encourage, social media, search engines and blogging sites to help to signpost vulnerable users, including children in care, to accessible sources of information and support through the UK Council for Child Internet Safety board and elsewhere. Most schools filter content and monitor children's internet usage to protect them from harmful websites, but not all of them do so. That is why we are consulting on requiring all schools to use filters and monitoring systems, so that we can be confident that all children are kept safe online as well as off.

Post-16 Education

18. **Anna Turley** (Redcar) (Lab/Co-op): What discussions she has had with education providers on reviews of post-16 education and training. [903220]

The Minister for Skills (Nick Boles): I refer to my answer to question 3.

Mr Speaker: It is in our minds.

Anna Turley: I appreciate the Minister's response. My constituency of Redcar has obviously just experienced a huge and extreme tragedy with the loss of our steelworks. The challenge now for our further education campuses is to use the £3 million that the Government have provided to ensure that people get back into work. However, the campus at Redcar college has been under threat, and in the light of the review, there is some concern that we may not be able to retain that campus. I want to impress on the Government how extremely important that is for the economic and social regeneration of our area.

Nick Boles: First, I want to congratulate the hon. Lady on the absolutely tireless work she has been doing to represent her constituents at this very difficult time. I am glad that we were able to introduce some flexibilities. For instance, budgets have been used to help people to get HGV licences, which would not normally be eligible for state funding. I had the good fortune to visit her constituency and meet some of the SSI apprentices who have found new places. I do not want to anticipate the conclusion of the area review, but I certainly understand how important this kind of skills support is particularly in her community.

Kevin Foster (Torbay) (Con): Will the Minister's discussions include South Devon College, which is the main FE provider for Torbay, and particularly its exciting masterplan to create a new campus on the site of a closed factory? That might give some hope to the hon. Member for Redcar (Anna Turley).

Nick Boles: My hon. Friend brought the principal of the college to a meeting to explain its plans to me, and I was extremely impressed by the ambition and innovation that it is displaying. I am sure that colleges all around the country could learn from it.

Caroline Flint (Don Valley) (Lab): South Yorkshire is currently undergoing an area review of further education. How important does the Minister think it is, when

looking at post-16 education, that all providers of post-16 education—FE colleges, schools and others—should come together to plan strategically what kids need in their area?

Nick Boles: It is absolutely important that the area review starts with a proper analysis of all the different provision in the area, including sixth forms in schools. The right hon. Lady will understand that there are hundreds and hundreds of schools with sixth forms. It is hard enough to get a group of 15 institutions to agree on a plan—they have to agree on a plan: they are not “undergoing an area review”; they are conducting an area review, and it has to be their plan—and it might be hard to include schools in the meetings, but she will be reassured to know that regional schools commissioners are involved in the area reviews.

School Places: Buckinghamshire

19. **Mrs Cheryl Gillan** (Chesham and Amersham) (Con): What plans the Government have to meet demand for school places in Buckinghamshire. [903221]

The Minister for Schools (Mr Nick Gibb): Buckinghamshire received £34 million between 2011 and 2015 to create new school places, and it has been allocated a further £27 million for the places that will be required by 2018. That support helped to create more than 5,000 new school places between 2010 and 2014. Many more have been delivered since then or are in the pipeline. In addition, as my right hon. Friend will know, the Sir Thomas Fremantle Secondary School opened in September 2013 through the free schools programme and will provide 420 places when at full capacity.

Mrs Gillan: Notwithstanding that answer from the Minister, we know that the demand for schools in Buckinghamshire continues to grow. The local government settlement for the area is so poor that the county council has warned that it cannot resource the housing growth plans and provide the key infrastructure that is required for new schools and additional places. What support can he give to the Buckinghamshire MPs who have been campaigning together at the Department for Communities and Local Government and the Treasury to ensure that proper support is given to our county council so that Buckinghamshire school children do not lose out?

Mr Gibb: We are committed to making school funding fairer. In 2015-16, we have made an extra £390 million available to the 69 worst funded local authorities. Buckinghamshire has received an additional £18 million and it will continue to receive that additional funding, as we have included it in the baseline. In future years, we will ensure that funding is fairly matched to need by introducing a national funding formula for schools, as well as for high needs and early years. My right hon. Friend the Secretary of State will bring forward and consult on our proposals this year.

Mr Steve Baker (Wycombe) (Con): With 50,000 new houses expected in Buckinghamshire over the next 15 years, how will the Government ensure that the school places are established in the right locations?

Mr Gibb: That is a matter for the local authority. We are allocating sufficient funding to the authority to ensure that there are sufficient school places. Where there is development, we expect there to be a contribution from the developers.

School Places: Chelmsford

20. **Sir Simon Burns** (Chelmsford) (Con): What plans the Government have to meet demand for school places in Chelmsford. [903222]

The Minister for Schools (Mr Nick Gibb): As I have said, the Government are investing £23 billion in school buildings to create 600,000 new school places. Essex received £71 million between 2011 and 2015 to create new school places. It has been allocated a further £127 million for the places that will be required by 2018.

Sir Simon Burns: Although I am grateful for that answer, my question referred to Chelmsford, rather than Essex. Does the Minister have the figures for Chelmsford?

Mr Gibb: I am very happy to meet my right hon. Friend to go through the figures for Chelmsford. In Essex, we created more than 2,000 new places between 2010 and 2014. Many more have been delivered since then or are in the pipeline. I am very happy to discuss his constituency in more detail.

Mr Speaker: Put the details in the Library, so that we can all see them.

Careers and Enterprise Company

21. **Karen Lumley** (Redditch) (Con): What progress the Careers and Enterprise Company has made on improving the provision of careers education and inspiring young people about the world of work. [903223]

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): The Careers and Enterprise Company has made significant progress since its incorporation last February. It has set up a national network of enterprise advisers to improve the employer-school link, it has launched a £5-million fund to help in areas where careers provision is particularly poor, and it is developing an enterprise passport for all young children in school.

Karen Lumley: More than 3,000 apprenticeships have been created in Redditch since 2010. What will the new company do to ensure that there are another 3,000 by 2020?

Mr Gyimah: First, I congratulate Redditch on its excellent work to create apprenticeships. That is at the heart of the work this Government are doing. Pupils should be given every opportunity to fulfil their potential. As my hon. Friend knows, the Government will create 3 million apprenticeships. The Careers and Enterprise Company will help young people find the right route to continue their development.

Stephen Timms (East Ham) (Lab): The CBI said in its "Future possible" report 18 months ago that

"the transfer of responsibility for careers guidance to schools has been a failure."

Will the Minister recognise that the CBI is correct?

Mr Gyimah: There are a number of ways to develop comprehensive careers advice and guidance. The Careers and Enterprise Company, in which we invested £20 million, is one part of that. As my right hon. Friend the Secretary of State has said, in the spring we will publish a comprehensive strategy for how schools can work with the company and the plethora of other organisations out there to deliver the right level of careers education, starting from primary level right through to the end of school.

Topical Questions

T1. [903189] **Cat Smith** (Lancaster and Fleetwood) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Education (Nicky Morgan): First, let me congratulate the 107 people who were recognised for their services to education and children's services in the latest new year's honours list. They include headteachers, classroom teachers, school governors, foster carers, children's social workers and people working in adoption and early years settings. I am sure the whole House will want to congratulate them and thank them for the work they do.

May I also extend my support to all the pupils, teachers and communities affected by the recent floods in the north of England? I saw for myself the impact on schools in Carlisle recently, and the Minister for Schools has visited Yorkshire and Lancashire to see the impact for himself.

Cat Smith: The Minister will be aware of the case of Poppi Worthington, a constituent of my hon. Friend the Member for Barrow and Furness (John Woodcock), and her tragic death. Does she support the calls from both sides of the House for an independent investigation into the circumstances and failings before and after Poppi's death?

Nicky Morgan: Poppi's death was clearly an absolute tragedy. It is vital that we understand what has happened and have the opportunity to learn any lessons. The serious case review into her death will be published shortly, and I welcome the announcement by the Crown Prosecution Service that it will review the case. We do have concerns about Cumbria children's services. They were inspected in May last year and found to be inadequate. There have been some improvements, but not enough. We will review progress in the workings of the children's services in March and take a further decision. It is right to wait for the serious case review and the CPS review, but of course we will keep this matter actively under review, including the demands for an independent inquiry.

T3. [903191] **Graham Evans** (Weaver Vale) (Con): As we approach Holocaust Memorial Day this Wednesday, will the Secretary of State and my hon. Friend the Minister for Schools reaffirm her Department's commitment to continue funding the Holocaust Educational Trust's "Lessons from Auschwitz" project, which has enabled 28,000 students and teachers to visit Auschwitz-Birkenau?

The Minister for Schools (Mr Nick Gibb): My hon. Friend is right: every young person should learn about the holocaust and the lessons it teaches us today. In recognition

of its significance, teaching of the holocaust is compulsory in the national curriculum. For the past 10 years the Department for Education has funded the Holocaust Educational Trust's "Lessons from Auschwitz" project, which, as my hon. Friend said, has taken more than 28,000 students to visit the site of the Auschwitz-Birkenau concentration camp. We will continue to promote, support and fund teaching of the holocaust.

Mr Speaker: Of course, as some Members will know, we commemorated Holocaust Memorial Day in a reception in Speaker's House last week. Many survivors of the holocaust were there, and I do not think anybody present is likely to forget the occasion.

Lucy Powell (Manchester Central) (Lab/Co-op): As somebody who went on a "Lessons from Auschwitz" visit with schoolchildren from Manchester in the last few weeks, may I echo earlier comments about how moving and important it is?

In their manifesto of 2010—notably dropped in 2015—the Conservatives pledged to

"close the attainment gap between the richest and poorest".

Revised GCSE results published last week showed that, despite Lib Dem policies such as the pupil premium, the GCSE attainment gap between pupils on free school meals and their peers has actually widened since 2010. With the Conservatives now governing alone, can the Secretary of State tell the House whether closing the attainment gap is still an objective and, if so, why she is allowing it to widen on her watch?

Nicky Morgan: I welcome the hon. Lady's comments about the "Lessons from Auschwitz" project. Like her, I have visited Auschwitz with schools in my constituency. It was an incredibly moving experience, and I recommend that all Members of the House take the opportunity to do so.

Of course closing the attainment gap remains absolutely a goal—and not just a goal, but something we are moving and working towards in Government, which is why we continue to fund the pupil premium. *[Interruption.]* The difficulty with the hon. Lady's statements on this and other matters is that she needs to understand and interrogate the figures that are published, because the changes we have made to the accountability of the examination system make it impossible to compare GCSE threshold measures across the years. If she had interrogated them, she would know that the attainment gap between disadvantaged pupils and their peers has narrowed by 7.1% at key stage 2 and 6.6% at key stage 4 since 2011.

Lucy Powell: The Minister is moving the goalposts, as ever. All the evidence tells us that the most important factor in determining how well children do is the quality of teaching, especially for the most disadvantaged, yet at the start of this academic year half of all schools were struggling to cope with unfilled teaching positions, relying on supply teachers, non-specialists and unqualified staff. Teacher shortages are particularly acute in maths, science and English. Talk to any head anywhere in the country and they will say that such challenges are the biggest challenge they face. Given that the situation is getting worse, will the right hon. Lady, first, admit to this House that there is a problem—indeed, a crisis; secondly, agree that she should urgently look again at

her Government's chaotic and confusing approach to recruitment; and, finally, come forward with a proper strategy for retaining excellent teachers by looking at workload issues and the constant chopping and changing being inflicted on schools by her Department?

Nicky Morgan: What the hon. Lady calls moving the goalposts, I call restoring rigour to the exam system, making sure that our young people are getting qualifications that will set them up for life and for the world of work. Yet again, I am afraid to say that she has missed the point, because we have already talked about teacher recruitment and we have already announced plans for the National Teaching Service to help schools to recruit. Again, if the hon. Lady interrogated the figures properly rather than jumping for the quickest soundbite, she would know that not only have we increased the number of teachers we are seeking to recruit in subjects such as English and maths, but we have exceeded our recruitment targets for precious years—in fact, we have recruited more postgraduates in both English and maths, and we recruited 116% of the teachers that we needed at primary schools. It is extraordinary that she should seek to give lessons to this House, as she was the lady who not only commissioned the "Ed stone"—the carving of the promises—but then managed to lose the receipt.

T6. [903194] **Nigel Huddleston** (Mid Worcestershire) (Con): Will the Secretary of State join me in encouraging schools in my constituency and right across the country to participate in Clean for the Queen from 4 to 6 March this year and help to tidy up their local communities ahead of Her Majesty's 90th birthday?

The Minister for Children and Families (Edward Timpson): What an invitation! Just as my hon. Friend has the Litter Free Evesham campaign in his own constituency, so we have the Crewe Clean Team and Nantwich Litter Group in mine and they do fantastic selfless work. They set an excellent example to schools and others, all of whom, I am sure, would be delighted to get involved with the Clean for the Queen campaign. As we know, through the National Citizens Service, social action is a wonderful way for young people to build those all-important character traits—respect, motivation and community pride.

T2. [903190] **Paula Sherriff** (Dewsbury) (Lab): St John's infant school in my constituency is struggling to obtain support for its breakfast club because eligibility is now linked to pupil premium funding. With free school dinner already provided for all pupils, there is no incentive for parents to apply for the premium, despite the vast majority of pupils coming from some of the most deprived areas in the country. Will the Minister take action to ensure that children from deprived backgrounds do not lose out on breakfast because they have lunch?

Nicky Morgan: We do not want any pupils to lose out, which is why we have continued with the pupil premium in this Parliament, having spent more than £6.5 billion on the pupil premium in the previous Parliament. It is also why we introduced the universal infant free school meals. There are some fantastic breakfast club schemes. If the hon. Lady wants to write to me, I or one of the Ministers will happily have a further conversation with her about this.

T7. [903195] **Philip Davies** (Shipley) (Con): We have a desperate need for extra school places in my constituency, most acutely secondary school places in Wharfedale. Bradford council says that it received only £727,000 for school place funding for 2017-18, compared with £9.6 million in the previous year. Will the Minister ensure that sufficient money is given to resolve the issue of school place requirement in Wharfedale, and will he ring-fence any such money given to Bradford council to ensure that it is spent in Wharfedale?

Mr Gibb: As my hon. Friend knows, the Government allocate funding for new school places on the basis of forecasts of need provided by local authorities, and these forecasts change from year to year, reflecting local demographics and the effect of previous years' capital spending. I know that the Department's officials are in close contact with Bradford Metropolitan District Council, but I would be happy to meet my hon. Friend if he would find a further discussion helpful, and perhaps liaise through him with Bradford council.

T5. [903193] **Tulip Siddiq** (Hampstead and Kilburn) (Lab): Swiss Cottage School in my constituency is an outstanding school that looks after children with special, complex and emotional needs. Regrettably, it is having to turn away pupils because of limited capacity. Does the Secretary of State believe that her Department is doing enough to look after children with special, complex and emotional needs, and does she believe that there is adequate provision for such vulnerable children across the country?

Nicky Morgan: I actually visited the school in the course of the past year and found it to be truly exceptional. It is staffed by a wonderfully talented headteacher and members of staff. We have invested in all schools, both those catering for special educational needs and those in the mainstream, but there is more we can do to prepare teachers for teaching children with special educational needs. We have a dedicated capital funding stream for schools catering for children with special educational needs. I strongly encourage her school to apply.

T10. [903198] **Nigel Mills** (Amber Valley) (Con): Many headteachers in Amber Valley report that they have real problems supporting pupils who are keen to learn but who suffer from chaotic home lives. What more can the Government do to help headteachers in that situation so that they do not end up being a co-ordinator of a social services operation?

Edward Timpson: My hon. Friend raises an important question that many schools raise on how they ensure that every child is in the best possible place at home so that they can learn at school. He will know that the troubled families programme during the last Parliament, which turned around 99% of the 120,000 families, was extremely successful in supporting schools with those difficult families. We now have a more ambitious programme over the next five years involving 400,000 more families, including in the Amber Valley, to ensure that they get the support they need so that their children can go to school to learn and make a good future for themselves.

T8. [903196] **Rachael Maskell** (York Central) (Lab/Co-op): Becoming an adoptive parent or a kinship carer marks a lifelong commitment to a child, and yet social services do not have that ongoing obligation to parents. Will the Minister urgently review the long-term support available to parents and kinship carers and fund that vital provision?

Edward Timpson: The hon. Lady will know that, through the work we did in the last Parliament, support for kinship carers through the family and friends guidance has set out very clearly the expectations on local authorities. Through the review of special guardianship orders, we have looked at the support that is needed post-placement for children who find themselves in that type of arrangement. Part of our overall strategy that we set out last week on children's social care shows the ambition we have to ensure that every child gets the support they need, whatever the type of long-term placement they happen to be in.

Several hon. Members rose—

Mr Speaker: Order. I would like to get a couple more in if possible, so pithy questions and pithy answers.

James Berry (Kingston and Surbiton) (Con): According to analysis in *The Daily Telegraph*, Kingston was the best local educational authority in the country for GCSE results. Will my right hon. Friend the Secretary of State join me in paying tribute to teachers and pupils in Kingston? Will she explain to the House how learning from the best schools will be rolled out across the country to help those schools that still have some way to go?

Nicky Morgan: As somebody who was educated in Kingston, I pay tribute to all the schools and teachers who operate there—they are much better than they were in my day. I pay tribute to the fact that my hon. Friend is talking about excellence and positivity, and about learning from other schools, which is much better than the constant negativity we hear from the Opposition.

John Woodcock (Barrow and Furness) (Lab/Co-op): Is the Secretary of State as alarmed as I am that Poppi Worthington was not previously known to social services despite the fact that her mother had previously had a child taken into care, and her father had been investigated on two separate occasions due to child sexual abuse?

Nicky Morgan: I pay tribute to the work the hon. Gentleman has done as the local Member of Parliament in speaking up on this case. Yes, I am alarmed. As I said in my earlier answer, Cumbria is in formal intervention from my Department and is being supported by an interventions adviser. In the most recent inspection, the services were found still to be inadequate. As I have said, we will review progress in March this year as part of the broader package of reforms we know we need to introduce to tackle failing children's social services departments, which only let down the most vulnerable.

Nusrat Ghani (Wealden) (Con): East Sussex County Council offers award-winning children's services, but there is always more to learn. What plans do the Government have to reform child and family social work?

Nicky Morgan: I thank my hon. Friend for raising an important point, which my hon. Friend the Minister for Children and Families has already touched on. We are looking at raising the qualifications of social workers, attracting the brightest and the best into the profession, and making sure there is strong leadership for them to benefit from. We are also looking at setting up a new body to regulate the training of children's social workers, who form a hugely vital, but often under-appreciated service, and we want to make sure that it gets the same attention as our teachers and schools rightly do.

Mr Speaker: Last, but not least, the voice of East Antrim, Mr Sammy Wilson.

Sammy Wilson (East Antrim) (DUP): Thank you, Mr Speaker.

Many churches, youth groups and youth organisations are concerned that they may be subject to Ofsted regulation as a result of the nationwide registration scheme. The Prime Minister has said that they will be exempt: the head of Ofsted has said that they will not. Will the Minister tell us who is right?

Nicky Morgan: It is right that we are asking the question about registration of out-of-school settings and therefore inspection, but the Prime Minister and I are clear that that is not to apply to organisations such as Sunday schools. Indeed, I am a Sunday school and Bible camp teacher myself. The hon. Gentleman should also look at the statement issued by the head of Ofsted after his recent appearance, in which he clarified that he was not correct and that we are right to say that Sunday schools and others will be exempt.

Speaker's Statement

3.36 pm

Mr Speaker: I must inform the House that the hon. Member for Ogmere (Huw Irranca-Davies) has written to me, giving notice of his wish to resign from the Chair of the Environmental Audit Committee. I therefore declare the Chair vacant. I know the House will wish to join me in expressing its collective appreciation of the commitment to, and passion for, the remit of that Committee that the hon. Gentleman has exhibited since he took up the Chair shortly after the general election.

The following will be the arrangements for electing a new Chair of the Environmental Audit Committee. Nominations should be submitted in the Lower Table Office—[*Interruption.*] If Members would have the courtesy to listen, it would be appreciated—by 5 pm on Monday 8 February. Following the House's decision of 3 June 2015, only Labour Members may be candidates in this election. If there is more than one candidate, the ballot will take place on Wednesday 10 February from 10 am to 1.30 pm in Committee Room 16. Briefing notes with more details about the election will be made available to Members and published on the intranet.

HMRC and Google (Settlement)

3.37 pm

John McDonnell (Hayes and Harlington) (Lab) (*Urgent Question*): To ask the Chancellor of the Exchequer to make a statement on the settlement reached between HMRC and Google.

The Financial Secretary to the Treasury (Mr David Gauke): I am proud of the work the Government have done to make our tax system internationally competitive, but also to make sure that those taxes are paid. Time and again, we have taken the lead, domestically and internationally, when it comes to getting international companies to pay their fair share of tax. This is the Government who, working through the G20 and OECD, led on the base erosion and profit shifting project—BEPS—making the international tax rules fit for the 21st century. This is the Government who introduced a diverted profits tax to address the contrived movement of profit out of the country, so that profits from UK activities are taxed in the UK. And this is the Government who have invested heavily in HMRC to strengthen its compliance activity, which has allowed HMRC to secure around £100 billion in additional compliance yield over the last Parliament, including more than £38 billion from big businesses.

We have competitive taxes—that is why we have cut our rate of corporation tax so that it is the lowest in the G7—but we are also making sure those taxes are paid, reforming the international tax rules, introducing a diverted profits tax and investing in HMRC's capacity. That is action taken by this Government that was sadly lacking in 13 years of Labour rule.

The statement made by Google at the end of last week is solid evidence that companies are changing their models and reviewing their structures because we have strengthened the rules. The statement comes at the conclusion of a lengthy inquiry by HMRC. The tax that individuals and companies pay is collected by HMRC enforcing the law, not politicians who are, rightly, not engaged in or informed of particular cases. I am therefore unable to go into the details of the inquiry's conclusion beyond those made public at the end of last week. I would point out, however, that the National Audit Office examined the HMRC settlement process in 2012 and examined specific settlements. In all cases, the NAO concluded that HMRC obtained a reasonable settlement for the Exchequer. It also made recommendations on the process by which HMRC should operate when reaching a settlement—recommendations that have been implemented.

It might be helpful to the House if I reiterate what the law is and how the corporation tax rate works, both in the United Kingdom and around the world. The first thing to note is that corporation tax is charged on profits, not on turnover. Equally important, corporation tax is not calculated on the basis of profits attributed to sales in the United Kingdom, but to economic activity and assets located in the United Kingdom. To illustrate my point, imagine a UK company—a car manufacturer, for instance—manufactures its vehicles in the United Kingdom, but half its profits come from sales in the United States. The law as it stands in the UK, as elsewhere, would mean that those profits would be taxed in the United Kingdom, the place of activity, and not the United States, the place of sales.

[Mr David Gauke]

Ever since 2010, we have been engaged in reforming the tax system both domestically and internationally. Government action is levelling the playing field among businesses, giving worldwide tax authorities more effective tools to tackle aggressive tax planning and helping us to better align the location of taxable profits with the location of economic activity. We are incentivising businesses to do the right thing and come to the table early. Last week's announcement represents an important result of those actions. I can assure hon. Members that we will continue to tackle the tax risks posed by multinational companies over the coming years, giving the Exchequer more money to fund the public services we all rely on.

John McDonnell: I thank the Minister for his statement. However, many will feel it is a display of disrespect to this House that the Chancellor of the Exchequer confirmed the deal with a tweet over the weekend, but has refused to come here today personally to make a statement.

I pay tribute to the former and current Chairs of the Public Accounts Committee, my right hon. Friend the Member for Barking (Dame Margaret Hodge) and my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier), as well as all the campaigners for tax justice who have forced this issue on to the agenda. The Chancellor has managed to create an unlikely alliance between myself, the *Sun* newspaper, the Mayor of London and, according to reports, even No. 10 this morning. All of us think this deal is not the "major success" the Chancellor claimed at the weekend.

The statement offered today has left a number of questions unanswered, which I turn to now. Does the Minister not agree that it is important in our tax system that everybody is treated equally and fairly, whether they be large multibillion-pound corporations or small businesses? In that respect, independent experts have suggested that the effective tax rate faced by Google is now about 3%, despite estimated profits of £1 billion in 2014 alone. Will the Minister confirm whether this is the effective tax rate faced by Google over the past 10 years? In the interests of openness and transparency, will he now publish details of the deal and how it was reached? Will the Minister confirm that Google is not changing the company structures that enabled this avoidance to take place over the past decade? Are the Government not concerned that the agreement creates a precedent for future deals with large technology corporations, such as Facebook and Amazon? Will the Minister assure us that this deal does not undermine international co-operation on tax avoidance, such as the OECD base erosion and profit shifting scheme that the Chancellor once supported?

I also ask the Minister, once more, to halt the programme of HMRC staffing cuts, which is undermining morale and removing the very staff with the collective experience and expertise in collecting these taxes. Finally, will he address a confusion that seems to have arisen? Does he agree with the Chancellor, who thinks the deal was a major success; with the Prime Minister's Office, which said this morning it was only a step forward; or with the Mayor of London, who described it as derisory?

Mr Gauke: I welcome the progress the Government have made over the past six years in ensuring that large companies pay more tax. At a time when we have been cutting the rate of corporation tax, corporation tax

receipts, excluding North sea oil, have remained buoyant, partly because we have been more effective than ever at collecting tax from large companies. HMRC's operational capability in this area has been strengthened—by the way, HMRC staff numbers are going up, not down, this year.

The shadow Chancellor mentioned the 3% figure. That is the very reason I drew attention to how corporation tax is worked out. It is worked out on the basis not of sales profits in a country, but of the economic activity and assets held in a country, and there would be severe dangers to moving in the direction of basing it on sales profits. He is right that every taxpayer should be treated fairly and has to pay the rate determined by the law; there is no lower, special rate for Google or any other taxpayer in this country.

We are collecting more tax, which is evidence of the steps we have taken, in both the BEPS process and the diverted profits tax, forcing companies to change their behaviour. That should be welcomed around the House. The real threat to collecting tax revenue from big businesses would be the anti-business policies of the Labour party.

Mr Andrew Tyrie (Chichester) (Con): Last week, the Treasury Select Committee agreed the terms of reference for an inquiry into, among other things, problems with the corporate tax base. Does the Minister agree that Google might be a symptom but is probably not the cause of these problems; that those lie with the immense complexity of the tax system, which is rendered more problematic by the globalisation of tax liability; and that therefore fundamental reform of the corporate tax base probably now needs to be considered?

Mr Gauke: My right hon. Friend raises an important point. Our international tax system is based largely on that set up in the 1920s, but the world has moved on and the way multinational companies operate has changed significantly. That is why, some years ago, led by my right hon. Friends the Prime Minister and the Chancellor, we encouraged the OECD to establish the BEPS project. We are now seeing the first signs that that is working—that companies are changing their behaviour and the tax system is becoming better suited to the modern world.

Stewart Hosie (Dundee East) (SNP): First, the diverted profits tax, set at 25%, came into effect last April. May we have the Minister's assurance that the Google deal does not cover any of the period when diverted profits tax should have applied? Secondly, the rules on disclosed evasion are clear: tax should be paid at 100%, plus interest, plus a 30% penalty. May we have his assurance that that was rightly not applied in this case? Finally, given the difficulty the Netherlands got into with the Starbucks deal and Luxembourg got into with the Fiat deal, when the Commission insisted they recoup between €20 million and €30 million extra, should the Google deal not be put to Commissioner Vestager to ensure that it complies with state aid rules?

Mr Gauke: The United Kingdom does not engage in special deals with any taxpayer. When accusations to that effect were made before, Sir Andrew Park, a retired High Court judge, investigated them on behalf of the National Audit Office and concluded that in every case he had investigated the settlement was reasonable and the overall effect of the arrangements was good. For the very reasons I set out, I cannot comment on the individual

matter beyond what is in the public domain. I do believe that there is an important principle here—that tax should be collected on the basis of the law, and that a Department that is independent from Ministers should be able to make the assessment of the right level of tax due under the law without politicians interfering in operational matters. I hope that that has the support of Members of all parties.

Mrs Anne Main (St Albans) (Con): Will my hon. Friend assure me that some investigation will be made into how HMRC managed to allow this to go on for such a long period of time? Given that this started under the last Government and it has taken this Government to tackle the issue and bring it to book, will my hon. Friend help me to understand what lessons should be learned?

Mr Gauke: The information is in the public domain that HMRC launched an inquiry into the tax affairs of Google in 2009. This is a complex matter, but I am pleased that that inquiry has reached a conclusion. It would be fair to say that the progress made on bringing in a diverted profits tax and the reforms involved in the base erosion and profit shifting project appear to represent a shift in the behaviour of a number of companies, which is to be welcomed.

Caroline Flint (Don Valley) (Lab): I am sure that my other colleagues on the Public Accounts Committee will be looking forward to hearing from Google and HMRC about this deal. The inquiry into the tax situation that many of these companies seem to be applying to what they should pay in a fair way to the UK public purse was started under Labour, and yes, it continued over the last five years, but last year, in the Budget before the general election, the Chancellor said that he would not tolerate this behaviour, declaring:

“Let the message go out”—[*Official Report*, 18 March 2015; Vol. 594, c. 772.]

and claiming that there would be an end to this sort of play. Given the £24 billion-worth of UK revenues over this period, experts have said that Google should have paid taxes of almost £2 billion, so does £130 million really meet the test of no tolerance?

Mr Gauke: I want to address this point and engage seriously with Members on the calculations that we have seen in the press, suggesting some of these very large numbers. As far as I can see, those calculations are based on looking at the profits attributed to the sales in the United Kingdom, and there is a very important distinction between profits attributed to sales versus profits attributed to economic activity and assets. The UK is a country that is very creative. We have a very strong scientific base. As a country, much economic activity goes on here that is involved in then exporting goods and services, and the profits from those exports should, I believe, be taxed in the UK where the economic activity occurs, not in the countries where the sales may occur. If we accept that principle, it does, I have to say, rather discredit the claims of a 3% tax rate.

Mark Garnier (Wyre Forest) (Con): Although we fully appreciate in the House that the international rules are ferociously complex and that there can sometimes be variations in how they can be interpreted, will my hon. Friend please assure the House one way or the

other whether Google has actually broken any laws that were in place between 2005 and 2011—or is this just an outcome of negotiations?

Mr Gauke: Again, I cannot comment on that—in large part because I am not privy to information that is not in the public domain—but I can say that an inquiry has been in place for some years and that it has now reached a conclusion. The consequence of the conclusion of that inquiry is, as Google has stated, that an additional £130 million is being paid to the Exchequer. Google has also made it clear that it has made changes in how it structures some of its arrangements, and that will obviously have an implication for future tax liabilities.

Mr Dennis Skinner (Bolsover) (Lab): Why, on the one hand, should Italy put in a claim for £1 billion from Google while Britain, on the other hand, is prepared to settle for a paltry £130 million? It is not very good for Cameron, is it?

Mr Gauke: There is a difference between putting in a claim and determining the final result under the law of the land. That is what HMRC has done.

Mark Field (Cities of London and Westminster) (Con): No one should underestimate the complex nature of trying to tax globally active corporations such as this. It is speculation to talk in terms of the numbers that have been bandied around. However, in view of the Government's desire to get an international arrangement in place, can the Minister tell us today whether he believes this deal sets some sort of precedent, or is it just a one-off arrangement?

Mr Gauke: The important point to note is that the individual tax affairs depend on the application of the facts in the case; as I have mentioned a number of times, it depends on the economic activity and assets that are held in the UK, or indeed other jurisdictions. But I do think this signifies that companies are looking at their tax arrangements and there is a closer alignment between tax and economic activity, which I certainly welcome. That is what the BEPS—base erosion and profit shifting—process is designed to achieve, and that is what the UK Government have been advocating for some years now, and I believe we are making progress on that.

Wes Streeting (Ilford North) (Lab): The reality is that the practice of companies organising their business over multiple jurisdictions to minimise their tax liability is not new, and even if the diverted profits tax were to apply it would barely make a dent on Google's real tax liability. Given that this week all our constituents and small businesses will be filing their tax returns and do not have the luxury of negotiating their own sweetheart deals, what message does the Chancellor think he is sending to those individuals and businesses by saying this paltry sum of money from Google can possibly be considered, as he says, a major success? Does this now show how complacent Ministers are?

Mr Gauke: All businesses have to pay tax under the law. It is under this Government that we have seen the diverted profits tax brought in, and it is under this Government that we are seeing the BEPS process change the behaviour of companies. We did not see any of this

[Mr Gauke]

from the last Labour Government, and all we end up with is unsubstantiated claims about sweetheart deals, insulting HMRC staff, who have worked for years to ensure that Google and other companies pay the tax due under the law.

Mr Steve Baker (Wycombe) (Con): Does the Minister agree that in the mad world of corporation tax on international companies this sum of money is at once derisory, substantial, lawful and completely unacceptable to the public, and will he therefore also agree that it is time for a complete overhaul of the corporate tax system?

Mr Gauke: The point I would make is that this is a highly complex area, but there is a need for international co-operation in it, which is why we instigated the OECD looking at this as part of the BEPS process. That process has come forward with a number of recommendations. We have already legislated for two of those recommendations. There is a third that we are specifically looking at and consulting upon in terms of interest deductibility. It is right that we bring the international tax system up to date to reflect the way multinational companies are working. This has been left for too long; we are taking action.

Caroline Lucas (Brighton, Pavilion) (Green): Does the Minister recognise that people's anger is very legitimate and even more justifiable given that Google is effectively freeriding on publicly funded infrastructure, not least the £1.2 billion the Government have invested in superfast broadband, and may I urge him again to make sure these calculations are put in the public domain so people can see how the figures are arrived at?

Mr Gauke: We will see if the National Audit Office wishes to look at this particular area, but again I point to the fact that previously when people have made allegations about particular arrangements, it has turned out on closer inspection that that has not turned out to be true.

Alberto Costa (South Leicestershire) (Con): As the former Labour Chief Secretary to the Treasury, the right hon. Member for Birmingham, Hodge Hill (Liam Byrne), left that well-known note stating, "I am afraid there is no money," does my hon. Friend agree that this is evidence that not only did the former Labour Government spend too much of our money, but they did not collect appropriate taxes?

Mr Gauke: My hon. Friend puts it very well. It is a pity that previous Governments have not taken this matter as seriously as we have.

Christian Matheson (City of Chester) (Lab): The problem is that the Conservatives have form when it comes to arranging mates' rates for taxation. They gave a massive tax cut to big City banks, particularly in relation to profits brought in from abroad. They also gave a massive tax cut to hedge funds, £25 million of which arrived in the Conservative party's coffers last year, and now we have this deal. City banks, hedge funds and globalised corporations—the three bodies

the modern Conservative party exists to serve. So let me ask the Minister: why should my constituents in Chester, who work hard and play by the rules, subsidise these big globalised corporations?

Mr Gauke: The fact is that in the last Parliament we increased taxes on banks and on hedge funds. The hon. Gentleman's constituents should be asking why their Member of Parliament could not ask a better question.

Hon. Members: Ooh!

Mr Speaker: Order. This is very unseemly. Let us hear these important exchanges. People beyond this place might be taking an interest in them, and I think that they would like a decorous atmosphere. Let us hear what Mr Philp has to say.

Chris Philp (Croydon South) (Con): Thank you, Mr Speaker. Is the Financial Secretary to the Treasury familiar with the report from the Oxford University Centre for Business Taxation that was published a short time ago? It itemised 42 anti-tax-avoidance measures that the coalition Government put in place, including the general anti-avoidance provisions, the banking code of conduct and the diverted profit tax, which will raise an additional £34 billion between 2011 and 2020.

Mr Gauke: Yes, I am aware of that report and I am grateful to my hon. Friend for drawing the House's attention to it.

Alison McGovern (Wirral South) (Lab): I and many other Members on this side of the House have seen representatives of small businesses queueing up at our surgeries to complain about the sweetheart deals that big businesses seem to be able to get while they themselves cannot get assistance from HMRC. I wrote to the Minister to ask him to meet me to talk about small businesses, but sadly he said no. May I take this opportunity to ask him again? Please will he meet me to talk about the impact of tax on small businesses in Wirral?

Mr Gauke: Well, the position is—[HON. MEMBERS: "Go on!"] As it is the hon. Lady, I will.

Mr David Nuttall (Bury North) (Con): Does the Minister agree that the best way to help HMRC to collect more tax is for this House to pass tax laws that are clear, precise and understandable without the need to refer to tax lawyers and accountants?

Mr Gauke: My hon. Friend has set out a laudable objective. We have to recognise that the nature of international businesses is often inherently complicated, but we also have to ensure that our legal system and our tax laws are brought up to date to reflect the way in which businesses work in the 21st century.

Greg Mulholland (Leeds North West) (LD): If any of the thousands of wonderful small businesses in this country failed to pay their taxes for 11 years, they would not be sitting negotiating with HMRC; they would be sitting down with the police. Can the Minister therefore understand the anger of small businesses and taxpayers when a quarter of calls to HMRC are not even answered? Will some of this money go into sorting that out?

Mr Gauke: First, on customer service, the hon. Gentleman makes a fair point. Taxpayers are understandably exasperated when customer service is not good enough, although I am pleased to say that at the moment the service is performing better than in any January in recent years. I stress to the hon. Gentleman and the House as a whole that it is very important that we have one tax system and fairness applied to every taxpayer. We must also recognise, however, in relation to some of the accusations, that some of the calculations that are used do not reflect the reality for particular companies. It is absolutely right that HMRC pursues all companies, even over many years, to make sure that the right amount of tax is paid.

Matt Warman (Boston and Skegness) (Con): As a journalist, I had the dubious privilege for a couple of years of breaking the story of how much tax Google had paid. With that in mind, I had to look at the international arrangements that Google also makes. Is the Minister aware of any country outside of America—other than Britain—that has a deal with Google that is as good as this one?

Mr Gauke: Not as yet, but we wait to see future developments.

Sammy Wilson (East Antrim) (DUP): At a time when the Government expect small businesses to do tax returns four times a year, does the Minister not understand that many of those small businesses will be outraged that a firm such as Google can get off with paying no tax for 10 years and then finish up with a paltry bill that includes fines and interest? At the same time, we have a refusal by the Government to show how that sum was raised. Surely, to avoid the feeling of cynicism among many taxpayers, we should at least have some transparency about how the figure was reached.

Mr Gauke: We are determined to ensure that all businesses pay the tax that is due. May I specifically address the hon. Gentleman's point about quarterly returns? There will be a Westminster Hall debate on that matter in 25 minutes, and the point that I shall make is that there is no requirement for quarterly returns. Businesses should keep their information digitally and send summaries of that information on a quarterly basis. That is very, very different from quarterly returns.

Several hon. Members *rose*—

Mr Speaker: If we are finished by then, the Minister will be on time for the Westminster Hall debate. If we are not, he can make a grand entrance at a later stage. We look forward to that with eager anticipation.

David Mowat (Warrington South) (Con): When it is in the public domain that one technique used by Google, Facebook and others is the so-called double Irish arrangement, by which profits in the first instance leave the UK and go to Ireland, is there not more that we can do with our European partners to use state aid rules on countries such as Ireland and Luxembourg, which undermine our tax base in that way?

Mr Gauke: My hon. Friend raises an important point. There is a need for international co-operation at an OECD level, which is the principal focus, and at an EU

level. He will be aware of action that the European Commission has taken in respect of other member states that have had concerns about state aid.

Diana Johnson (Kingston upon Hull North) (Lab): The Minister says that this deal does not amount to a 3% tax rate for Google, so for the sake of public confidence will he say what the actual tax rate is?

Mr Gauke: No—[*Laughter.*] That is because of taxpayer confidentiality. The point that I was trying to make was that the rate cannot be calculated by looking at profits from sales in the United Kingdom. The tax rate is currently 20%, and that applies to everybody, but the effective tax rate depends on the particular circumstances of any business.

Peter Heaton-Jones (North Devon) (Con): Does the Minister agree that it is worth remembering that this matter has been outstanding not for one year or five years, but since the middle of the previous Labour Government, who failed to do anything about it? It is this Government who have taken effective action to collect these tax receipts. The Opposition should check their facts; perhaps they could google them.

Mr Gauke: I am grateful to my hon. Friend for his question. He is absolutely right that it is the action that we have been taking that has meant that companies are changing their behaviour and that we are getting in revenue.

Hywel Williams (Arfon) (PC): The deadline for submission of self-assessment tax returns is in six days' time, on 31 January. What consideration has the Minister given to reaching deals, victorious or otherwise, with any of my self-employed constituents who miss that deadline?

Mr Gauke: Let me return to this case. There has been a lengthy inquiry by HMRC into the affairs of Google. That inquiry has now come to an end and reached a conclusion. There is nothing to suggest that anything other than the proper enforcement of the law as it stands has led the way to this particular conclusion.

Mr Robin Walker (Worcester) (Con): The Minister has said much about bringing our tax system up to date for the 21st century and about closing the tax gap, which I welcome. None the less, we have in our business rates system, a tax regime that is hopelessly out of date, and the cross-party Business, Innovation and Skills Committee called for fundamental reform of it under the previous Government. May I urge him to be as ambitious as possible in that reform so that we can close the gap between online businesses and the bricks and mortar businesses on our high streets?

Mr Gauke: As my hon. Friend will be aware, the Government are reviewing the business rates system, and will report shortly. As far as my right hon. Friends the Chancellor and the Prime Minister are concerned—and as the Chancellor has made clear—we are looking to do that in a fiscally neutral way, and we have received many representations on that point.

Helen Jones (Warrington North) (Lab): Does the Minister not accept that this deal with Google, which most of us believe to involve a corporation tax rate of less than 3%, simply encourages tax avoidance by companies? If the issue was the amount of economic activity and assets held by Google in the UK, why are the Government not prepared to test that in the courts if necessary, and call its bluff?

Mr Gauke: HMRC has been conducting an inquiry in this specific case for a number of years, and has reached the conclusion that it is satisfied with the position that Google has reached. As for the additional payment, it is based on the facts that HMRC has seen, and on the detailed inquiry and exhaustive work that it has undertaken over many years, not numbers drawn up on the back of an envelope.

Steve Double (St Austell and Newquay) (Con): Hon. Members on both sides of the House share the public's anger that Google has been able to get away with paying so little tax for so long, and many of them also share the feeling that this deal is unsatisfactory, but will the Minister confirm that the £130 million that the Government have extracted from Google is precisely £130 million more than the Labour Government ever got from it?

Mr Gauke: It is the action that we have taken that has enabled this achievement by HMRC.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Mr Speaker:

“O wad some Pow'r the giftie gie us/

To see oursels as ithers see us!”

I agree with the hon. Member for East Antrim (Sammy Wilson) that this will be seen by many small businesses the length and breadth of the country as unfair and not understandable. Surely, part of the problem, as a number of Members have said, is the sheer complexity of the system. Will the Government commit themselves to addressing that matter?

Mr Gauke: We always look to try to find ways to simplify the tax system. I would make the point that if a company operates in many jurisdictions, its tax affairs are inherently more complex than if it existed in just one country, but the Government are determined to ensure that where the economic activity occurs in the United Kingdom, we tax it in the United Kingdom.

Richard Graham (Gloucester) (Con): Everyone wants business to pay its fair share of tax, and most people will welcome the additional £130 million of tax revenue to fund important services, but many will wonder, given that the period of the settlement covers 2005 to 2011, what other multinational tax bills are out there that have still not been settled and what, if anything, the Labour party did in government to highlight those questions?

Mr Gauke: On the latter question, it may be the case that astronomers have located the ninth planet, but I am not sure that they have found any evidence of the Labour party doing very much on tax avoidance in government.

Nick Smith (Blaenau Gwent) (Lab): May I gently chide the Minister, particularly given his last remark? Will he acknowledge the work of the cross-party Public

Accounts Committee in the last Parliament? Its campaign on fair taxes by multinational companies was chaired by a Labour MP, the right hon. Member for Barking (Dame Margaret Hodge)?

Mr Gauke: There has been a shift in public opinion in recent years, and the pressure on companies to pay the tax that is due under the law is greater than ever before. I welcome that, and I welcome that change in public opinion, but it is the measures taken by this Government that mean that we are getting additional sums from large companies, as has been demonstrated in the past couple of days.

Mr Alan Mak (Havant) (Con): Following the successful Google settlement, will the Minister confirm that the Government will continue to work with our international partners and organisations such as the OECD to continue taking a lead to ensure that our tax laws are complied with—action that Labour failed to take over 13 years?

Mr Gauke: My hon. Friend makes an important point. It was very much the Prime Minister who got the OECD and the G20 to focus on how multinational companies are taxed. It is right that we did that and that we are making progress, and I am pleased that this is coming to fruition.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Minister rise above the political bickering for a moment and, with Opposition Front Benchers, look at the real problem? These massive global companies are extremely clever. With great respect to the people at HMRC, who work so hard, those companies can hire the best accountants, the best tax experts and the highest paid lawyers. However we change the law, they will find a way around it. In Europe and in this country, we have to look at this in a much more sophisticated way.

Mr Gauke: I appreciate the hon. Gentleman's comments, but he should not be quite so defeatist. If he looks at what happened over the previous Parliament, he will see that HMRC's large business team brought in £38 billion in additional tax as a consequence of their intervention. The UK has a reputation as somewhere with competitive tax rates but where taxes do have to be paid. That is a reputation that we should all seek to maintain.

Robert Jenrick (Newark) (Con): Although £130 million might seem low for a business as large as Google, is not the reality that the Revenue cannot do as much to collect back-taxes as we would like it to, because they come from a significantly more lax era? This morning one tax expert described the situation under the previous Labour Government thus: “Everything was above board, and the board was set at floor level.” Under this Government, the diverted profits tax gives us the opportunity to change the landscape, but is there not a concern that letting Google off paying the diverted profits tax suggests that the Revenue will find this significantly more complex to implement than we would like? What more can we do to give the Revenue the support it needs to apply that evenly and to all?

Mr Gauke: We always seek to ensure that HMRC has the powers and resources it needs. For example, in the July Budget last year we announced a requirement for

large tax companies to set out explicitly what their tax strategy is, and we will be legislating for that in the Finance Bill.

Valerie Vaz (Walsall South) (Lab): To clarify the misinformation, under the law of the land what is Google's theoretical tax liability?

Mr Gauke: The statutory rate for Google is exactly the same as the statutory rate for everybody else.

Andrew Bridgen (North West Leicestershire) (Con): Human nature and ingenuity being what they are, from the moment taxes were invented there has always been a difference between the tax that Governments expect to receive and the tax that is actually paid—that is known as the tax gap. Will the Minister explain to the House in what direction the tax gap has been going since we came to office in 2010?

Mr Gauke: As a percentage of tax liability, the tax gap has been falling. Corporation tax avoidance, or corporate avoidance, has been falling at an even faster rate.

Marie Rimmer (St Helens South and Whiston) (Lab): Will the Minister comment on the effectiveness of the OECD's current BEPS proposals in responding to the globalisation of business? What would the impact have been on the situation in which we currently find ourselves with Google and HMRC had those proposals been implemented?

Mr Gauke: The hon. Lady asks a very good question. We are in the process of implementing those recommendations. The BEPS process is more closely aligning economic activity with taxing rights. That is the direction in which we believe we should go. Having led the way in getting the BEPS process started, this Government want to lead the way in implementing its recommendations.

Several hon. Members *rose*—

Mr Speaker: Order. I note in passing that over the past few minutes further Members have started bobbing. There is no problem with that, but if it delays the Minister he will know why.

Nigel Mills (Amber Valley) (Con): When the Minister makes large businesses publish their tax strategy, will he also make them publish their tax returns so that we can all see how much tax they are declaring and how they got from their cash profit to that tax bill? That would improve transparency and confidence in the system.

Mr Gauke: The United Kingdom's position on taxpayer confidentiality is hardly unique. Indeed, it is the mainstream approach. Knowing what a company's tax liability might be depends on a detailed understanding of the whereabouts

of its assets and activities, and not all of that information would necessarily be apparent from a straight tax return. As I have said, there is greater transparency now because companies have to set out their strategies, which has never been the case before.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister is trying to have it both ways. These are companies, not individuals, so the confidentiality excuse does not wash with me. We know what the profits, assets and the liabilities are, because they are in the companies' accounts. We also know that the corporation tax rate is 20%. On the basis of both those pieces of information, how much does Google actually owe the Exchequer?

Mr Gauke: The principle of taxpayer confidentiality is not new. It has existed for as long as we have had a tax system. If the hon. Gentleman wants to make a case for abandoning it, he ought to consider what the overall consequences would be for the attractiveness of the UK as a place in which to do business. Let me add that, without fully understanding the whereabouts of a company's assets and activities, no one is in a position to make a judgment about how much tax it should pay. HMRC is able to do that, and HMRC is bringing in more money than ever.

Alex Chalk (Cheltenham) (Con): I welcome the fact that the Government have raised £130 million, but does my right hon. Friend agree that it should not have had to take five years—and, no doubt, considerable public resources—to prise that money out? Do not multinationals themselves need to change their culture?

Mr Gauke: My hon. Friend has made an important point. The way in which to change the culture of multinational companies—and, indeed, we have already started to see signs of such a change—is to take the action that we have taken in implementing the BEPS recommendations and introducing a diverted profits tax. Those are the achievements of this Government.

Nic Dakin (Scunthorpe) (Lab): I really cannot believe that the Government see this deal as a major success. Why are they so supportive of sweetheart deals for companies like Google, but so slow and reluctant to address the business rates burden on the steel industry?

Mr Gauke: As I have said, we are reviewing business rates, and, in fact, we have cut them by £1 billion in recent years. I should add that there is no sweetheart deal. HMRC does not undertake sweetheart deals. What it undertakes are thorough inquiries, and when companies accept their liabilities, those inquiries can be brought to a conclusion. However, we are ensuring that HMRC succeeds in delivering the revenue that is due under the law.

Child Refugees in Europe

4.23 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab) (*Urgent Question*): To ask the Home Secretary to make a statement on child refugees in Europe.

The Minister for Immigration (James Brokenshire): The Government are at the forefront of the international response to the unprecedented migration flows into and across Europe. We want to stop the perilous journeys that are being made by migrants, including children, which have had such terrible consequences.

In respect of the majority of refugees of all ages, the clear advice from experts on the ground is that protection in safe countries in their region of origin is the best way of keeping them safe and, crucially, allowing them to return home and rebuild their lives once the conflict is over. That is why we are providing more than £1.1 billion in humanitarian aid for the Syria crisis, but it is also why we have a resettlement scheme for the most vulnerable Syrian refugees—those in the most need. Some 1,000 arrived before Christmas, about half of them children. A further 19,000 will be resettled by the end of this Parliament, and many of those will be children too.

Our resettlement scheme is based on referrals from the United Nations High Commissioner for Refugees. We already consider referrals of separated children or orphans under the Syrian resettlement scheme where the UNHCR assesses that resettlement is in the best interests of the child. The UNHCR has a clear view that it is generally better for separated children and orphans within the region to stay there, as they are more likely to be reunited with family members or to be taken into extended family networks.

Last week the International Development Secretary announced an additional £30 million for shelter, warm clothes, hot food and medical supplies, including for 27,000 children and babies. This assistance will be distributed to aid agencies, including UNICEF, the UNHCR, the Red Cross and the International Organisation for Migration, to support vulnerable people, including children on the move or stranded in Europe or in the Balkans.

We have heard calls for the UK to take more unaccompanied children from within the EU. The Prime Minister has committed to looking again at this issue, and it is currently under review. Such a serious issue potentially affecting the lives of so many must be considered thoroughly, and no decisions have yet been taken. The Government are clear that any action to help and assist unaccompanied minors must be in the best interests of the child, and it is right that that is our primary concern. We take our responsibilities seriously, and this issue is under careful consideration. When this work is completed, we will update the House accordingly. I commend this statement to the House.

Yvette Cooper: The aid for refugees, particularly children, is of course welcome, but Save the Children has estimated that 26,000 children have arrived alone in Europe: some who fled alone; some who have been trafficked by gangs, perhaps into prostitution, slavery or the drugs trade; and some separated from parents or family along the way, such as the 10-year-old whose case I heard of

who was separated from his parents as a gang pushed them on to a lorry, and they now do not know where he is.

The Government have said repeatedly that they are looking at the call from across parties and from Save the Children for Britain to take 3,000 lone child refugees, but there has still been no answer, and we hear rumours that they will look only at helping child refugees from camps in the region. That is not enough. In Greece, in Italy and in the Balkans, the reception centres and children's homes are full, and children are disappearing. The Italian authorities estimate that about 4,000 children who were alone in Italy disappeared last year. I met 11 and 12-year-olds in Calais who were there alone with just one British volunteer looking after them. That is a similar age to my children, and they should not be there alone.

We should especially be helping those who have family in Britain who are desperate to care for them. Last week, a tribunal ruled that three teenagers and a vulnerable adult should be able to stay with close relatives here while their asylum cases are heard rather than being alone in France because the French system and the Dublin III agreement are not working for lone refugee children. May I urge the Minister to see this judgment as another reason to reform the system so that it helps child refugees? One case that was due to go to the tribunal was unsuccessful—that of a teenager from Afghanistan whose sister lives here. It was unsuccessful because he died, suffocated in a lorry just a few weeks ago, taking crazy risks: because he did not wait for the lawyers; because he was 15 years old and that is what teenagers do.

This week, many of us will sign the Holocaust Memorial Day book of commitment. Our colleague in the House of Lords, Lord Alf Dubs, was saved from the holocaust by the Kindertransport many generations ago. Now he is asking us, through his Lords amendment, to back Save the Children's campaign to help a new generation of vulnerable children. Please will the Government agree to this before more children disappear or die? Please let us do our bit again to help child refugees.

James Brokenshire: I say to the right hon. Lady that this Government are taking a number of steps to assist child refugees both in the region and, with some of the specialist support we are providing to process asylum claims, in countries such as Greece and Italy. Indeed, looking at the situation in Calais and northern France, the support the Government are providing to the French in identifying those who are victims of slavery and trafficking is a key part of the agreement reached last August between the Home Secretary and Bernard Cazeneuve, the French Minister of the Interior.

It is important to acknowledge the right hon. Lady's point about the role of trafficking and of those seeking to sell false hope who are very directly putting lives at risk. The way in which traffickers seek to place refugees in appalling conditions—literally not caring whether they live in die—is quite horrific. In that context, it is notable that work by Europol indicates that about 90% of those coming to Europe have been trafficked in some form or other by those involved in organised immigration crime. That is why the work we are doing in setting up the organised immigration crime taskforce is so important in working with Europol to confront and combat the heinous acts of the traffickers.

On the issue of reunion, the Dublin arrangements are in place. The right hon. Lady mentioned the court case last week, which was specific to the four individuals concerned. Although we will look at the judgment, which has not yet been received, to understand the court's decisions and the reasons it has set out for the order it made last week, it is important to recognise that a claim of asylum still had to be made in France to ensure, as we understand it, that the reunification arrangements were operative under the Dublin arrangements. We will wait to see the judgment.

On the Save the Children report and its request for us to consider taking the 3,000 children, I have already said—the Prime Minister said the same in the House a short while ago—that we are actively considering the proposal. We will obviously return to the House when we have investigated and concluded our consideration of that matter.

Sir Eric Pickles (Brentwood and Ongar) (Con): It is important not to stretch the analogy with the Kindertransport too far. We need to remember that on the last train, which was disrupted by the war, only two of the children survived and the rest, along with their families, were killed. However, there are some clear parallels that we need to address. We need to remember the enormous contribution that the Kindertransport made to this country: distinguished doctors, surgeons and Members of both Houses were saved by it.

I am pleased that the Prime Minister is looking at this matter again. He is quite right to try to keep children in the region, but to use one of those phrases, we are where we are. There are children at risk, and I urge the Government to look carefully at that. After all, today is 25 January. A month ago, we were celebrating that great Christian festival of children, and I hope that that spirit lingers beyond Boxing day.

James Brokenshire: My right hon. Friend is obviously right to recall Holocaust Memorial Day, which we will mark on 27 January. I was at the Home Office earlier this afternoon for our own recognition of that very important event, given the context of what happened then and the need to ensure that the lessons of the past are remembered today.

Our focus is clearly on trying to assist the children who are most in need and the refugees who are most in need. That is why we have taken the approach of providing aid assistance and of having the vulnerable persons relocation scheme. The resettlement scheme is aimed at the issues of vulnerability, part of which is about children and about orphans, and it is very much focused on those who have suffered most.

Andy Burnham (Leigh) (Lab): The thought of any child alone in a foreign country is abhorrent to any parent, but for them to be alone in dangerous conditions—without food, warmth, comfort or protection—is genuinely terrifying. Sadly, that is the reality today for thousands of Syrian children and those fleeing other conflicts. The truth is that some of these frightened young souls are on our own doorstep, as my right hon. Friend the Leader of the Opposition saw for himself at the weekend. No child should be left to fend for themselves, wherever they are and wherever they are. I have no doubt that, when faced with this issue, the vast majority of British

people would see a moral duty to act, as the right hon. Member for Brentwood and Ongar (Sir Eric Pickles) has just said.

I congratulate my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) on asking the question and welcome the Minister's commitment to look seriously at the issue, but may I press him on some of the points that my right hon. Friend made? In particular, will he consider children who are here in Europe, as well as those who are in the camps? The Government's policy to date has been to take only refugees from the region, rather than those who have crossed the sea. Does he not accept that, as the crisis develops, that distinction is becoming harder to maintain?

There are 26,000 unaccompanied children in Europe today. They cannot, as the Government claim, be described as the fittest and the strongest. They are instead highly vulnerable to trafficking, prostitution and other forms of abuse. They urgently need someone to reach out a hand. I appreciate the concern that doing so could create an unhelpful precedent and an incentive for families to send children alone, but surely that can be dealt with by making it clear that this is an exceptional move and by working with the UNHCR and others to identify children who are genuinely alone?

This is the biggest humanitarian crisis since the second world war, but instead of playing our full part, the Prime Minister has spent recent weeks stomping around Europe with his own list of demands. Does the Minister not accept that, to countries that are trying to deal with the enormity of this crisis, that might make us look a little selfish and blinkered? By doing more to help our partners in Europe, might not the Prime Minister build good will and get a better hearing for his renegotiation demands?

As others have said, this week we will remember the awful events of the holocaust and the Kindertransport. Surely now is the time to take inspiration from those British heroes of the last century and act to change the course of history in this.

James Brokenshire: This country can be proud of the record that we have maintained and the work that we are doing to provide aid and assistance to vulnerable people in the region. Some £1.1 billion has been committed.

I say to the right hon. Gentleman that we are working closely with the UNHCR on the resettlement programme and in our consideration of this issue of children. The UNHCR and UNICEF have made it very clear that the best way to help children is to work in the region itself, because that is often where the connections with family are.

The right hon. Gentleman highlighted the issue of Europe. We are acting in solidarity in Europe by providing expertise to the European Asylum Support Office; providing support to Frontex for the search and rescue operations; and supporting Europol and the activities in the Mediterranean to confront the people traffickers and smugglers to deal with this issue at the border. We are also working beyond the borders of Europe in the source and transit countries to provide the long-term stability and security that are fundamental to dealing with all of this.

[James Brokenshire]

We have to be very careful that the stance that we take does not make an extraordinarily difficult situation even worse. We know that the people traffickers exploit anything that we say and twist it in a perverse manner to encourage more people to travel and put more lives at risk. That is why we are looking at this issue very closely to determine what is in the best interests of the child, to ensure that more lives are not put at risk and to see how we can support this activity. I have highlighted the direct support that we are giving to provide aid and assistance to children and refugees in flight across Europe and in the Balkans.

The combination of approaches that we have taken sets a clear record, but as I have indicated, we continue to look at this issue very closely.

Tim Loughton (East Worthing and Shoreham) (Con): I do not think that it helps to confuse this issue with reform of the EU.

Notwithstanding the considerable aid that we have given to displaced Syrians in the area, which is the right thing to do, there is a humanitarian case for helping the children who are in limbo and very vulnerable to traffickers, the elements and so on. Given that doing so will be fraught with problems, and that there is a record high number of children in the care system in this country already and a shortage of foster carers, what assessment has the Minister made of our capacity to take these children and to give them the specialist support that clearly they will need in the absence of the networks that they have been used to?

James Brokenshire: My hon. Friend makes an important point, because the figures for asylum applications from unaccompanied asylum-seeking children show that last year there were 2,500. That is already putting strain on a number of local authorities, and Kent in particular has been bearing a lot of that burden. We are working closely with local government, and he may be aware that in the Immigration Bill, which is currently in the other place, we are also seeking to set out a mechanism to distribute that burden more fairly across local authority areas.

Patrick Grady (Glasgow North) (SNP): May I associate myself with the comments about Holocaust Memorial Day? Today we mark Robert Burns day, for one of Scotland's great humanitarians. My hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) has already quoted the lines:

“O wad some Power the giftie gie us

To see oursels as ithers see us!”

How do the Government think this looks? The proposal to take our fair share of children from Europe has been around for months, so when will they stop prevaricating and reach a decision, before more children continue to die in the freezing cold of the European winter? Are the Government considering taking children from Europe and not just from the camps? Can the Minister say a bit more about the support being provided to European countries to support these children, who are lone and vulnerable, and victims of a crisis that they did not create?

James Brokenshire: I have already set out the additional funding that DFID has committed to support those across Europe and how some of that money is being provided to UNICEF, for example, to look at how we can best support children in that overall approach. I want to underline the fact that UNICEF itself has emphasised

“the importance of first and foremost assessing the individual situation of unaccompanied children, and their best interests, before any actions are taken; noting that in these situations children who may appear unaccompanied are in fact being supported by family members, or others, and decisions on how they are cared for should take this into account.”

That is precisely the approach the Government are taking.

Sir Edward Leigh (Gainsborough) (Con): No one doubts the humanity of the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper)—it is very difficult to argue against it—but surely the duty of Government is to balance natural emotion with hard-headed realism. Net migration into this country has been far bigger in last 20 years than for any other country, and we are at the limit of what the public will accept. We are also spending more than the whole of the rest of Europe put together on helping people in Syria. For every child refugee we take from a camp in Dover or Calais, we will simply have to take many other people who will come as part of the family. I urge the Government to stick to their present policy—their humane and correct policy—of spending money to help in the region and not to listen to the Leader of the Opposition and his daft policy of taking people from Dover and Calais.

James Brokenshire: We want to see children who are affected by this appalling crisis given help and assistance at the earliest opportunity. That is why we have committed the aid and support that we have in the region. It is also why in Calais, for example, we have been giving support to the French Government to ensure that claims can be made as quickly as possible. The French Government have set up 78 new centres away from Calais to help migrants to make their claims as quickly as possible. That way, we see people get help at the earliest chance.

Keith Vaz (Leicester East) (Lab): Last year, 300,000 child refugees entered through Greece and 16,000 entered through Italy. The problem has been that the countries at the EU's external border are just not given the support they need from the European Union. As a result, reception centres have not been opened up in places such as Greece. Will the Minister tell us what has happened with the deal made between the EU and Turkey, which would have provided Turkey with additional resources to try to help us to deal with this terrible crisis?

James Brokenshire: Work is continuing in respect of Turkey and the Government have a commitment to providing funding in support of that. The right hon. Gentleman is right to highlight the issue of the external border in countries such as Greece and Italy. This country has provided more support for asylum processing, in terms of experts, than any other country in the EU, and that sense of how we can support the external border is very much at the forefront of our work.

Helen Whately (Faversham and Mid Kent) (Con): As my right hon. Friend has mentioned, Kent is already looking after hundreds of unaccompanied asylum-seeking children. Kent has asked other councils to help to look after these children, but few have been forthcoming. We have to do a good job with the young people who are already here seeking our help, so as we rightly consider whether we can help more Syrian child refugees, can my hon. Friend assure me that he will press on with ensuring effective dispersal of the young asylum seekers already in the UK?

James Brokenshire: I can assure my hon. Friend that the Home Office is working closely with the Department for Education. I have the Minister for Children and Families on the Bench alongside me. To see that children are given the support they need in counties such as Kent, which are taking on a considerable burden, we are working with the Local Government Association and others, as well as maintaining that backstop provision in the Immigration Bill to ensure a fair allocation of young people in need of support.

Frank Field (Birkenhead) (Lab): I commend the Minister for his statement about our responsibilities to some of the most vulnerable children, but may I also make a plea for the very poorest in each of our constituencies, who already have almost no hope of getting a decent home, who find social services under huge pressure when it comes to meeting their needs, and have almost no chance of ever getting a place at a school of their choice? When the Government are considering the priorities and the needs of those children, will they also consider that they are committed to bring in 20,000 refugees, and ensure that any proper concessions on this front are taken from that total of 20,000?

James Brokenshire: As I have said to other right hon. and hon. Members, we are closely considering the issue of children. I have already indicated that of the 1,000 refugees who arrived through the resettlement scheme before Christmas, around a half were children. We are very conscious of the need for support for local authorities. We have announced additional funding to meet the needs under the resettlement scheme for years 2 to 5, recognising the pressures that the right hon. Gentleman has outlined.

Mr Andrew Turner (Isle of Wight) (Con): We were told that 100,000 people would be admitted to this country each year. In fact, 320,000 people have been admitted in the past year. If we admit another 20,000 people over the next five years, or 4,000 per year, does that mean that 4,000 are not admitted from other parts of the world?

James Brokenshire: The vulnerable persons resettlement scheme is meeting our rightful obligation to respond to the crisis that we see in Syria, which is the basis for the figure of 20,000 that we have outlined for the course of this Parliament. Obviously, we have certain other arrangements with UNHCR, but we need to meet that commitment and respond to the crisis that we see before us.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Volunteers to Calais talk of refugee families struggling with a dilemma—whether to buy black market substances

to dope their children, or to face the prospect that they will reveal the family to the authorities in transit across the channel by crying in fear. Surely the Government can better safeguard children by also adopting proper selection and identification processes for families before they reach the UK to avoid these terrible situations.

James Brokenshire: The most effective way to do that is to see that those families claim asylum in France. There have been around 2,800 claims of asylum in and around Calais. The French Government have put in place the new arrangements that I described so that people can be moved away from Calais into better reception centres. That is the clear message that I would give, which may well identify some of the family reunion issues that the hon. Lady has highlighted.

Andrew Bridgen (North West Leicestershire) (Con): Many Members of this House are suggesting that we rescue unaccompanied minors from other European Union countries and bring them to Britain. Does the Minister agree that one of the dangers of that is that their relatives will appear, and human rights lawyers in this country will insist that they have a right to join those minors in the UK because they have a right to a family life?

James Brokenshire: We need to consider these issues carefully. What is at the forefront of my mind is not seeing more children being put at risk and their lives being put at risk. That is what the people smugglers and traffickers will do, and why we need to act with such great care so that we do not make the situation even worse than it is.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I wholeheartedly support the call from Save the Children and my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), but I want to ask the Minister specifically about the treatment and dignity of children asylum seekers and their families when they arrive in this country. He will be well aware of the concerns expressed about Clearsprings, which operates accommodation in my constituency and in that of my hon. Friend the Member for Cardiff Central (Jo Stevens), stigmatising asylum seekers by forcing them to wear red bands, but I have heard reports of short-notice evictions, lack of female housing workers and asylum seekers being forced to sign documents before seeing properties. Shockingly, I was told by the Home Office that a manager may enter an individual's bedroom without consent. Will the Minister investigate that company and find out what exactly is going on in the treatment of those vulnerable individuals?

James Brokenshire *rose*—

Mr Speaker: Order. If we were playing cricket, which we are not, the hon. Gentleman's bowling would be a little wide of the wicket, but I am sure the Minister is dextrous enough to deal with it sensitively and pithily.

James Brokenshire: I will certainly try to do so, Mr Speaker. As I indicated to the House in response to the urgent question last week, I expect the highest standards from all contractors, including no stigma being attached to those under their care. If there is evidence to suggest that that is not the case, it will be treated with the utmost seriousness.

Gavin Robinson (Belfast East) (DUP): I apologise for my vocal frailty; I will struggle through my question.

The Government's response to the crisis has at times been frustratingly slow and has appeared to lack compassion, but I support it and believe that the Minister is on the right track. I was bolstered at the weekend by the view of Kofi Annan, who believes that the UK Government's approach is in the right vein. I support the reconsideration that the Government are undertaking on refugee children, but will the Minister give a timescale for that, bearing in mind that a knee-jerk reaction for selfish political gain that is not based on the right interests or the best interests of the child will be wholly fruitless and counter-productive?

James Brokenshire: It is right that we take some time to consider the issue properly because of what the hon. Gentleman highlights: the best interests of the children. The advice we have had from the UNHCR is that the best way is to help children in the region. The aid investment we have given in the region, and the focus on education to ensure that children there have hope, have that sense of compassion behind them. That is why assistance has been structured in that way.

Mike Kane (Wythenshawe and Sale East) (Lab): As a primary educator, my heart was broken on Thursday when I saw the conditions of the children in the Jungle camp in Calais. It would be the same for people no matter what side of the argument they are on. From a round table with Secours Catholique and the Caritas Social Action Network, we understand that 200 to 300 families with many children probably have leave to remain in the UK but do not know their legal rights. Will the Minister commit to putting a legal resource into that camp to help those families to avoid the traffickers, because they have the right to come here in the first place?

James Brokenshire: Ultimately, those are matters for the French Government, but we have committed resourcing in terms of arrangements in people's own country. I underline that claiming asylum in France means that assistance will be provided at the earliest opportunity. We have committed to support the French Government in that activity. We have provided funding to assist them in creating those reception centres outside Calais so that people can travel away from the area and get the support they need.

Andy Slaughter (Hammersmith) (Lab): When will the Government decide to support Lord Dubs's amendment? I ask because when I was in the Calais camp on 21 December, I met a former Afghan interpreter for UK forces who was trying to look after some of the unaccompanied children, including 15-year-old Masud. By the time I recounted that visit in Westminster Hall on 6 January, Masud was dead. Time is of the essence. Would not this Wednesday—Holocaust Memorial Day—be a suitable date for the Minister to make up his mind and let the children in?

James Brokenshire: The appropriate thing to do is to consider the best interests of the child and get further input from the UNHCR and others, because of the risk of making the situation worse, and the risk of seeing more children put their lives on the line by making

those perilous journeys across the Mediterranean. That is at the forefront of our minds, and why we will consider the matter in that way.

Diana Johnson (Kingston upon Hull North) (Lab): Putting victims of exploitation and trafficking first was at heart of the Modern Slavery Act 2015. In this case, it is clear that unaccompanied children are among the most vulnerable victims of exploitation and trafficking. Will the Minister say exactly what is happening to identify very vulnerable children who have been trafficked and who are at risk of exploitation, and to take a decision to get them to this country?

James Brokenshire: As part of the joint declaration that was signed last August, we are providing specific financial assistance to fund a project aimed at the most vulnerable people in and around Calais. That project aims to increase observation in the camps to identify vulnerable migrants; to provide medical help and protection where required; to put in place a system to transfer them briskly to places of safety; and to ensure they are offered the appropriate advice and support from the French system.

Alison McGovern (Wirral South) (Lab): Can I ask the Minister not to listen to the hon. Member for Gainsborough (Sir Edward Leigh), with his separation of rationality and emotion on this issue? My right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) laid out the facts and we are merely responding to them—the hon. Gentleman has no monopoly on rationality here. Does the Minister recall—*[Interruption.]*

Mr Speaker: Order. The hon. Lady is asking a question and she has referred to a Member who is listening courteously, but a conversation is taking place between two other Members who think that what they have to say to each other is more important than what she is saying to the House. Mr Bridgen, your remarks can wait for another time, man. We are discussing a very sensitive matter. Your thoughts have been heard: let us hear others.

Ms McGovern, please feel free to start again and go through your question. This issue is important, and courteous attentiveness is also important.

Alison McGovern: Thank you, Mr Speaker. I will not detain the House by repeating my entreaties on rationality, but we are talking about the facts. It is a fact that two years ago on 29 January 2014 the Government refused our calls to join the UNHCR scheme for the settlement of refugees, and it took a brave media to change their mind. I simply say to the Minister, "Don't leave it too long again. Open our doors now."

James Brokenshire: The focus of the Government is providing the most appropriate support to the vulnerable. That is why we have established the resettlement scheme and are providing aid assistance in the region. It is about helping the most people possible. We do that most effectively in those areas and through some of the additional funding that I have outlined to the House this afternoon. In all honesty, we are considering the issue carefully, but it is right that we get it right, rather than running to any specific timetable, because of the issues involved and because we are talking about children.

Alex Chalk (Cheltenham) (Con): This is of course an extremely difficult issue, and our hearts go out to the poor children in the Jungle in Calais. But we need to be careful about confusing the clear message of the UK's aid effort that it is in children's best interests to remain in the region, where hundreds of millions of pounds of UK aid is available, and not encourage them into the clutches of evil traffickers who frankly do not care if they live or die.

James Brokenshire: My hon. Friend has made his point concisely and well. It is that risk of the exploitation of people traffickers that we have at the forefront of our minds. Equally, social media is being used to sell false hope and false opportunity, putting lives at risk.

Tom Brake (Carshalton and Wallington) (LD): I thank the seven colleagues from seven different political parties, including the Conservative party, who signed a joint letter to the Prime Minister on this subject. The right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) also signed it. We obviously welcome the fact that the Government are still considering this issue, although we would like them to do so with a greater degree of urgency. If the Government are considering taking the 3,000 children, I hope that they will not suggest that that should happen over five years, because then some of those children would be at risk of freezing to death for the next four years or falling into the hands of traffickers.

CHILDCARE BILL [LORDS] (PROGRAMME) (NO. 2)

Ordered,

That the Order of 25 November 2015 (Childcare Bill [Lords] (Programme)) be varied as follows:

(1) Paragraphs (4) and (5) of the Order shall be omitted.

(2) Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion, at today's sitting, one and a half hours after the commencement of proceedings on the motion for this order.

(3) Proceedings in Legislative Grand Committee and proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion, at today's sitting, three hours after the commencement of proceedings on the motion for this order.—
(*Mr Gyimah.*)

Mr Speaker: As I informed the House on 26 October, before a Report stage begins on a Bill I will seek to identify in advance those changes made in Committee which I would expect to certify, together with any Government amendments tabled for Report stage which, if passed, would be likely to lead me to issue a certificate. My provisional certificate, based on those changes, is available on the "Bills before Parliament" website and in the Vote Office. At the end of the Report stage on a Bill, I am required to consider the Bill, as amended on Report, for certification. As I informed the House on 26 October, I have accepted the advice of the Procedure Committee not, as a rule, to give reasons for decisions on certification during this experimental phase of the new regime. Anybody wishing to make representations to me prior to any decision should send them to the Clerk of Legislation.

Childcare Bill [Lords]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 1

EVALUATION OF THE IMPLEMENTATION OF THE SECTION 1 DUTY

"(1) Within 12 months of this Act coming into force, the Secretary of State must lay before both Houses of Parliament a report containing an evaluation of the impact of discharging the duty under section 1(1) on—

- (a) the supply of childcare places;
- (b) the quality of childcare provision;
- (c) the readiness of children to start school;
- (d) the proportion of parents that are in employment;
- (e) the availability and quality of childcare for disabled children;

(f) the cost of childcare to parents who do not receive free childcare under this Act or Section 7 of the Childcare Act 2006; and

(g) any other related matters, which she considers should be reported.

(2) The report under subsection 1 must also include an assessment of—

(a) administrative obligations on parents wishing to access 30 free hours of childcare a week;

(b) administrative obligations on childcare providers delivering childcare under the Act; and

(c) the adequacy of funding provided to childcare providers delivering childcare under the Act."—(*Jenny Chapman.*)

This new clause would require the Secretary of State to review the impact of providing 30 free hours of childcare a week on the supply of childcare places, the quality of childcare provision, the proportion of parents in employment and other related matters.

Brought up, and read the First time.

5.1 pm

Jenny Chapman (Darlington) (Lab): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

New clause 2—*Attainment and development of children*—

"(1) In discharging the duty under section 1(1), the Secretary of State must have regard to narrowing the attainment and development gap between young children—

- (a) of different genders;
- (b) of different ethnic backgrounds;
- (c) of different socio-economic backgrounds;
- (d) living in different regions; and
- (e) who do and do not have a disability.

(2) Within 12 months of the passing of this Act the Secretary of State must lay before both Houses of Parliament a report containing an evaluation of the impact of discharging the duty under section 1(1) on narrowing the attainment and development gap between young children—

- (a) of different genders;
- (b) of different socio-economic backgrounds;
- (c) of different ethnic backgrounds;
- (d) living in different regions; and
- (e) who do and do not have a disability."

[Mr Speaker]

This new clause would require the Secretary of State, in discharging her duty under this Act, to have regard to the attainment and development gap between different groups of children. The Secretary of State would also have to publish a report on the impact of discharging her duty on such gaps.

Amendment 1, clause 1, page 2, line 8, at end insert—

“(4A) Regulations under subsection (4) must provide for victims of domestic violence who have left paid employment in order to escape such violence to continue to be eligible for 30 hours of free childcare per week under section 1.”

This amendment seeks to ensure that provision is made for people who are suffering domestic violence who leave paid employment in order to escape their situation to continue to receiving 30 hours of free childcare per week.

Amendment 2, page 2, line 8, at end insert—

“(4A) Regulations under subsection (4) must set out in what circumstances a parent or partner who is a student nurse will be considered to meet any conditions relating to paid work.”

This amendment seeks to ensure that provision is made for student nurses to be eligible for 30 hours of childcare per week under this Act.

Jenny Chapman: I spent five years on the shadow Justice team and had to speak to many really quite dreadful Bills. It is a soft landing for me to be greeted by the remaining stages of this Bill, which is, essentially, uncontroversial. We enthusiastically support its aims.

I pay tribute to my hon. Friend the Member for North West Durham (Pat Glass) for her sterling work in challenging the Minister as the Bill made its way through Committee. She is, as everybody here will know, a ferocious champion of quality provision for all children, and she has particular expertise in services for children with disabilities. Having read the *Hansard* record of the debates in Committee, it is obvious how valuable her contributions were. She will be a miss to the shadow Education team, but in her new role she will be a robust champion and defender of Britain's membership of the European Union as we approach the forthcoming referendum, whenever that may be.

New clause 1, tabled in my name and those of my hon. Friends, requires the Government to evaluate the implementation and effectiveness of the Bill, should it become an Act. As well as spending five years on the shadow Justice team, I spent five years serving on the Procedure Committee. In that time, we pondered the value of pre-legislative scrutiny and longed for a position in which Governments consulted meaningfully on their plans. I believe post-legislative scrutiny would be of similar value. The principal problem with the Bill is that it does not do what the Prime Minister claimed it would. During the election campaign—I know those are heady moments for all of us and there are those in my party, too, who occasionally get carried away—the Prime Minister, in one particularly effervescent moment, proclaimed in a press release:

“For families with young children, this is not one issue among many—it is the issue. They're asking ‘How can this work? How can we afford it?’ It shouldn't have to be this way. It is why we already fund 15 hours of free childcare a week to working parents of three and four-year-olds.”

He said:

“I can tell you today we're going further a lot further. We're going to take that free childcare and we're going to double it.”

Nic Dakin (Scunthorpe) (Lab): It's all good stuff.

Jenny Chapman: It's fantastic stuff, isn't it? There is more:

“With a Conservative Government, you will get 30 hours of free childcare a week”.

Marvellous! Had I believed it, I might just have voted for it myself.

The trouble is that thousands of families did believe the Prime Minister when he promised to double the 15 hours of free childcare per week. How disappointed they will be to discover that the promise was false! Even those who dug deep and read the small print will be disappointed. When he made the promise, there was a caveat in the notes at the bottom of the press release: children will get the free childcare only if their parents are working more than eight hours a week. Thousands of families in which both parents worked more than eight hours a week each could plan on that basis, or so they thought—the Bill says nothing about eight hours. The Government now say that both parents must be working at least 16 hours a week, at the minimum wage, or, just to confuse things a bit more, earning above the equivalent earnings of 16 hours per week on the minimum wage but in fewer hours.

The Government, in their spin, misled the public, then they misled families with the detail, and now they are confusing parents and providers with the implementation. That is why I support new clause 1. It is necessary to ensure the Government examine the Bill after its enactment, which could have some serious unintended consequences. The first potential consequence I would like the Government to monitor is the impact on the supply and quality of childcare places.

The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah): All parties at the last general election promised to increase the free entitlement. Labour promised to increase it from 15 hours to 25 hours for working parents. The Conservative party promised to increase it from 15 hours to 30 hours for working parents. Who would she have included or excluded from Labour's definition of working parents?

Jenny Chapman: As I will explain, the problem is with who the Government are excluding. People earning more than the minimum wage but working fewer hours would be entitled to the Minister's 15 additional free hours, whereas someone working 15 hours on the minimum wage will not be entitled to them. If I am wrong, I will gladly let him intervene to correct me.

Mr Gyimah: The hon. Lady mentioned the hon. Member for North West Durham (Pat Glass), who, at the end of the Committee stage, said it was a good Bill and that she could find nothing in it with which to disagree. I hope, in their handover, they had that discussion. The eligibility criteria are very straightforward. Eligibility will be judged on income. If someone is under 25 and earning the national living wage, they will need to earn £107 a week. If they are over 25 and earning the national living wage, which the Government are introducing, the calculation will be the national living wage times the number of hours they can work. It is very straightforward.

Jenny Chapman: Well, I am glad that's as simple as it gets. I said at the outset that I supported the Bill reasonably enthusiastically, but it is a bit arrogant of

the Minister to suggest that it is a perfect Bill and that it has no complexity. As he just demonstrated incredibly well, there is huge complexity. Somebody on low earnings and working fewer than 16 hours a week will not qualify, but someone on higher earnings—

The Exchequer Secretary to the Treasury (Damian Hinds): Universal credit.

Jenny Chapman: The Minister says that universal credit will help improve the system. I venture to suggest that it might well further complicate the situation.

The new clause is designed to ensure that these perceived and anticipated complications do not have unintended consequences. As I have said, I accept that they are unintended, but the Minister would be rather naive to think that these consequences could never occur.

Chloe Smith (Norwich North) (Con): I am extremely grateful to the hon. Lady for giving way, but I struggle somewhat to understand how anything that she has spoken about will be achieved through new clause 1.

Jenny Chapman: Is the hon. Lady looking at the wrong piece of paper? I shall go on to explain what is in new clause 1, and if she listens carefully, she will understand what we are trying to get at.

The new analysis by the House of Commons Library reveals a black hole of £480 million in the funding of this childcare offer. That shortfall represents £470 per child each year for those taking up the full 30 hours of free childcare. Independent research undertaken by research company Ceeda, as commissioned by the Pre-School Learning Alliance, suggests that the Department's funding review has underestimated the cost of delivering childcare. The researchers found that, if funded at the average rate of £4.83 an hour—£4.88 minus the early years pupil premium, which the Department claims is worth 5p an hour—announced by the Government on 25 November, nurseries and pre-schools would face an annual shortfall of £233.70 per child for three and four-year-olds taking up the existing 15-hour entitlement, and £467.40 for those taking up the full 30 hours.

What could be the consequence of that funding gap? Childcare providers will have some difficult choices to make. There is every possibility that in an attempt to make ends meet, the gap will be met through driving down quality, while some providers might leave the market altogether, resulting in less choice for parents and a lack of supply. The Pre-School Learning Alliance warns, rather ominously, that as the existing scheme is significantly underfunded, it is now “crunch time” for the sector. The sector is already in a precarious position, and the Minister needs to reflect on the fact that the Family and Childcare Trust reports that a quarter of local authorities have a shortage of places for children in their existing schemes. There are 40,000 fewer places now than there were in 2010. Given that the Government failed to build capacity in the sector, how are the extra hours going to happen and how does the Minister think providers are going to pay for it? New clause 1 flags up those issues for the Government and asks Ministers to monitor the effect of the new arrangements.

Mr Gyimah: I thank the hon. Lady for being so generous in giving way. The Conservative party promised at the election to increase the average funding rate and it is delivering on that promise. The Labour party did

not promise to increase the hourly rate. If the hon. Lady is arguing that the funding rate is not enough, will she tell us what the Labour party considers to be the right funding rate for the entitlement?

Jenny Chapman: I do wish it was my Bill that we were debating here. I really do, but it is not; it is the Minister's Bill and it is for him to defend it and to argue against my new clause. That is why we are here. This is not a re-run of the election campaign. I am sure we are all glad about that—I know I am!

New clause 1 also asks the Government to evaluate the impact on parental employment and the administrative burdens placed on parents and providers. What parents want, aside from high-quality and affordable provision, is a scheme that is easy to understand and predictable. After someone has had a baby, deciding when to return to work and for how many hours is a difficult and finely balanced choice. Employers and parents need certainty. As parents fret over the balance between work and family life, employers and co-workers also make choices about their hours and staffing. We want those parents who choose to work to be able to do so. Any opacity about eligibility is damaging to take-up of the scheme and harms the confidence that the Government will not move the goalposts once complex family arrangements have been put in place. The proposed scheme, under which someone earning £107 in half a day would be eligible for 30 hours per week of free childcare but someone who works 15 hours a week on the minimum wage is not eligible, will seem bonkers to most people. I therefore urge the Government to do as new clause 1 suggests and monitor the impact of this change, in particular on parental employment patterns.

5.15 pm

It is not just the complexity of the scheme that will put some parents off; so, too, will the potential administration involved in proving they are entitled to the free additional hours. How exactly does the Minister envisage parents will be asked to prove to providers that they are entitled? What about parents working on zero-hours contracts, who have unpredictable hours? We are all aware of the difficulties encountered in the tax credit system when earnings fluctuate. What will happen when a parent is entitled to 30 hours of free childcare, but then their hours dip below the threshold for some reason? Who will be responsible for policing that or putting mistakes right?

I notice that there are provisions in the Bill for HMRC to become involved, as well as tribunals and local authorities, and the Minister has explained previously that he secured £1 million—well done—of emergency funding from the Contingencies Fund to pay for the development of a joint online childcare application checking system, to be devised by HMRC. The Minister says he thinks this system will be simple and straightforward and save parents valuable time. New clause 1 simply asks that the Minister be held to this assertion. We are not asking him not to do it; we just want to hold him to it.

Experience tells us that schemes that are administratively burdensome are open to abuse, deliberately or inadvertently, and are off-putting to potential beneficiaries. So the purpose of new clause 1 is to ensure that these unintended consequences of the Bill—of which the Government have been warned by stakeholders in the sector, not just

by us—are closely monitored, so that steps can be taken to ensure the new measures in no way harm availability or quality and do not place unreasonable burdens on parents or providers.

Mr Gyimah: The hon. Lady raises important questions about parents on zero-hours contracts and how they will be monitored. The first point is that parents on zero-hours contracts are self-employed; they are all entitled to the childcare under this scheme. HMRC will check the income levels, and in the case of the self-employed will know how much they earn over a period of time. In addition, and more importantly, there is a grace period so that if someone falls out of work for a period they will not lose their childcare.

Jenny Chapman: I am, of course, grateful to the Minister for his intervention, but I might just suggest that he will get the opportunity to make his own speech when I have finished, and he might want to answer some of my questions then. I will move on—

Alex Cunningham (Stockton North) (Lab): Will my hon. Friend give way?

Jenny Chapman: I will move on by giving way to my hon. Friend.

Alex Cunningham: I am grateful to my constituency near-neighbour for giving way. I was pleased to serve on the Bill Committee and I have never seen a Minister intervene so often during others' speeches with reassurances such as "the Prime Minister's promise will be fulfilled," or "There will be sufficient quality places," and all manner of other such statements. Would not the Minister be seen to be really reassuring us if he accepted new clause 1 and the scrutiny put down in law?

Jenny Chapman: My hon. Friend makes a good point, and does so very well. We all like a keen and perky and eager Minister, but it would be good if he were more willing to hold himself to account, after the introduction of this Bill, by adopting new clause 1. However, I shall move on to new clause 2.

This new clause, also in my name and that of my hon. Friends, requires the Government to monitor and report on the state of the attainment gap between young children, and it specifies between "different genders", "different ethnic backgrounds", "different socio-economic backgrounds", those living in different parts of the country, and those

"who do and do not have a disability".

Our experience tells us that unless Ministers monitor, and are required to report on, the gap, focus will be lost and equality of opportunity for all young people will never be achieved.

I would like to acknowledge the invaluable work of the Social Mobility and Child Poverty Commission in helping us to prepare new clause 2. I believe that setting up the commission was relatively easy for the Government, but listening to it and acting on what it says seem to be a step too far for them. The new clause would provide an opportunity to put that right in a very small way. The commission states that the Britain we should all aspire to help to build is

"one where opportunities are shared equally and are not dependent on the family you were born into, the place where you live or the school you attend. It is a society where being born poor does not

condemn someone to a lifetime of poverty. Instead it is a society where your progress in life—the job you do, the income you earn, the lifestyle you enjoy—depends on your aptitude and ability, not your background or your birth."

The commission's most recent report warns that Britain is on the verge of becoming a "permanently divided nation", and exposes some of the deep divisions that characterise our country. Those at the top in Britain today look remarkably similar to those who rose to the top 50 years ago. For example, 71% of senior judges, 62% of senior armed forces personnel and 55% of civil service departmental heads attended private schools, compared with just 7% of the general population.

Britain could become the most open, fair and mobile society in the modern world, but the policy and practice of this Government need to change, and that all starts with the early years. All children, whatever their background, should be school-ready by the age of five. However, less than half of the poorest children in England are ready for school by that age, compared with two thirds of the others, and a deep gender divide means that girls from the poorest families do almost as well as boys from the better-off families at that point. The commission has found that,

"efforts to improve the school-readiness of the poorest children are uncoordinated, confused and patchy."

It also comments that,

"the complexity of the childcare funding system is hampering efforts to increase maternal employment."

The commission has some straightforward suggestions for the Government to help to narrow the gap at the age of five. It says that the

"Government should end the strategic vacuum in the early years by introducing two clear, stretching, long-term objectives: to halve the development gap between the poorest children and the rest at age five; and to halve the gap in maternal employment between England and the best-performing nations, both by 2025."

Further, the commission argues in relation to childcare that the Government

"should radically simplify the multiple streams which finance it".

New clause 2 tells the Government that willing the gap in attainment and development of children to narrow is not enough. However, I believe that they have the will to do it. I have heard some of their mutterings and comments, and I believe that they have the will—

Lucy Powell (Manchester Central) (Lab/Co-op): They are not intervening now, though, are they?

Jenny Chapman: No, they are very quiet now.

Willing the ends without the means will cause more resentment and division, rather than less. The new clause would force the Government to assess and report on the gap in development and attainment, which would ensure that progress was measured. Unless that happens, opportunities to intervene will be missed and inequality will be further entrenched.

Mike Kane (Wythenshawe and Sale East) (Lab): My hon. Friend is making an excellent speech. As the equality gap widens in Tory Britain in 2016, is not the most important decision for a young person to choose their parents in the womb if they want to get on in life?

Jenny Chapman: I dread to think what my kids would say to that.

New clause 2 is a modest request, given the scale of the challenge that we face. It is also something that the Government should be doing anyway. The strategy to narrow the gap with properly co-ordinated policies and regular reporting to Parliament is urgently needed. The measures in the Bill have the potential to diminish the supply and quality of childcare, and we want to know that that gap-widening risk will be closely tracked and acted on by the Government.

New clause 2 encourages the Government to do some of the strategic thinking that we need. If it is adopted, the Government would have carefully to track the take-up of the offer among, say, the 40% most disadvantaged, better to understand the reasons for low take-up, and then they can seek to address them. The key to improving the attainment of the poorest children—high quality early education as opposed simply to childcare—is at risk due to the question marks over funding, which is why I encourage the Government to support the new clause. We know that poorer areas have a higher proportion of providers than the maintained sector, mainly pre-schools and children's centres. Those providers face particular capacity challenges, and the National Association of Head Teachers has warned that they are unlikely to be able to deliver the increased hours, as they tend to take just two groups of children—one in the morning and one in the afternoon—and physically do not have the space to double their numbers.

Schools have also tended to cross-subsidise the funding of their early years provision from elsewhere in their budgets to ensure quality. The Government have committed £50 million of new capital funding to help with that, thereby acknowledging that there is a problem, but the figure is unlikely to meet the need and may leave some areas without new provision. All this clause does is seek to ensure that this problem does not result in a widening of the attainment gap.

Alex Cunningham: Does my hon. Friend agree that the Minister could win his place in education history by accepting this new clause, which has some great ideas? He believes that those ideas will narrow the attainment gap, and that everything will work. What has he got to fear from the scrutiny associated with this particular clause?

Jenny Chapman: My hon. Friend makes a good point. Not only would the Minister win his place in the history of education teams in Parliament, but it would be the first time ever in Parliament that a Government accepted a new clause tabled by the Opposition on Report. We can live in hope.

The Institute for Fiscal Studies says:

“We have already stumbled a long way in the dark in this policy area. It is time to stop stumbling, shine a light on the policy landscape, and plot an effective route forward.”

If the Government plan to spend £6 billion a year on childcare by 2019-20, I would argue—and I think that they would, too, if they were in opposition—that the risks of an ill-targeted and inefficient system should not be ignored. New clause 2 asks that the Government turn their head to narrowing the gap in early years attainment, and monitor the impact of their policy on this issue to ensure that the nation's investment is rewarded.

Let me briefly speak to amendment 2, which is a probing amendment and is intended to assess the Government's appetite for supporting a particular

group—in this case, student nurses. This matter arose in Committee, and it is worth flagging up our concern about that particular group and its needs at this time. Members will recall that last week thousands of student nurses and midwives marched through London in protest at plans to scrap training bursaries. Many student nurses already have financial obligations such as mortgages, and many also have children. The Nursing and Midwifery Council requires them to have completed at least 4,600 hours while studying, with half of those in practice. The student nurses work the equivalent of 37 and a half hours a week at least. They work nights, days and weekends. It is very difficult for that particular group to get a part-time job to support dependants while training.

Have the Government made an assessment of the cost of extending the additional entitlement to student nurses with eligible children? I tried to do so, but I do not think that the data exist, so it would be interesting to see whether the Minister has been able to obtain an estimate of the cost. My parents were both nurses, and at the time there were hospital social clubs and a crèche. Obviously that was not recent, but the amendment encourages the Government to work with other Departments to ensure that particular groups—in this case, student nurses—are not disproportionately disadvantaged by a combination of Government policies. I commend new clauses 1 and 2 to the House.

5.30 pm

Mr Gyimah: I am grateful for the opportunity to hold this important debate, and I once again welcome the hon. Member for Darlington (Jenny Chapman) to her position. The amendments that have been tabled raise a number of interesting issues, which I shall deal with in turn. Let me say at the outset, however, that extending the 15 hours to 30 hours is primarily a work incentive. That is why the first 15 hours are universal, but the second 15 hours are based mainly on economic eligibility criteria. In judging and evaluating the impact of the policy we should bear in mind the work incentive.

Jenny Chapman: What the Minister says is correct—that is his intention—but does he accept that in new clause 1 our intention is simply to hold him to that and to assess the success of the Bill in delivering that intention?

Mr Gyimah: The hon. Lady is right to ask the questions. However, I shall resist the new clause, and the main reason is that a number of evaluations, which she has asked for, are under way. There are important programmes, as I shall explain, that focus on reducing the gap between disadvantaged children and other children.

New clause 1 asks us to evaluate the impact of the new entitlement for working parents. That is extremely important and I hope that Members will be reassured to know that we have a very strong evidence base about the impact of free early education entitlements. We know, from studies such as the effective pre-school, primary and secondary education project that early education has a significant impact on child outcomes. Children attending high-quality provision for two or three years before school have a seven or eight-month developmental advantage in literacy compared with their peers.

The Department for Education has commissioned another longitudinal study, if the hon. Member for Darlington will listen: the study of early education and development, which follows 8,000 two-year-olds from

[Mr Gyimah]

across England to the end of key stage 1. It looks at how childcare and early education can help to give children the best start in life and at what is important for high-quality childcare provision. The study is being carried out by NatCen Social Research, working with Frontier Economics, the University of Oxford and 4Children, on behalf of the Department.

Mrs Flick Drummond (Portsmouth South) (Con): Will my hon. Friend congratulate Portsmouth, where children do extremely well in their early years? The chief inspector's report of April 2015 ranked Portsmouth as 12th out of 150 authorities, which is a massive improvement and great for the good development of children, who are entitled to free school meals at the age of five.

Mr Gyimah: My hon. Friend makes a very good point. The quality of early years provision has improved significantly; 85% of early years settings are now rated good or outstanding. The previous Government introduced the common inspection framework for early years education, which has raised the bar and will continue to do so over the course of this Parliament.

Regular surveys commissioned by the Department also provide rich data. These include the childcare and early years provider and parent surveys. The provider survey collects information about childcare and early years providers, including the composition and qualifications of the workforce. The parent survey collects data on parents' use of childcare and early years provision and their views and experiences.

Alex Cunningham: Various groups have raised concerns about capacity and quality of provision and stressed the need, to which the Minister has just referred, to have the best trained people in order to deliver it. They do not accept his reassurances, but the new clause gives him an opportunity to have his achievements measured all together. I know that he says that some of the issues are covered elsewhere in legislation, but this would pull it all together in one big round circle that he could fill in over time. Why does he not just accept the scrutiny that the new clause offers him?

Mr Gyimah: The Government will be spending £6 billion a year from 2019-20 on early years and childcare. The suggestion that we will be doing that without measuring or evaluating it is simply not true. The question is where we carry out this evaluation and whether it needs to sit in primary legislation. Had the hon. Gentleman been listening, he would have heard me explain that we currently have a survey following 8,000 two-year-olds across England, so what he is asking for is already under way. We do not need primary legislation to evaluate the impact of the important investment to achieve very important goals in this sector.

The latest early years foundation stage profile data reveal that an increasing proportion of children are achieving a good level of development at age five—66% in 2015, compared with 52% in 2013. That is an impressive 14.6 percentage point increase over the past two years. I know that there is more we can do to understand the impact of this extended entitlement. However, as drafted, the proposed amendments are not workable. They call for an evaluation of the impact of discharging the Secretary of State's new duty within 12 months of the

Act coming into force, which is far too soon to make any judgment about impact. That would not be adequate time to collect the data, assess the impacts and produce a report.

Melanie Onn (Great Grimsby) (Lab): Many kinship carers of young children are pensioners, so they will not meet the work thresholds to access the 30 hours of free childcare, despite arguably being in greatest need of support and respite. Does the Minister plan to take any steps to address the needs of these unsung carers in our nation?

Mr Gyimah: Every three and four-year-old is entitled to 15 hours of free childcare. The question is who is entitled to the second 15 hours. [Interruption.] If Opposition Members will bear with me, I will answer the question. Lone parents are entitled to it, as are self-employed parents and parents looking after disabled children. I will seek inspiration from the officials' box specifically on kinship carers. But the issue is that everybody gets the first 15 hours if they work, and the second 15 hours is a work incentive. If people are not working, they do not need that amount of childcare.

Alex Cunningham: But that is not the point. Kinship carers are some of the most pressed individuals in our society. They need respite care. The Minister says that there might be 15 hours available, but they need respite care and comprehensive support, perhaps even more than working parents. Surely he should be considering this.

Mr Gyimah: Under the current regime, kinship carers will get three hours of respite care a day for five days of the week. Is the hon. Gentleman seriously arguing that he wants more than three hours of respite care a day? If so, why was that not in the Labour party's manifesto?

Melanie Onn: I thank the Minister for being so generous in giving way. I want to echo the sentiment expressed by my hon. Friend the Member for Stockton North (Alex Cunningham), and reinforce it by pointing out that many kinship carers are pensioners who cannot work and cannot meet their thresholds. When it comes to respite care, children often need additional educational or emotional support, which takes an incredible toll. Those carers are saving the state huge amounts of money, because they are not foster carers.

Mr Gyimah: Again, the hon. Lady has made a very good point. If the children of kinship carers need additional care, the early years pupil premium that was introduced by the Conservative-led Government will ensure, to the tune of £50 million, that any additional educational needs are funded. That is a completely different issue from that of how many hours of childcare are needed.

Melanie Onn: Does the Minister not think that it would be more appropriate for very young children to be in settings where there are mixed social and accessibility needs, so that if they have special educational needs, there is no division between them? Such children will not require access to the additional funding that the Minister has mentioned, but they will need socialisation in those early-years settings.

Mr Gyimah: The hon. Lady is now asking a very different question. If a disadvantaged child has additional educational needs in a mixed setting, there will be additional funding for that child. In response to the

hon. Lady's original question, I can say that a kinship carer who formally takes parental responsibility for a child will be able to access the 30 hours of free childcare.

New clause 1 concerns evaluation. While we are committed to monitoring and collecting data on the impact of the Act, assessing all the issues together would not be feasible, or the most effective way of evaluating the policy. As I have said, the Department has already begun to consider the feasibility of conducting an impact evaluation, and to consider what data would be necessary effectively to monitor the take-up and impact of the new entitlement. I assure Members that the implementation of the extended entitlement will be tested before roll-out. It will be introduced a year early in some areas, from September this year, which will provide an important opportunity to test it and to show that it can be rolled out in a way that meets the needs of working parents. I am pleased to say that local authorities and providers expressed a strong interest in taking part in the early implementation phase, and that the successful candidates will be announced shortly.

Pat Glass (North West Durham) (Lab): When the Minister and I met after the Committee stage, we talked a great deal about how we would implement the entitlement and make it work for the parents of disabled children. The Minister referred to the early implementers, and we talked about how he would measure their success. Has any progress been made? We discussed talking to parents' groups, for instance, to ensure that they could contribute to the early implementation process.

Mr Gyimah: It was a pleasure to meet the hon. Lady in the Department, along with some of my officials, to discuss how we could test the early implementers for children with special educational needs and disabilities. I assure her that that will be at the heart of the process. We will conduct specific research with parents' groups to establish how they access childcare and what challenges they experience during the early implementer phase.

More broadly, the Department and HMRC recently commissioned a feasibility study to consider how best to evaluate the labour and childcare market impacts of both tax-free childcare and the free early education entitlement, both of which policies are aimed at working parents. The study is due to be published in February, and will inform the development of an evaluation framework for both the 30 hours and tax-free childcare.

Chris Davies (Brecon and Radnorshire) (Con): Will people undertaking apprenticeships be eligible for the 30 hours, and what scope is there for the childcare sector to support more apprenticeships themselves?

Mr Gyimah: My hon. Friend makes an excellent point. The eligibility criteria are based on whether a person is under 25 and working 16 hours a week on the minimum wage, so the amount they earn is roughly £107. If an apprentice is earning that, then of course they will be entitled to the free entitlement. I agree that the early years sector can benefit from the huge investment in apprenticeships that this Government are making.

5.45 pm

Simon Hoare (North Dorset) (Con): Although I endorse and support the main thrust of what my hon. Friend is saying, and indeed the Government's agenda, will he

and the Department, and ministerial colleagues, make certain that parents who decide that getting back to work is not for them and prefer to stay at home to look after their children, particularly in the early years, do not feel penalised or ostracised from Government thinking? A number of my constituents have said to me that having taken that decision they feel slightly obligated to take a different one to try to meet different agendas.

Mr Gyimah: My hon. Friend makes a good point about a concern felt by some parents. The first 15 hours is universal, but it is voluntary—parents do not have to take it. The previous Government were very mindful of supporting parents who chose to do something else, so we introduced the marriage tax allowance, which supports those parents. In terms of school readiness, the key thing is that the evidence shows that it is helpful for children to attend an early years setting little and often. The universal part of this offer is 15 hours so that those children do not lose out.

Where a family choose to work because that is right for their family circumstances, it is right that the Government respond to the cry from many parents that childcare is too expensive. That is precisely what this Bill does. Rather than widening divisions in society, as the hon. Member for Darlington suggested, this Bill, by enabling more parents to fulfil their aspirations to work, is helping to narrow the economic gap that she mentioned.

Jenny Chapman: The Minister is making quite a bold assertion about the impact of this measure. He does not know that his Bill will narrow the gap, nor does he know that the most disadvantaged children will be able to benefit from the 15 hours, because in fact they will not.

Mr Gyimah: The early years foundation stage profile data show that the gap is already being narrowed. Economically enabling more parents to work if they want to is a positive thing for us to do for the growth of our economy.

Funding has been mentioned several times. This Government have invested a record amount—more than any other—in the early years entitlement and in childcare more broadly, but we also know that there are inefficiencies in the system. For example, not all the money that is allocated is distributed fairly to different local authorities, and not all of it reaches the frontline. We will therefore engage in a comprehensive package of reform by introducing a national funding formula for the early years so that funding is transparently and fairly matched to need, and fairly distributed between different types of provider in different parts of the country.

Chloe Smith: I welcome the announcement of the funding increase, which is very important as a reassuring message to many providers who sometimes have concerns about what it costs to provide these places. May I urge the Minister to press local authorities to pass as much of this money as possible on to their frontline and to review their own funding formulas where appropriate?

Mr Gyimah: My hon. Friend makes an excellent point. If central Government make the funding available but we do not have an efficient way of distributing the money to the providers on the frontline, we should not be surprised if those providers then say that they are not

[Mr Gyimah]

seeing the increased funding. That is why it sits alongside a package of reforms to ensure that the money reaches the frontline—the providers who are delivering these high-quality places for parents.

The hon. Member for Darlington touched on the attainment gap, and I now want to turn briefly to new clause 2 on the important issue of attainment and development. Let me reassure hon. Members that the Government want all children to have the best possible start in life and the support that will enable them to achieve their potential. We want high-quality early education and childcare for all children, wherever they live and whatever their background.

The early years foundation stage framework sets the standards that all early years providers must meet to ensure that children learn and develop well and are kept healthy and safe. The framework recognises that children develop and learn in different ways and at different rates. It is an inclusive framework that seeks to provide quality and consistency in all early years settings so that every child makes good progress and no child gets left behind.

Our approach is working. As I mentioned earlier, more children are achieving a good level of development. There have also been improvements in provision for disadvantaged children, for whom high-quality childcare can help to mitigate the risk of falling behind early on. For children with eligibility for free school meals, there has been a 6 percentage point increase in the number achieving a good level of development in 2015 compared with 2014. That is the equivalent of an extra 5,800 children with free school meal eligibility achieving a good level of development, which the whole House should welcome. Furthermore, the gender gap has also continued to narrow. Although girls continue to outperform boys, the gap is narrowing—falling from 16.3 percentage points in 2014 to 15.6 percentage points in 2015.

Children with special educational needs and disabilities are also benefiting from our policies. Early years providers must ensure that the necessary arrangements are in place to support children with SEN or disabilities, and providers delivering funded places must have regard to the SEN code of practice. In preparation for that, we will of course meet our duty, under the Equality Act 2010, to consider the potential impact on groups with protected characteristics. We will also undertake the families test and consider the potential impacts on family relationships.

Finally on the new clauses, I will briefly mention the qualification levels of the early years workforce, which have risen in recent years. Continuing this increase is a key aim of the Government's workforce strategy, through the introduction of early years educator qualifications, which are equivalent to A-level standard, and early years initial teacher training.

As far as evaluation is concerned, I hope I have reassured the House that a substantial amount of work is already going on to evaluate all our policies in the early education area. [Interruption.] It is a two-year study. If the Labour Front Benchers had been listening to me, rather than chuntering from a sedentary position, they would know that I have discussed it in detail. We are following 8,000 children from the age of two, and we will publish the study's conclusions.

The hon. Member for Darlington mentioned student nurses and their eligibility for the free entitlement, and I will now turn to amendment 2. The current funding system means that two out of every three people who want to become a nurse are not accepted for training. In 2014, universities were forced to turn down 37,000 nursing applicants. This means that the NHS suffers from a limited supply of nurses, and has to rely on expensive agency nurses and overseas workers. The changes announced by the Chancellor in his autumn statement will place trainee nurses on the same system as all other students, including teachers and doctors. As I outlined in my letter to the hon. Member for North West Durham (Pat Glass), the Department of Health and the Department for Business, Innovation and Skills plan to run a consultation on the detail of the Government's reforms early this year.

Specifically in relation to support with childcare costs from 2017, students can be reimbursed under the student support regulations for up to 85% of their childcare costs—up to a maximum of £155.24 a week when they have one child and up to £266.15 a week when they have two children. The child must be under 15 years of age, or under 17 years of age when they are registered with special educational needs. In addition, students may also be entitled to the means-tested parent learning allowance of up to £1,573. That recognises some of the additional costs that a student incurs from supporting children while training.

I make it clear that, aside from the support available under student support provisions, parent student nurses, along with all parent students, can and will continue to benefit from the existing 15 hours of free early education for all three and four-year-olds. This is a universal entitlement, regardless of whether or not parents are in work. Parent student nurses may also be entitled to 15 hours of free early education for two-year-old children, depending on their circumstances.

I hope I have reassured the House that although student nurses do not qualify for the second 15 hours, other student support programmes, reimbursing them to the tune of 75% of their childcare costs, will achieve the same objective as that of amendment 2. In addition, those entitled to any tax credits would receive support in that way.

I hope my arguments have reassured hon. Members that we care about the robust evaluation of our policies and that it would be inappropriate to evaluate the impact of the policy according to the timescales in the new clauses. We care about children, and no one wants to get this right more than the Government. We put the Bill into the Queen's Speech—the first childcare Bill in a Queen's Speech—and we are determined to get it right. That is why we have put evaluation at the heart of what we are doing. I do not believe that stating that in the Bill in the way drafted in the new clauses—within a year—would actually work.

Jess Phillips (Birmingham, Yardley) (Lab): Although I am not sure Mr Speaker saw me do so, I almost fell over when I tried to catch his eye earlier. As I am doing dry January, I assure hon. Members that it was not for the usual reasons why people fall over in Parliament. In fact, my heel got caught on my bag.

I rise to speak to amendment 1 in my name, which is about victims of domestic violence. I give credit to my hon. Friend the Member for Great Grimsby (Melanie Onn) for finding another vulnerable group in kinship

carers, whose needs may not be well met by the Bill. I would put them in a similar category to the people I am going to talk about. She made some very interesting points. I hope the Minister will take them away and try to understand what it is like for senior citizens to take on children who have been in very traumatic circumstances.

The purpose of the amendment I have tabled is to ask the Government once again to look at the possibility of exempting those fleeing domestic violence from the 16-hour employment threshold. As someone with years of experience working in this field, I know that one of the single biggest barriers to women attending and seeking recovery services is access to childcare. For example it is pretty difficult for a woman to engage in trauma counselling for the repeated rapes she has suffered with a four-year-old running around her feet.

When women flee their homes and seek refuge for them and their children, they are very often forced to give up their jobs as well. That is usually brought about by an anomaly in the benefits system regarding rates of housing benefit in supported accommodation. Similarly, however, many women find that, in order to give up their home and surroundings, they are forced out of work for a period of time, as staying in work becomes totally impossible logistically. A woman who came to my surgery just a few weeks ago—she was living in her car, while her children stayed on relatives' floors—had to give up her job as a care worker once we were able to place her in a refuge. That is not uncommon.

I ask all Conservative Members to imagine for a second leaving all their belongings, shutting the door of their home, and giving up their job and their financial security. Most women I have met do this for the sake of their children, but imagine the effect of that on a three-year-old. There are only so many times they can be convinced that it is just a big adventure before the difficult reality sets in.

Now, this Bill will tell those children that they will lose their place in nursery too. That might be the only consistent thing left in their chaotic lives. I can see that there is confusion among Government Members. If a woman loses her home and her job and is no longer working 16 hours, she will lose the nursery places she had for her children. I just wanted to clear that up. *[Interruption.]* Would a Minister like to intervene? They seem confused.

6 pm

Mr Gyimah: The hon. Lady raised this point in Committee and we debated it extensively. I promised to write to her about the needs of women in refuges. Having looked at the matter, I want to give her an assurance. First, I want to put it on the record that £40 million of extra support is going to women who find themselves in that tragic situation. In terms of childcare, they will get the first 15 hours for their three and four-year-olds, as everyone does. If they are entitled to the extended entitlement and, as a result of their situation, their children have to leave childcare, there will be a grace period of three months, which we have discussed.

Jess Phillips *rose*—

Mr Gyimah: Perhaps I may finish my point. I am happy to look into how we can extend the grace period for this particular group of people, given the very persuasive case the hon. Lady has made.

Jess Phillips: I am delighted at the Minister's—erm—willingness, when it had seemed that those on the Government Front Bench were confused.

Lucy Powell: Commitment.

Jess Phillips: Yes, that is the word I will use. There is now a firm commitment from the Government.

I was about to say that I recognise that the Bill includes a three-month grace period, which I welcome, but that the children will still have to give up their place in the end. I do not need to say that anymore because the Minister has made his commitment. He has recognised that it is laughable that a woman, after escaping violence, would be tickety-boo, back in another property and gainfully employed after just three months. Unfortunately, the reducing availability of social housing for families to move on to means that many women and children live in refuge for much, much longer than three months. The cuts in local authority spending have meant that newly localised social funds, which are there to help such families, have limited women in respect of where they can and cannot move across local authority boundaries. That leaves them stuck in supported accommodation, even if they are ready and safe to move on.

These children need and deserve consistency. I welcome the Minister's intervention because he said that he will give it to them.

Mr Gyimah: I wholeheartedly agree with the hon. Lady that such children need consistency and support. To extend the commitment that I have made, I will meet her to discuss how we can do that. We will be consulting on the grace period and I want to get her input on what we can do for this particular group.

Jess Phillips: I was going to say that, whereas other Departments have shown a clear commitment to taking their role in the fight against domestic violence—the Minister has mentioned the £40 million—I had felt, until now, that the record of the Department for Education, with the constant wrangling over personal, social, health and economic education and healthy relationships education, could be described as woeful. I am delighted that the Minister has proven me wrong. As someone who has masses of experience, I would be delighted to meet him and talk about how this policy will work in practice.

I will say no more on the matter, other than to thank the Minister for his commitment.

Question put, That the clause be read a Second time.

The House divided: Ayes 188, Noes 263.

Division No. 173]

[6.3 pm

AYES

Abbott, Ms Diane	Betts, Mr Clive
Abrahams, Debbie	Blenkinsop, Tom
Alexander, Heidi	Blomfield, Paul
Ali, Rushanara	Bradshaw, rh Mr Ben
Ashworth, Jonathan	Brennan, Kevin
Austin, Ian	Brown, Lyn
Bailey, Mr Adrian	Bryant, Chris
Barron, rh Kevin	Buck, Ms Karen
Beckett, rh Margaret	Burden, Richard
Benn, rh Hilary	Burgon, Richard
Berger, Luciana	Burnham, rh Andy

Butler, Dawn
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carswell, Mr Douglas
 Champion, Sarah
 Chapman, Jenny
 Coaker, Vernon
 Cooper, rh Yvette
 Coyle, Neil
 Crausby, Mr David
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 De Piero, Gloria
 Doughty, Stephen
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Eagle, Ms Angela
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Gardiner, Barry
 Glass, Pat
 Glindon, Mary
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Harman, rh Ms Harriet
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hermon, Lady
 Hillier, Meg
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz

Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McMahan, Jim
 Mearns, Ian
 Miliband, rh Edward
 Morden, Jessica
 Morris, Grahame M.
 Mulholland, Greg
 Murray, Ian
 Nandy, Lisa
 Onn, Melanie
 Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Rimmer, Marie
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Simpson, David
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Starmer, Keir

Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thornberry, Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek

Adams, Nigel
 Aldous, Peter
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barwell, Gavin
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bradley, Karen
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Cairns, Alun
 Carmichael, Neil
 Cartledge, James
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Davies, Byron
 Davies, Chris
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Double, Steve
 Dowden, Oliver

Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Whitehead, Dr Alan
 Wilson, Sammy
 Winterton, rh Dame Rosie
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Holly Lynch

NOES

Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian

Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Jayawardena, Mr Ranil
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Leadsom, Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Pawsey, Mark

Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill

Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William

Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
 Simon Kirby and
 Stephen Barclay

Question accordingly negatived.

New Clause 2

ATTAINMENT AND DEVELOPMENT OF CHILDREN

“(1) In discharging the duty under section 1(1), the Secretary of State must have regard to narrowing the attainment and development gap between young children—

- (a) of different genders;
- (b) of different ethnic backgrounds;
- (c) of different socio-economic backgrounds;
- (d) living in different regions; and
- (e) who do and do not have a disability.

(2) Within 12 months of the passing of this Act the Secretary of State must lay before both Houses of Parliament a report containing an evaluation of the impact of discharging the duty under section 1(1) on narrowing the attainment and development gap between young children—

- (a) of different genders;
- (b) of different socio-economic backgrounds;
- (c) of different ethnic backgrounds;
- (d) living in different regions; and
- (e) who do and do not have a disability.”—(*Jenny Chapman.*)

This new clause would require the Secretary of State, in discharging her duty under this Act, to have regard to the attainment and development gap between different groups of children. The Secretary of State would also have to publish a report on the impact of discharging her duty on such gaps.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House divided: Ayes 185, Noes 265.

Division No. 174]

[6.16 pm

AYES

Abbott, Ms Diane	Coyle, Neil
Abrahams, Debbie	Crausby, Mr David
Alexander, Heidi	Creagh, Mary
Ali, Rushanara	Creasy, Stella
Ashworth, Jonathan	Cruddas, Jon
Austin, Ian	Cryer, John
Bailey, Mr Adrian	Cummins, Judith
Barron, rh Kevin	Cunningham, Alex
Beckett, rh Margaret	Cunningham, Mr Jim
Benn, rh Hilary	Dakin, Nic
Berger, Luciana	Danczuk, Simon
Betts, Mr Clive	David, Wayne
Blenkinsop, Tom	De Piero, Gloria
Blomfield, Paul	Doughty, Stephen
Bradshaw, rh Mr Ben	Dowd, Peter
Brennan, Kevin	Dromey, Jack
Brown, Lyn	Dugher, Michael
Bryant, Chris	Eagle, Ms Angela
Buck, Ms Karen	Efford, Clive
Burden, Richard	Elliott, Julie
Burgon, Richard	Ellman, Mrs Louise
Burnham, rh Andy	Esterson, Bill
Butler, Dawn	Evans, Chris
Campbell, rh Mr Alan	Farrelly, Paul
Campbell, Mr Ronnie	Fitzpatrick, Jim
Champion, Sarah	Fiello, Robert
Chapman, Jenny	Fletcher, Colleen
Coaker, Vernon	Flint, rh Caroline
Cooper, rh Yvette	Flynn, Paul

Fovargue, Yvonne
 Gardiner, Barry
 Glass, Pat
 Glindon, Mary
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Harman, rh Ms Harriet
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hermon, Lady
 Hillier, Meg
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Kyle, Peter
 Lammy, rh Mr David
 Lavery, Ian
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McMahan, Jim
 Mearns, Ian
 Miliband, rh Edward
 Morden, Jessica

Morris, Grahame M.
 Mulholland, Greg
 Murray, Ian
 Nandy, Lisa
 Onn, Melanie
 Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Rimmer, Marie
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Simpson, David
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Starmer, Keir
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thornberry, Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Whitehead, Dr Alan
 Wilson, Sammy
 Winterton, rh Dame Rosie
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:

**Holly Lynch and
 Vicky Foxcroft**

NOES

Adams, Nigel
 Aldous, Peter
 Allen, Heidi

Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline

Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barwell, Gavin
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bradley, Karen
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Cairns, Alun
 Carmichael, Neil
 Carswell, Mr Douglas
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Davies, Byron
 Davies, Chris
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard

Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Jayawardena, Mr Ranil
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Leadsom, Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan

Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette

Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Stephen Barclay and
Simon Kirby

Question accordingly negated.

Mr Speaker: Consideration completed. I will now suspend the House for about five minutes in order to make a decision about certification. The Division bells will be rung two minutes before the House resumes. Following my certification, the Government will be tabling the appropriate consent motion, copies of which will be available shortly in the Vote Office and will be distributed by Doorkeepers.

6.28 pm

Sitting suspended.

6.33 pm

On resuming—

Mr Speaker: I can now inform the House of my decision about certification. For the purposes of Standing Order No. 83L(2), I have certified that clauses 3 and 5 of the Bill relate exclusively to England on matters within devolved legislative competence, as defined in Standing Order No. 83J. For the purposes of Standing Order No. 83L(4), I have certified that amendment 3 to clause 2 made to the Bill in Committee, which is now Clause 1(5) in the Bill as amended, relates to England. Copies of my certificate are available in the Vote Office. Under Standing Order No. 83M, a consent motion is therefore required for the Bill to proceed. Does the Minister intend to move the consent motion?

Mr Gyimah indicated assent.

Mr Speaker: I am grateful to the Minister for the requisite nod. [*Interruption.*] I am quite sure the Minister does know to what he is agreeing.

Mr Gyimah indicated assent.

Mr Speaker: That was a useful lead in to another nod, which the Minister has graciously provided.

The House forthwith resolved itself into the Legislative Grand Committee (England) (Standing Order No. 83M).

[MR LINDSAY HOYLE *in the Chair*]

6.34 pm

The Chairman of Ways and Means (Mr Lindsay Hoyle): I remind the House that although all Members may speak in the debate, only Members representing constituencies in England may vote on the consent motion.

Resolved,

That the Committee consents to the following certified clauses of the Childcare Bill [Lords] and certified amendment made to the Bill:

Clauses certified under Standing Order No. 83L(2) as relating exclusively to England and being within devolved legislative competence

Clauses 3 and 5 of the Bill as amended in Committee (Bill 107);
Amendments certified under Standing Order No. 83L(4) as relating exclusively to England

Amendment 3 made in Committee to Clause 2 of the Bill as introduced (Bill 84), which is Clause 1(5) of the Bill as amended in Committee (Bill 107).—(*Mr Gyimah.*)

The occupant of the Chair left the Chair to report the decision of the Committee (Standing Order No. 83M(6)).

The Deputy Speaker resumed the Chair; decision reported.

Third Reading

6.36 pm

The Secretary of State for Education (Nicky Morgan): I beg to move, That the Bill be now read the Third time.

The Bill clearly demonstrates the Government's commitment to supporting working families. We recognise the barriers that the cost of childcare can pose to parents who want to work, and the Bill seeks to tackle them. By offering working parents an unprecedented

[Nicky Morgan]

30 hours of free childcare, the Bill will give mothers and fathers across the country real choice about how they balance raising their children with their working life. For too long, childcare costs often outweighed the gains of returning to work or working more hours. Policy Exchange's "Time to Care" report, published today, argues that the Bill could be transformational in the lives of working families.

I thank the Opposition for their engagement on the Bill and for supporting the Government to implement our manifesto commitment. I and the Under-Secretary of State for Education, my hon. Friend the hon. Member for East Surrey (Mr Gyimah), who has responsibility for childcare, found the debate on Report both helpful and interesting. I understand the intention behind the amendments discussed this afternoon, and although I share the sentiments, I hope hon. Members were reassured that my Department and others will be managing these issues through other legislation such as the Equality Act 2010 and the Children and Families Act 2014, as well as through other practice and policy.

Lady Hermon (North Down) (Ind): I appreciate the Secretary of State's allowing me to intervene on her. I am curious. The consent motion has just been passed to say that this is an exclusively English measure, but I would like the Secretary of State to take a moment to explain what is in the Government's mind in clause 1(8), which states:

"The Secretary of State may by regulations make provision about the circumstances in which a child is, or is not, in England for the purposes of this section."

If the child were in Northern Ireland and this Bill applies to them, surely it is not exclusively English.

Nicky Morgan: I thank the hon. Lady very much indeed. I think that that is a matter for the authorities. I will happily write to her, but Mr Speaker has certified that the Bill applies to England. My understanding is that it is not a devolved matter, but I am very happy to write to her to provide any clarity she might require.

After Opposition Lords' attempts to delay the Bill—

Lady Hermon: Will the Secretary of State give way?

Nicky Morgan: I will give way briefly but I want to make progress on the substance of the Bill.

Lady Hermon: With the greatest respect, this is a matter of substance in this Bill. I emphasise that I do not wish in any way to challenge the certification by Mr Speaker. He certified clauses 3 and 5 of the Bill as exclusively English. This is a question about clause 1 and a child being in England.

Nicky Morgan: My understanding is that clauses 1 to 5 relate to England only. I am happy to write to the hon. Lady and clarify the point, but this is a matter that Mr Speaker has certified as applying to England.

After attempts to delay the Bill, I am glad that the Labour party has recognised the demands of parents who want to see it become law and to have the opportunity to access the 30 hours entitlement without delay. I am

pleased that amendments to clause 1 which could have set back the implementation of the free entitlement by months have now been removed.

The hon. Member for Manchester Central (Lucy Powell) is on the record as saying that she wants to see our childcare policies become a reality. I hope that she is pleased to see the progress made with the Bill and its speedy implementation, which is due to benefit 390,000 three and four-year-olds.

The importance and impact of quality early education and childcare are beyond dispute, which is why my party has put it at the heart of our agenda for government over the past five years. In that time we have introduced the two-year-old offer, supporting more than 157,000 two-year-olds from disadvantaged backgrounds to access 15 hours a week of quality early education. We have extended the universal three and four-year-old entitlement from 12 hours to 15 hours, with 96% of three and four-year-olds now taking up a place. We have introduced the early years pupil premium to target additional resources at children from disadvantaged backgrounds. We have legislated for tax-free childcare, under which up to 2 million working families can benefit by up to £2,000 per child, per year. We have also increased the direct support for childcare costs under universal credit from 70% to 85% from April this year.

Now we are going even further by doubling the 15 hours entitlement for working parents, which represents a substantial commitment to childcare by the Government. That commitment is backed up by the investment and funding it requires. As the Chancellor announced in the autumn statement, and, as I confirmed straight afterwards on Second Reading, by 2019-20 we will be investing over £1 billion more per year to fund the free entitlements. That includes £300 million for a significant increase in the hourly rate paid to providers, delivering on the commitment the Prime Minister made during the general election campaign.

Those funding levels were directly informed by the review of the costs of providing childcare published on 25 November last year. I am sure that the House will agree that this is a significant piece of research and a sound evidence base on which to ensure that the childcare market is properly funded.

It is worth reiterating to the House that we have been able to make this extra investment only because of the difficult decisions we have taken elsewhere in government as part of our long-term economic plan, a further reminder that we can only have strong public services if we have the strong economy to support them—*[Interruption.]* I shall say it again, shall I? Perhaps it will get a bigger cheer this time. I thank the Opposition Front Bench for inviting me to make the point about our long-term economic plan again—[HON. MEMBERS: "Hear, hear."]

The next stage of our funding reforms will be to ensure that funding is being allocated fairly across the country and that as much as possible is reaching childcare providers on the frontline.

Graham Stuart (Beverley and Holderness) (Con): Does my right hon. Friend agree that one of the greatest achievements of the last five years has been the reduction in the number of workless households? Research shows the scarring, long-term negative effect that that has on

children. This is another step to build on the already strong foundations we have put in place to make sure that fewer children are brought up in workless households, with all the negative results that follow.

Nicky Morgan: I thank my hon. Friend, who is a former Chairman of the Education Committee, and he is absolutely right. At least 300,000 fewer children are living in workless households this year than in 2010. I had a conversation in my constituency on Friday with the local co-ordinator for those at risk of being excluded from school, and he said how much of an impact seeing a parent or parents getting up and going out to work has on children, their work ethic and their ability to think about their work and career choices in the future.

We will consult on the proposals on the early years funding formula in due course. We are lucky to have in this country a thriving childcare market that is well placed to begin delivering the 30 hours entitlement. The market showed with the introduction of the two-year-old offer that it can respond quickly and effectively to deliver increased places and meet parental demand. That is why we have felt able to bring forward by a year the introduction of the extended entitlement for early testing in a series of areas. However we are not complacent about ensuring that sufficient places are available and are taking further steps to build capacity. That includes creating nursery provision as part of new free schools, and an additional £50 million of capital funding to support the creation of early years places for the free entitlement. We are confident that the capital investment, combined with an attractive, increased rate to providers, will also enable them to seek further investment to expand their offer.

We are committed to ensuring that the free entitlements are flexible and can be accessed in a way that fits with parents' working patterns. The early implementation areas will look at ways to encourage different and diverse types of providers to enter the market and will incentivise innovative approaches to providing flexibility in terms of the type and timing of childcare on offer. Alongside that, we are consulting on a new right to request for parents. That right will allow parents to request that their children's school makes their premises available for providers to offer childcare. That will not only ensure that parents who already have children of school age do not have to move their children between different places, but will also lead to an increase in the number of childcare places on offer.

Throughout the passage of the Bill through the House and the other place, there have rightly been lengthy discussions about the issues that matter most to parents—flexibility, quality and access for children with special educational needs and disabilities. I am clear that the Bill and the subsequent roll-out of the extended entitlement will be better because of that scrutiny. Parliament's scrutiny will not end with the Bill: as agreed in Committee, regulations made to support the 30 hours free entitlement will be debated and approved by both Houses on their first use, ahead of early implementation later this year. Ahead of bringing the regulations back to Parliament, my Department will run a full consultation on the regulations and statutory guidance for local authorities. I look forward to engaging with providers, local authorities and parents over this period so that we can be certain we are getting it right and ensure that parents get what they need from this offer.

Before I conclude, let me thank all hon. Members who served on the Bill Committee and all those who provided written evidence. I would also like to take this opportunity to thank the Under-Secretary of State for Education, my hon. Friend the Member for East Surrey (Mr Gyimah), for steering the Bill through the House and his work on the childcare task force to prepare for implementation. I also thank officials in my Department and here in the House for their support.

As I said earlier, the Bill starts with one goal—to help working families with the cost of childcare. I hope that the Bill will now make further progress quickly so that early implementation of 30 hours free childcare can begin and parents across the country can start realising the benefits that this significant offer provides.

6.47 pm

Lucy Powell: I rise to support the Bill on Third Reading.

I welcome my hon. Friend the Member for Darlington (Jenny Chapman) to her new role as our early years spokesperson. She is a passionate campaigner for social mobility, and she has done a brilliant job today on Report, raising several important issues. Of course, I also pay tribute to her predecessor, my hon. Friend the Member for North West Durham (Pat Glass). She did a fantastic job on the Bill in Committee and she will be missed by our team, but she goes on to fight a great cause for this country.

Opposition Members have long campaigned for and supported more investment in childcare. Childcare is an investment in our economic success. More childcare means more opportunities for families and it may begin to reduce the growing gender pay gap. Better childcare can also do a great deal to give all children a better start in life. Far too many women are still priced out of work by the high cost of childcare, particularly those on low and middle incomes. Childcare can help women into work and enable them to work more hours. That is why in government Labour introduced the original 12.5 hours free childcare for all three and four-year-olds. We created the Sure Start centres, massively extended maternity leave, introduced paternity leave and developed the first, and only, 10-year childcare strategy.

Our introduction of free early years education was designed to help to support child development and enable children with disadvantages to attend a high-quality early years setting in an attempt to close the school-readiness gap that is so present by the age of five.

Aside from our specific concerns about the deliverability of the scheme, which I will come on to, there is a larger problem with the Government's approach to childcare: the widening attainment gap between children on free school meals and their peers. The Government seem focused only on the maternal employment needs of childcare—important as they are—while having no vision or action plan for narrowing that gap. My hon. Friend the Member for Darlington made a powerful case, based on the recommendations of the Social Mobility and Child Poverty Commission, for a comprehensive and joined-up approach to early years to address this issue.

It is the job of the Opposition to scrutinise the Government's plans and try to make them better, but the Government have not really listened to many of the points we raised in both Houses. I will give it one last go

[Lucy Powell]

and set out the measures by which we will judge the success or otherwise of the scheme. The detail of the policy and the Government's legislative approach have not been the best. Ministers have failed to give us, parents or the House confidence that their plan to extend free hours is deliverable, affordable and sustainable. Even now, so many months since it was announced, we are none the wiser on how the extra hours and the necessary expansion of places will be found, funded and facilitated.

A key concern about the policy is whether it is adequately funded. There are three key funding issues: whether the overall budget is sufficient; whether the new hourly rate is sustainable; and the scaling back of the eligibility criteria. Before the general election, the Early Years Minister said that Labour's plans to extend free childcare from the current 15 hours to 25 hours would cost an additional £1.5 billion, yet the pledge of 30 hours in the Conservative party manifesto was costed at just £350 million. That was then revised to £650 million, once Ministers returned to the Department. That still leaves a massive funding shortfall, which the Institute for Public Policy Research identified as £1 billion. This gives a whole new meaning to back-of-the-fag-packet policy making and I hope Ministers will be able to provide us with some reassurance on that. An extra £300 million was allocated in the autumn statement to increase by 30 pence the hourly rate paid to providers, less than half of which will go on the new offer. I welcome that, yet even with that review, independent analysis for the Pre-School Learning Alliance shows there is still a £450 million shortfall, over the course of this Parliament, for providers in meeting this offer. I will say more on the consequences of that in a moment.

It seems to me that the Government made all those figures add up by slashing eligibility. We now know that one in three families who were promised more childcare at the election will not get it. Ministers had said that all families in work would gain an extra 15 hours of childcare if they had three and four-year-olds. Their original press release said that this would mean 630,000 three and four-year-olds. That figure has now been slashed to 390,000. Of course, parents earning over £100,000 a year do not need extra help with childcare and we agree it is right to reduce eligibility at the top end. However, the Government have now taken their offer away from many low-paid families at the bottom end of pay scale.

The new offer is intended to support parents returning to work or support them to work more hours. Both parents, or a lone parent, need to work the equivalent of 16 hours a week at the minimum wage to qualify. Those in low-income jobs are more likely to lose out under these eligibility rules. For many parents on the edge of the labour market, short hours, part-time work and zero-hours work are often the first and best route back to work. The Government have cut those parents out and damaged the scheme as a work incentive for them. For example, an investment banker or a lawyer would earn eligibility for the extra hours by working one day a week—or one hour a week, in some cases—whereas someone on the national minimum wage would have to work for 16 hours.

There is an inherent unfairness here. Strivers will be working longer to get free childcare than people higher up the income scale. That is not something that Government

Members should be proud of. The cost of childcare is a big barrier to parents; we know this for a fact. A low-income second earner would have to find an extra eight hours of work to gain from this new benefit. The policy will hit women particularly hard. Gingerbread says that 20,000 lone parents will now lose out.

Another key issue with the Bill is the lack of capacity in the system, and key question marks remain about the sustainability of the scheme. These could lead to a shrinkage in the market and we have not received sufficient reassurance on that. Some 40,000 early years childcare places have disappeared on the Government's watch. To deliver this offer is not as simple as saying that eligible three and four-year-olds will just stay in the same setting for an additional 15 hours in the afternoon. In many cases, the afternoon sessions are full of children who are eligible for the 15-hour offer only. We have seen the problems Ministers have had in expanding provision for two-year-olds, particularly in schools where space is at a premium. With three and four-year-olds, the problems will be greater. Facilities will need kitchens to serve lunch, and some settings currently providing 15 hours will not be able to expand because they are sessional and taken up by other community groups at other times. This is not just about money, albeit the £50 million is welcome; it is about logistics and practicalities.

There are issues, too, in the private and voluntary sector. Many say that offering 30 hours to parents would leave their businesses on the brink of collapse. Currently, many providers are only able to offer the 15 hours free childcare by cross-subsidising with full-paying parents. This is why so many providers say that doubling the free offer to 30 hours a week would make their businesses unsustainable. The Government face a big task in convincing parents that providers will actually offer the extra 15 hours without caveats and in real terms. The overall impact of this market intervention without a proper strategy could lead to an exacerbation of trends that we have already seen over this Parliament and the last—a reduction in childcare places and an increase in cost to parents. For parents not in receipt of free hours, the mix of complicated cross-subsidy and price inflation will mean that the cost of childcare could rocket further. What plan do Ministers have to ensure that that does not happen? We still need reassurance on that.

As my hon. Friend the Member for Darlington so eloquently said on Report, the Government seem to have no strategy for raising quality in childcare, or for reducing the stark gaps in development that exist by the age of five. Indeed, with the decimation of early intervention, early years support services and the virtual disappearance of Sure Start children's centres from our communities, and with family support services impossible to access, the Prime Minister's latest speech, in a long line of speeches, on the importance of family frankly rings hollow.

The Government urgently need to turn their rhetoric into reality. Not only are they not doing enough; it is quite possible, for the reasons outlined this evening, that only focusing on maternal employment drivers could damage the objectives of raising quality and of encouraging disadvantaged families to access high-quality early education. I ask the Secretary of State once again to bring forward a comprehensive long-term strategy for reducing early years inequalities and thereby give a step change to social mobility.

In conclusion, as I have made clear, we support the Bill. We want parents of three and four-year-olds to have an additional 15 hours of free childcare, and for this to be a real offer that helps parents to find and afford childcare, so that they can do well for themselves and their families. I worry, however, that the Government will turn a deaf ear to constructive concerns. I fear Ministers are going in the wrong direction if they continue to ignore the problems this policy could have for the childcare market, and for families if they fail to act. We need a bigger vision for childcare: a system that delivers flexibility, price and stability for parents, while providing the best start for children and closing the developmental gap that already exists in pre-school.

Childcare is too important to get wrong—*[Interruption.]* Would the Minister like to make an intervention? No, he is just chuntering from a sedentary position. As he admits in private, he is concerned about the developmental gap but he has no strategy to deal with it. Childcare is too important to get wrong, yet the Government's piecemeal approach endangers the market and the efficacy of the system. We stand willing to work with the Government to secure a winning approach for parents. We will support the Bill in that spirit, and we will keep a watchful eye on delivery as the scheme progresses.

Question put and agreed to.

Bill accordingly read the Third time and passed, with amendments.

Lady Hermon (North Down) (Ind): On a point of order, Mr Deputy Speaker. I might have misunderstood, but when last autumn we discussed the new certification process for English votes for English laws, it was my understanding that it would be used only rarely. Since the House returned from the Christmas recess, however,

we have used it on the Housing and Planning Bill, on a statutory instrument last week and on the Childcare Bill this evening. Have you, or has the Speaker's Office, had any indication of whether this dreadful procedure will become routine, or will it be used only on rare occasions—all the rare occasions having occurred this month?

Mr Deputy Speaker (Mr Lindsay Hoyle): The trouble is it depends on the Bills. Standing Orders dictate when the procedure is used. We could go a long time without it being used or it could be used every day. I am not sure. The procedures are laid down in Standing Orders, but the hon. Lady has now put her point on the record.

Sir Edward Leigh (Gainsborough) (Con): Further to that point of order, Mr Deputy Speaker.

Mr Deputy Speaker: Sir Edward, are you sure it is a point of order? Last time you promised me it was, but it was not.

Sir Edward Leigh: I am sometimes a bit naughty.

Mr Deputy Speaker: I would not say sometimes.

Sir Edward Leigh: The hon. Lady should not get too worried, because EVEL will not change a single part of a single Bill in this or any other Parliament. There is an overall Conservative majority in this one, and, as all the other parties are opposed to it, if we do not have a majority next time, they will cancel it.

Mr Deputy Speaker: Thank you, Sir Edward, for that non-point of order. I was absolutely correct: you are naughty.

Backbench Business

Central and East Africa

7.1 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): I beg to move,

That this House recognises the importance of stability in Central and East Africa to the security of the United Kingdom; welcomes the Government's continued engagement in the region and commitment to the spending of development aid to ensure good governance and the eradication of corruption and extreme poverty; deplores the use of violence or terror by any party to secure political aims; and calls on the Government to adopt further measures, together with the international community, to prevent civil war and ensure that the rule of law is maintained.

The motion stands in my name and that of my hon. Friend the Member for Stafford (Jeremy Lefroy). In many senses, this debate, which I am grateful to the Backbench Business Committee for having granted, is opportune, but in some respects it has come on extraordinarily quickly, given that it was only asked for last Tuesday. Many Members who would have wished to speak are not here because the International Development Committee is currently in Brussels. I am grateful to my right hon. Friend the Minister for responding to the debate, but, as I understand it, my hon. Friend the Minister for Africa is also currently overseas.

I myself returned from east Africa this morning in something of a hurry. I should record my considerable thanks to the hon. Members who threatened—if I can put it in those terms—to stand in for me, had I not managed to make a rather convoluted journey from Nairobi to Addis Ababa and back to London. In particular, I thank my hon. Friends the Members for Newbury (Richard Benyon), for Aldridge-Brownhills (Wendy Morton) and for Harrow East (Bob Blackman), who, in the absence of my hon. Friend the Member for Stafford, all offered to move the motion if I was not here.

The UK's diplomatic and developmental policies in Africa are a wide topic, which, in one sense, has been made no less wide by limiting the debate to two regions. Although patterns in their experiences can be seen across the continent, the nations of east and central Africa have particular problems that call for consideration in the House. It is important, therefore, that the House has a chance to debate the issues and how the UK's response can best achieve peace and stability not only in the region, but for us.

Everyone in the House knows that Africa is growing, but recent UN estimates have changed how we look at the continent's demography. In 2004, the UN predicted that Africa's population would grow to 2.3 billion by the end of the century, within a global population of 9.1 billion. It now estimates, however, that the global population will in fact be 11.2 billion and that almost all of those extra people will be in Africa. According to the UN, the continent will be home to 4.4 billion people—an increase of 2 billion on its previous estimate.

If the new projections are right, the effect on geopolitics across the world will be huge. It will mean that by the end of this century almost 40% of the world's population will be African. To put it in perspective, that is four times the share of Europe and north America combined and almost the same as the share of Asia. Currently,

Africa has only one of the world's 10 most populous countries, but the UN says that by 2100 it will have five: Nigeria, Tanzania, Niger, Ethiopia and the Democratic Republic of Congo. All of them, of course, feature in the regions being considered today.

Much could change over the next eight decades, and things might be different by the end of the century, but at present none of these countries is either particularly prosperous or has demonstrated incredible stability over the last decades. Even if they make progress, the pressure caused by a quadrupling of their populations will, at best, hinder their efforts to secure that stability and, at worst, derail them entirely. Those pressures will be felt by every country in the region in different ways and at different times.

We and our constituents might ask why that should be a problem for the UK. Even if we set aside the humanitarian and moral considerations, which I know many people in the House and the country do not, we have to understand that this is not just a problem for Africa; it affects our own security, because, if population pressures are not properly dealt with and if African Governments do not embrace stable democracy and tackle corruption, the continent will not move forward, and that will have implications for us. Stable economies are not possible without stable government, and only stable economies can lift people out of the poverty endemic in the region and allow them to live dignified and meaningful lives.

Corruption and political infighting are rife across east and central Africa—indeed, across the entire continent—and if nothing is done to tackle them, things will not only stay the same but get worse.

Sir Edward Leigh (Gainsborough) (Con): One of the advantages of this sort of debate is that it allows us to raise constituency problems. My hon. and learned Friend will know of my constituent, Nicholas Monson, whose son, Alexander Monson, was beaten to death—the evidence is overwhelming—in a police cell in Kenya. Will he encourage the Minister to go on encouraging our high commissioner in Kenya to ensure that justice is done and that Kenya has a proper judicial system? This poor boy lost his life.

Stephen Phillips: As my hon. Friend says, I do know about the case, and I am very happy to encourage the Minister and his colleagues in the Foreign Office to do everything they can to ensure that the Kenyan authorities do everything they can to bring those responsible to justice, not just for the family but for everybody who has sustained some injustice in Kenya or elsewhere in the developing world.

As we have seen on our shores in recent months, another problem caused by increasing populations across Africa is people wanting to travel here in search of a better life. We know from past and present experiences that their numbers are increasing. The House has to grapple with this issue. Ensuring stable development, democracy and politics across east and central Africa is most definitely our problem, because without it we will see more of the sort of migration we have on our shores now.

The region is wide and comprises many states—right hon. and hon. Members will no doubt wish to discuss a number of them—but I want to concentrate on eight.

Four are extremely fragile: Burundi, Chad, the Central African Republic and the Democratic Republic of Congo. The other four are doing rather better but are at risk of instability: Rwanda, Uganda, Tanzania and Kenya. While each nation is perhaps unhappy in its own way—to borrow a phrase—patterns and themes emerge that play out not only regionally but across the continent. We must recognise those themes, some of which I have already highlighted, if we are to play a successful role in helping Africa to develop and thrive, for its benefit and, as I hope I have made clear, ours.

One pattern that emerges strongly when we look at the region is that of democratic process. We all know that elections are extremely important, and we need to continue to encourage democracy whenever we can. When there are problems with the process, they can become a flashpoint for violence and instability, particularly in this part of the world. Multi-party democratic states are touted, where they are set up, as a way of ensuring peace and prosperity for individual nations. When those in charge are seen to be flouting the rules or feathering their own nests, as is sometimes the case, populations understandably react.

A particularly prolific source of violence at the moment stems from the continued attempts of some of those who hold political office to extend constitutional term limits. It happened, for example, in Chad, where the two-term presidential limit was scrapped in 2004 by President Déby, who has now been in charge since 1990 and is expected to win again comfortably in the elections taking place this April. He has a tight grip on power, and it is fair to say that he strives to silence dissenting voices. Amid heightened social tensions and the regional spread of Islamist activism from Boko Haram in Nigeria, Chad will remain vulnerable to destabilisation attempts. We have to be aware that although violence has thus far been minimal, there is a risk of more widespread instability that could give safe haven to armed militias and violent Islamist groups.

An example of the serious instability to which the extension of presidential constitutional time limits and tinkering with them can lead, is currently being played out in Burundi. It began in April last year when President Nkurunziza announced his intention to run for a third term, arguing, as Members know from the debate led by my hon. Friend the Member for Stafford, that he had not reached his constitutional two-term limit because he was appointed rather than elected for his first term. It was a position with which few agreed, but he stayed in office none the less.

While he was out of the country in May, there was a failed army coup, and he was easily re-elected in July. Since then, we have heard a familiar tune, with independent media shut down, opponents murdered and opposition-leaning neighbourhoods raided. Young men are taking up arms in a way that we have not seen since the 1990s, which is extremely concerning for those of us who are old enough to have witnessed the genocide that took place in Rwanda in 1994. In Burundi, of course, there have been attempted assassinations, and we know that security forces have gone from house to house, murdering suspected opposition fighters.

The UN estimates that more than 200,000 Burundians have fled since April, with many going to Rwanda. Rumours are flying that Tutsis forced to leave Burundi will join with their fellow tribesmen in the Rwandan

Government to intervene against the Hutu-dominated Burundian regime. The whole region is therefore something of a flashpoint. Memories of the genocide are all too recent. Thankfully, a descent into out-and-out ethnic violence has so far not happened, but the fears are well placed and widespread, as I know from spending the last three days in Kigali, where, I should make it clear to the House, the better part of team Phillips is currently working for the Government.

Mark Field (Cities of London and Westminster) (Con): Will my hon. and learned Friend give way, albeit not on that last point? My hon. and learned Friend is telling a tale of woe about Burundi. It is perhaps more within the British sphere of influence than Chad, which is part of the more Francophone part of Africa. He is imparting to the House his intimate knowledge of this particular area, but what about the solutions? Many of our fellow citizens will throw their hands in the air, thinking that this is a hopeless case and wondering what we are doing putting yet more money into general budgets for these sorts of nations. Although it is not a view with which I would agree, there is that sense of despair. Does my hon. and learned Friend have any idea how, slowly but surely, we can play our part, along with other UN partners, to ensure that we get a better state of affairs in Burundi and in the wider region?

Stephen Phillips: I am grateful for that intervention. A number of things could be done in the long term, some of which I shall come on to. Deterring the corruption that has been rife in Burundi is one of them. Having proper enforcement of the anti-corruption convention and, indeed, the African Union's convention on preventing and combating corruption would assist not just in Burundi, but elsewhere. Specific things could be done immediately, too.

I would like to commend the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Rochford and Southend East (James Duddridge), who has responsibility for Africa, for travelling to the region just before Christmas and speaking to the Burundian Government about some of the language used, which was reminiscent of the language used prior to the 1994 Rwandan genocide. I am also very pleased to see in his place on the Front Bench the Minister of State, Department for International Development, my right hon. Friend the Member for New Forest West (Mr Swayne). He will know that as a result of the corruption in Burundi, his Department withdrew its support for the Government. One issue that the Government need to look at and consider is restoring that support. Without it, it is fair to say that the UK will have a voice that is less likely to be listened to by the existing Government of Burundi and elsewhere.

Richard Benyon (Newbury) (Con): A number of us were privileged to hear Bill Gates speak earlier today. One thing he said was that, generally speaking, the better off a country is, the more it is inclined towards democracy, good systems of government, health care and everything that flows from it. My right hon. Friend the Member for Cities of London and Westminster (Mark Field) asked about solutions, and clearly one key point is that we should be focused on trying to improve the economic state of these countries and, therefore, the systems of governance that flow from that.

Stephen Phillips: My hon. Friend is absolutely right; I agree with him. Perhaps when the Minister responds to

[Stephen Phillips]

this debate, he will tell us that that is a particular focus of the Government, which I think would be a useful thing for the Government to say.

Mr Andrew Mitchell (Sutton Coldfield) (Con): It is important to clarify the situation in Burundi. Following the bilateral aid review in 2010, Britain ceased to have the very small programme it previously had in Burundi, partly because the costs of running the programme were so great, but secondly because France and Germany had a much bigger stake in the country. Britain—quite rightly, in my view—prioritised its interventions in many of the other countries that my hon. and learned Friend is addressing, in the interest of focusing on those we could most directly affect rather than those we could not affect.

Stephen Phillips: Having made those decisions, my right hon. Friend will know far more about them than anyone else. I do not say that they were bad decisions at the time, but in answer to my right hon. Friend the Member for Cities of London and Westminster (Mark Field), the UK has probably had something of a lesser voice in the counsels of Burundi than might otherwise have been the case. I have made a suggestion—the Minister may be aware of it—that given his ministerial responsibilities, he might like to encourage his counterparts in China, who do have a strong voice in Burundi, to discourage President Nkurunziza from going down the route that he appears to be attempting to go down.

Graham Jones (Hyndburn) (Lab): Does the hon. and learned Gentleman accept that one consideration in withdrawing aid from Burundi, which comes through from speaking to British aid workers in the region, is simply the level of corruption and the inability to deliver an aid programme against that backdrop?

Stephen Phillips: I do accept that. Indeed, extensive corruption and the lack of assurance that the aid was reaching its intended targets were among the reasons I gave to explain why aid was withdrawn from Burundi.

Mary Creagh (Wakefield) (Lab): I congratulate the hon. and learned Gentleman on securing this debate. On my visit to Burundi in 2009, I visited a Save the Children hospital that was helping women who needed Caesarean sections to deliver their babies safely. That was one of the many projects that we funded in country, and it made a real difference in a country where one in five under-fives did not make it to their fifth birthday. I agree that by withdrawing from the country, we have a lesser voice and less influence. I gently say to all hon. Members that what Chad and the Central African Republic have in common is their abject poverty and the fact that they are so-called aid orphans. There are ways to channel aid into those countries through the UN and perhaps through partnering with other Governments. We need to be a bit more flexible in the future.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. It is intended that the opening speech lasts between 10 and 15 minutes. We are running over already and many

Members wish to speak. I know that the hon. and learned Gentleman will want to conclude his speech shortly.

Stephen Phillips: I am grateful for your guidance, Mr Deputy Speaker. The hon. Lady makes a strong point. There is a balance to be struck between deciding whether aid will be displaced and the influence for good that British aid can have.

With your injunction in mind, Mr Deputy Speaker, let me move on to the Democratic Republic of the Congo, which has similar problems. The constitution says that President Joseph Kabila must stand down this year, but many doubt that he will. He has been in charge since his father was assassinated in 2001. DRC has itself been the subject of an appalling civil war in the past and the worry must be that if he does not stand down, and instead seeks to circumvent the constitutional time limits, that will lead to violence and instability in the region.

There is also concern about the ongoing elections in the Central African Republic. Ongoing violence between rival Christian and Muslim armed groups since 2012 has displaced about 1 million people, and countless different militias control various parts of the country. Although the first round of presidential elections last month seems to have gone well and, thankfully, to have passed off peacefully, no winner has emerged yet and it is not entirely clear what is going on in the CAR and what the state of its Government is. It might be suggested that it is something of a tinderbox—some in the print media have said that—and if there is not a smooth run-off vote, that could spark a new round of violence.

The important point is about political stability. Constitutions are there to be observed, and if they are not—if people treat themselves as having a right to govern and to govern for as long as they want—that is detrimental to fragile democracies and is likely to lead to political violence, and runs the risk of leading to civil war. Such civil war is what Rwanda went through in 1994. One of my earliest political memories is of the appalling pictures we saw on our televisions of the genocide, in which approximately 1 million were killed during a period of several months. We must keep those images in mind, because we must try to avoid such a genocide and the political instability that leads to appalling acts of violence against the people of countries in the region, which in turn leads to our having to go into the region and spend British taxpayers' money to try and restore order and stability, and can lead to problems on these shores in terms of economic migration and terrorism.

I said I would speak about eight countries, but with your injunction in mind, Mr Deputy Speaker, although I have spoken only about four or five I will conclude, as I know many Members wish to contribute. I look forward to hearing those contributions and the Minister's position and that of the Opposition in due course.

7.23 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): It is a pleasure to speak in this debate, and I congratulate the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips)—and the hon. Member for Stafford (Jeremy Lefroy), who could not be here this evening, which is a shame—on securing it and enabling us to discuss a wide range of topics.

As the hon. and learned Gentleman has pointed out, the title of the debate could encompass many countries, subjects and themes. I will focus on a few specific issues, on which I would be interested to hear the views of the Government and other Members. I wish to discuss Somaliland, which as many Members will know is of great interest to many of my constituents. Cardiff South and Penarth has a strong tradition of Somalilanders and of a Somaliland community. Secondly, I want to talk about the relationship between the security and development situation there and some of the other less satisfactory examples across central and eastern Africa, and the crucial role the UK can play in responding to them. Thirdly, I want to talk about the Welsh local community contribution to development across the region.

Many hon. Members will know that I have long been a supporter of recognition for Somaliland and Somaliland people. That is a long-stated objective of Somalilanders. There has been a referendum that made that very clear. This is a long, complex, historical situation, which has lasted ever since the 1960 decolonisation when Somaliland declared independence first from the UK—it was a British colony—and then the rest of Somalia took its independence and eventually they came together in one country. There has been a long history of tragic conflict between the different parts of the horn of Africa and particularly in that region, and we have come today to a situation where there is a de facto functioning independent Somaliland which has a strong record of development and growth and of looking after its citizens, and indeed of fostering democracy and a plural political system, which is sadly lacking in many other areas across the region and Africa. I pay tribute to the Government in Somaliland and the work they have done over many years, particularly recently, to foster that, and to the commitment of all Somalilanders, including many in the diaspora, who have made a contribution to that both financially, through political support and by getting engaged in the prospects of their home country.

There have been some very positive developments in recent months. Last year we saw a crucial Somaliland trade and investment conference, which was supported by the UK Government. We saw much interest from business and others in investing in Somaliland and taking part in fruitful trading relationships with it. Positive engagement in that region is where stability and growth and support for wider development is going to come from. That was welcome progress. We have also seen a welcome development here in the UK, with cities such Cardiff and Sheffield, and boroughs such Tower Hamlets in London, recognising Somaliland and that historical relationship between Somaliland and the UK, and fostering those links and taking them forward.

However, we also see the risks. We have obviously seen the insecure situation in the rest of the horn of Africa. We see threats from terror groups such as al-Shabaab. We see the instability caused by refugees fleeing the terrible situation in Yemen, for example, across the Red sea, and other such situations in the region, whether in Eritrea, Djibouti or elsewhere, threatening the stability of a region that does have one beacon of stability within it. It is important to recognise the crucial role the UK Government have played through support from the Royal Marines, through training security forces and preparing them to deal with threats to international security—piracy off the coast, for example—and by

ensuring there are well-resourced and trained security forces there that can respond to threats not only to the stability and security of Somaliland citizens, but to the wider region.

There are two crucial issues that I would be interested in hearing the Minister's comments on. First, elections in Somaliland have been postponed until next year. That is not unusual in Somaliland, but it is important that elections continue and that we continue on that democratic path and ensure the people of Somaliland can have a democratic choice about their future Government. I understand from contact with the Government in recent days that the crucial task of voter registration has started, but I would be interested to hear the Minister's views on what the international community can do to ensure that registration continues and that we have a passage to important presidential and parliamentary elections, and on what we can do to observe and make sure those elections go forward.

Mr Mitchell: There have of course been elections in the past in Somaliland with very close results whereby just a few thousand votes separated the two candidates, and power has transferred peacefully and effectively, so I think the hon. Gentleman will want to make it clear that this present glitch does not besmirch a very considerable record in respect of elections in Somaliland.

Stephen Doughty: The right hon. Gentleman, who knows a lot about this issue, makes a crucial point, and all of us who care about Somaliland want to see that progress and stability continue. It has a vibrant political scene with active political parties. I have met representatives from a number of the different parties in recent weeks and they all want to see this go forward. We must play whatever role we can in ensuring both voter registration and elections go ahead.

Lastly on Somaliland, I want briefly to touch on the talks between Somalia and Somaliland being held under the auspices of the Turkish Government. There were some important high-level talks in Turkey between senior representatives of the Somalia federal Government and its Somaliland counterpart in 2014, and there were various contacts over a series of confidence-building measures and practical issues that could be addressed around aviation and telecommunications and so on. However, there has been a fall-back since those talks, and I would be interested to know the Government's view on the status of the talks and whether they see them as having any value. If not, could other confidence-building activities take place between Somalia and Somaliland, in the light of their very different positions, to encourage contact between the two countries?

The hon. and learned Member for Sleaford and North Hykeham rightly highlighted the wider trends in security and development across eastern and central Africa, and I want briefly to mention a few countries that are of great concern to me and to other hon. Members. We had an excellent Adjournment debate here in the Chamber a couple of months ago on Eritrea, secured by my hon. Friend the Member for Greenwich and Woolwich (Matthew Pennycook). The debate rightly highlighted the grave situation in that country and the many human rights abuses that are occurring there. I know that the Government share those concerns, and I would be interested to hear from the Minister how he sees that situation developing. I am also deeply worried by the activities of Eritrean

[Stephen Doughty]

Government representatives pursuing Eritrean citizens here in the UK for payment of taxes, and for other reasons, in allegedly intimidating ways. We do not want to see those kinds of activities on these shores; they certainly do not contribute to the fostering of good relations between the Eritrean diaspora and the country itself.

Many concerns are also being expressed about the situation in the Central African Republic. The Minister for Africa—the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Rochford and Southend East (James Duddridge), who sadly cannot be with us this evening—answered a question from me recently in which he made it clear that the security situation in the CAR was grave and that outside the capital, Bangui, violence, looting, hostage-taking and human rights abuses continued to occur with relative impunity. These countries do not always make the headlines here or globally, but these matters should be of concern to all of us here in the House as humanitarians and as proponents of development, democracy and good governance around the world. We cannot just pay attention to the countries that make the headlines. If we are concerned about these issues, we should be concerned about them wherever they occur. Similarly, great concern has been expressed about the situation in Chad, and we have also heard at length about the fears about the way in which the situation in Burundi might develop.

All those situations underline the fact that it is crucial that the UK Government continue to pursue a joined-up approach to development, diplomacy and defence and security issues in their relationships with this region. I was pleased to hear the announcement by the Secretary of State for International Development on further investment in fragile and conflict states. I know that the right hon. Member for Sutton Coldfield (Mr Mitchell) also pursued this matter while he was in office. Indeed, it was started under the last Labour Secretary of State for International Development, Douglas Alexander. I worked in the Department at that time, and we certainly felt that it was important to focus on that issue.

We need to be putting more resources into these situations in order to do preventive work, rather than simply responding to conflict. That could include supporting the development of democratic governance, the rights of women and girls, elections and electoral processes, low-level security measures and justice measures. All those things give confidence to populations and enable us to get on to the important issues such as health, education and the wider development that is absolutely crucial. Our development assistance plays a crucial role in that.

Mark Field: The hon. Gentleman makes a good point. I suspect that he would agree that the Government have got it right in this regard and that the new aid strategy is a definite step forward in trying to integrate security, intelligence and defence with what one might call the slightly more traditional aid and international development goals. Does he agree that we have got the balance right in ensuring that roughly 50% the Department's budget goes into those fragile nation areas, rather than repeating what happened in the past, with un-earmarked amounts of money finding their way into more general budgets that could not be properly accounted for?

Stephen Doughty: Yes, I agree with the hon. Gentleman in principle. It is important that we focus on those fragile countries that are affected by conflict, but I would gently make two points. It is important to support Governments directly, albeit with important criteria attached. Unless we support the development of strong governmental systems—for example, in healthcare and education—we will not see the necessary consistency and co-ordination of approach involving the non-governmental and international organisations operating in the country. In this country, it was only through forming the national health service and a unified education system that we were able to make the necessary progress in our own history. So I would not want us to move completely away from providing Governments with support, but it is important that it should be properly scrutinised and accounted for.

It is also important that considerations such as human rights should be taken into account. I remember a particular example that the previous Labour Government were involved with, when the then President of Malawi was proposing to spend an awful lot of money on a presidential jet. It was made very clear that that was not acceptable, and the money was subsequently funnelled through alternative channels to ensure that it got to the people who needed it rather than being used for that sort of corruption.

Mark Field: It is probably fair to say that virtually everyone here in the Chamber tonight is a great supporter of the Government's strategy of allocating 0.7% of GDP to international aid. However, we should also accept that there is probably a silent minority in the House, and a rather less silent majority in the country at large, who do not buy into that idea. Having a strategy along the lines of the one that the Government have put in place will therefore make it easier to sell the idea, not only in our own self-interest but in recognition of the fact that there is a dangerous and uncertain world out there, and that the security and defence aspects of our policy have an important part to play and need to be integrated into our entire development budget.

Stephen Doughty: I agree with the broad point that the hon. Gentleman is making. When I am speaking to my constituents about these matters, I regularly make clear the links between what happens in those countries and what happens on our own streets. We have historic links with those countries, but there have also been tragic occurrences involving, for example, young men from my constituency trying to travel abroad to fight for al-Shabaab and an individual who had studied in Cardiff going to Nigeria to become involved with Boko Haram. What happens in those countries can have a direct and serious impact on what happens on our own streets. It is always been clear to me that development is primarily a moral duty for us, but it is also in our common interest across the piece. It is in our common global interest and in the common national interest of this country, and I am never afraid to make that point.

The hon. Gentleman made an important point about co-ordination across Departments. Again, I agree with that in principle but I have experience of certain figures from certain Departments, such as the Ministry of Defence, looking at the DFID budget with an eagle eye and saying, "Well, you can have so much for this and so much for that." There is sense in having co-ordination

and co-operation, but they should not be seen as a way of hiving off chunks of funding and re-labelling them as something else. I know that those on the Opposition Front Bench will be doing an awful lot to scrutinise these matters and to ensure that we see real co-operation rather than the hiving off of parts of budgets for other purposes.

Nusrat Ghani (Wealden) (Con): Does the hon. Gentleman agree that we do not do enough to tell people when we get things right? One such example is Ethiopia, where the UK's support has reduced child mortality by a quarter, put 4 million more children into primary school and protected almost 8 million people from needing humanitarian food aid. Perhaps if we shared more of those positive stories about getting it right, it would enable people to understand the donations that we make and to appreciate what we are doing overseas.

Stephen Doughty: I absolutely agree with the hon. Lady. Many Members taking part in the debate tonight also put forward that argument. It is crucial that we continue to build confidence in that way. I have seen with my own eyes the impact that UK aid can have not only on helping people directly but on fostering stability, development and security, which in the end benefit the whole of Africa and indeed the whole world.

Mary Creagh: On the question of success stories, may I remind my hon. Friend of the great success of the last Labour Government in setting up the Rwandan revenue collection authority? We sent representatives of HMRC—which has been in the news again today—over to help to design tax collection systems in Rwanda. That £20 million investment by the UK Government has now reaped hundreds of millions of dollars in tax revenues for Rwanda. I suggested a similar scheme to a senior Minister in the South Sudanese Government when I was in that country in 2012 but, to my disappointment, he rejected the offer to help him to set up his own South Sudanese revenue collection authority.

Stephen Doughty: My hon. Friend gives an important example. She makes the wider point that international development matters that affect this country and the rest of the world need to rest across many of our Departments, not just DFID, the Foreign Office and the Ministry of Defence. We need to look at other ways, and other places, in which co-operation can happen.

That leads me neatly to my last point, which is the role of the devolved Administrations in development in eastern and central Africa. I want to take this opportunity to pay tribute to the work of a new partnership that is developing in Wales, the Hub Cymru Africa. It is bringing together the work of Wales Africa Community Links, the Wales for Africa Health Links Network, the Sub-Saharan Advisory Panel, Fair Trade Wales and the Wales International Development Hub. Wales has a strong tradition of internationalism and of caring outside its borders. We have many local and Wales-wide organisations that care deeply about matters of development, human rights, international justice, climate change and so on. The sector in Wales is growing, with more than 350 community groups and micro-organisations working on international development. There is a large fair trade movement, supporting Wales as the first ever fair trade nation, as declared in 2008, and a Welsh Government-supported scheme, which delivers grants to many of those organisations enabling them to take their work forward.

Let me touch on a couple of examples that are relevant to this region of east and central Africa. The Hayaat Women's Trust from Cardiff uses the expertise of Welsh mental health social workers and psychiatrists to provide training for hospital and outreach workers in Somaliland. It offers help in the identification and treatment of serious mental health disorders, depression and stress and post-conflict trauma reactions. Such assistance is particularly important in regions such as Somaliland that have seen serious conflict and human rights abuses in their history, the effects of which may be coming to the fore only now.

SaddleAid, an interesting scheme in Anglesey, has developed inflatable saddles for emergency transport in Ethiopia. Emergency medical facilities can be taken by donkeys or small horses to the most remote areas. It is a very simple and effective way of getting resources out there, and also of transporting pregnant women to the nearest healthcare facility where they might be supported.

Community Carbon Link based in Lampeter is planting half a million trees for Kenyan schools, and it has run grassroots projects in Kenya for more than eight years. Other organisations include PONT, which is well known in Rhondda Cynon Taf, and has had strong links with Mbale in Uganda for the past 10 years. Over that time, it has trained more than 1,000 healthcare workers, supporting a population of nearly 250,000. Many of those organisations, including Hayaat, have a base in my constituency. Another organisation that plays a crucial role is Penarth and District Lesotho Trust, which is based in Penarth in my constituency. Clearly, the UK Government have a role to play, but so too do individual citizens, and I am proud to say that they are playing it.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. Before I call the next speaker, let me say that it might seem as though we have an endless amount of time, but we have eight Members wishing to speak and three Front-Bench speakers, so if we want a fair allocation of time, people need to stick to about 12 minutes, so that we can get everyone in. I call Mr Andrew Mitchell.

7.42 pm

Mr Andrew Mitchell (Sutton Coldfield) (Con): I draw the House's attention to my entry in the Register of Members' Interests. I congratulate my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) on securing this debate today and on his excellent speech, which he must have written in the small hours of the morning at Addis Ababa airport. He certainly launched this debate extremely effectively.

The debate gives us a chance to pay tribute to the outstanding officials and staff from the Foreign Office and the Department for International Development. The DFID officials, whom I had the privilege to lead for some two and a half years, are doing such outstanding work in the area that we are discussing. We should also pay tribute to the many non-governmental organisations and charities that do such dangerous and vital work in desperate parts of the world. We need only to think of the recent injuries and deaths that have afflicted Médecins Sans Frontières to understand why. Our hearts have to go out to all those who have been maimed or worse serving their fellow men and women in a very difficult part of Africa.

[Mr Andrew Mitchell]

This debate is timely. As my hon. Friend the Member for Wealden (Nusrat Ghani) said so eloquently, the scale of the difficulties in this part of the world sometimes mask the scale of our development success. The very great difficulties hide the huge differences that international development can make. Let us be absolutely clear that international development works and that Britain is a key mover and shaker in the deployment of soft power.

British initiatives are being copied all around the world—in America, Australia, throughout Scandinavia, and among UN agencies. Even the European Union is beginning to make some progress in this regard. Let us also be clear that this progress from Britain has happened under both Labour and Conservative Prime Ministers.

Before I come directly to east and central Africa, let me say this: now is the time; we are the generation that can make a colossal difference to these huge discrepancies of opportunity and wealth that exist in our world today, and disfigure it so very greatly. Britain has done extraordinary humanitarian work around the poor and conflicted parts of the world. We think of Syria where Britain's support for Syrian refugees is greater than all the rest of the European Union added together. We think of the way that Britain has managed to help to get children, particularly girls, into school. In 2000, there were 100 million children in our world who could not go to school, because they did not have a school to go to. Today, that number is heading down from 57 million. The Girls Education Challenge Fund was set up to get 1 million girls into school in parts of the world where there was no state structure in which to do it. It encouraged the private sector, humanitarian organisations, charities and philanthropic organisations to join in that project.

We have been leading the way in tackling disease through vaccination. In the previous Parliament, we vaccinated a child in the poor world every two seconds, and saved the life of a child every two minutes from diseases from which, thank goodness, our own children do not suffer. We are on the way to eradicating polio. Today's announcement on malaria—the £500 million going forward to 2020—is an important continuation of a policy that the Chancellor of the Exchequer, as he now is but then was not, announced in 2008 when he said that a Conservative Government would contribute £500 million until the disease was eradicated. He has now extended that promise so that it will last for 12 years.

Britain has taken leadership on family planning. If all countries stick to their promises, we will have, by 2020, reduced by half the number of women in the poor world who want access to contraception and who currently do not have it. There is also the extraordinary success, particularly in the Horn of Africa, in combating HIV/AIDS. With our 0.7% commitment enshrined in law, Britain is clearly continuing to lead the way and putting its money where its mouth is, but the 0.7% spending of taxpayers' money is justifiable only if we show that it is delivering real results so that hard-pressed taxpayers can see that for every pound that they are contributing to the development budget, they are getting 100 pence of delivery on the ground.

All the way across sub-Saharan Africa and central and east Africa, as my hon. and learned Friend the Member for Sleaford and North Hykeham made so clear, poverty and conflict are breeding instability. There is a belt of

misery that is fuelling discontent and anger among very poor people. There is appalling suffering in the Democratic Republic of the Congo, particularly in the east. There are 25 or 28 bands of villains going around terrorising the population. It is a rich irony that some of the poorest people in the world live on top of some of the richest real estate.

In northern Nigeria, where DFID has done such good work, Boko Haram has been destroying the lives of ordinary people, although the position has got far more difficult for it under the new President of Nigeria. In Mali, we have seen the terror that has gripped local people. It is worth noting that Mali produces cotton, but, despite excellent attempts by Britain to try to ease trade distortions—particularly because of the American and EU subsidies—it cannot sell its cotton for a living wage, and that needs to be addressed by the international community.

In the Central African Republic, half of the population is now underfed. It is a real flashpoint, with warnings of Islamic fundamentalism from leading Muslims in the country. I wish to praise the work of Aegis that has done so much good work in Rwanda at combating genocide. I say to the Minister that Aegis may well have something beneficial to say about the disorder in the Central African Republic, although it is of course an area very much in the French zone, and we would be looking for the French and the European Union to use their international development spending to tackle those difficulties.

In Sudan, Britain, Norway and the US have done what they can to deal with the extraordinary number of displaced people, as in the south freedom fighters seek to morph themselves into a Government. In Eritrea, as has already been said in this debate, that migration is fuelling the migration that comes across into Europe. Despite international arbitration, the conflict with Ethiopia is still not yet resolved, which I hope the Minister will mention when he comes to contribute to the debate. I believe that Chris Mullin, when a Minister, and I, when a shadow spokesman, are the only two Members of Parliament to have visited Eritrea in living memory. That benighted country certainly needs to see the benefit of order and development.

In northern Uganda, the Lord's Resistance Army has caused chaos with decades of war. There are huge numbers of jobless youngsters who do not have enough to eat. Voluntary Services Overseas, an outstanding British organisation, has made a significant contribution. We have seen the way in which terrorism, for example, in Kenya, but also in Tunisia and Egypt, destroys tourism, on which those countries rely. It is not an accident that the terrorists make those dispositions. We have heard about Burundi, where there is disorder and death, and hundreds of thousands of refugees. What a contrast to Rwanda next door, which is peaceful and stable, and an extraordinary development partner for Britain. It has lifted 1 million citizens out of poverty in the past four years, and seen great progress. It is a country where, from the top, corruption is stamped out. We know that it will do exactly what it says with the money that it receives from the international community.

Ten years ago, Rwanda could fund only 38% of its budget; today, it funds more than 60%, and it is an example of the progress that can be made. As I have said, it stands in stark contrast with what is happening next

door in Burundi. There is more to do on political and media space, and it has not always been an easy relationship. I shall pass over the extraordinary and wholly wrong imprisonment of the Rwandan director of security under a European arrest warrant issued by Spain last year. We should not forget the essence of this relationship: following the genocide, Britain has been a powerful partner and influencer of the Rwandan Government, and the British people, in their relationship with the Rwandan people, have seen a tremendous growth in security, stability and, increasingly, in prosperity.

Finally, I visited Somalia four times as Secretary of State and saw the way in which Mogadishu—in the past, a beautiful city—had been reduced to rubble, with al-Shabaab rampant. That was a direct danger to the UK, and an example of how conflict not only mars and destroys the lives of the people of Somalia but threatens us on the streets of Britain. Not long ago, there were more British passport holders training in terror camps in Somalia than in Afghanistan or Pakistan. Those people were a direct danger to the UK, but now progress is slowly being made. The African Union Mission in Somalia is much better equipped, and the initiatives launched by the Prime Minister at the London conference in 2012, following the dreadful famine, have been very successful, and have made steady if disjointed progress.

In all those countries, climate change hits the poorest people first and hardest. One reason for the massacres in Darfur—the pastoralists versus the crop growers—was the effect of climate change on crops and the ability of animals to withstand the droughts that are increasing in frequency. Britain has made an important contribution in the area of conflict, which has rightly been described as development in reverse. The key aim of British policy is to stop conflicts starting or, once they have started, to stop them, and once they are over, reconcile people. Much closer relations between development, defence and diplomacy, to which Members have alluded, came about because the coalition Government set up the National Security Council. The decision in the strategic defence and security review in 2010 to spend 30% of the DFID budget on tackling conflict—now increased to 50%—was absolutely right although, as I mentioned to the House, it was pretty hard to find ways of spending 30%, and it may be quite difficult to spend 50%.

The third key limb of all of this is prosperity and boosting economic activity with the transformation of the Commonwealth Development Corporation, which has invested in some of the countries that we have discussed. The poorest people can lift themselves out of poverty if they have a job and are economically active. The fourth thing that Britain has championed is getting girls into school, which is the single most effective way of changing the world, because girls who are educated tend to be economically active. They educate their own children, they have children later, and they understand the opportunities for family planning. They have influence as a result of their education in their family, in their community and, increasingly, as we see in Afghanistan, in national government as well.

There is much to celebrate in the success and effectiveness of British development policy and the real contribution that it has made. Perhaps everyone in the House should do a little more to make that clear to our constituents who I think, in the medium term, can easily be won round to its importance.

7.55 pm

Graham Jones (Hyndburn) (Lab): I congratulate the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) and the hon. Member for Stafford (Jeremy Lefroy) on securing this timely debate, particularly given the situation in Rwanda, on which I shall focus; the fact that this week we are commemorating Genocide Memorial day on 27 January; and the events that continue to take place in the region. It is a pleasure to follow the right hon. Member for Sutton Coldfield (Mr Mitchell), who gave an outstanding speech. He always speaks with honesty and integrity on the region.

Rwanda has long been one of the UK's closest allies in Africa and certainly in east Africa. Since the genocide in 1994, the UK Government have helped Rwanda probably more than any other nation. In the past decade or so, Rwanda has experienced some of the highest economic growth rates anywhere in the world. The World Bank report, "Doing Business 2010", which tracked global business regulation, put Rwanda at the top of the reform table, stating that Kigali had lowered more barriers to investment than anywhere else in the world. When I visited Rwanda, that was certainly the impression I gained.

It is evident that Rwanda has made significant improvements in reducing poverty, as the right hon. Member for Sutton Coldfield said: 1 million children have been lifted out of poverty in the past four years, and a poverty reduction programme has been under way for more than two decades. Partly as a result of UK aid, partly as a result of UK policy in Rwanda and partly because of our bilateral relationship, we have been able to attract other donors. Crucially, we have managed to get that through general budget support to the Rwandan Government, which has been highly effective.

Our own Foreign and Commonwealth Office country advice states:

"President Kagame and the [Rwandan Patriotic Front] have achieved significant advances in poverty reduction and economic development through a strong vision for the transformation of Rwanda following the genocide. Rwanda has significantly lower levels of crime, violence and corruption than other countries in the region."

The report adds:

"Rwanda is an open economy and has achieved impressive economic growth. Between 2001 and 2012 GDP growth averaged 8%".

That contrasts with Burundi, its neighbour, which continues to struggle, with a per capita income that is just 25% of that of Rwandans.

On my two visits to Rwanda, I noticed the number of billboards advertising an anti-corruption hotline. That concurs with the FCO report. FCO country advice is that there is very little corruption in Rwanda due to an ongoing Government commitment to eliminate it. I have personal experience of that, as I was prevented from getting on a flight leaving Rwanda. That was not my fault—due to strict adherence to rules by a junior member of staff, I was not allowed to leave the country.

Today, we find ourselves conflicted on Rwanda, and too easily taken in by those who seek to change Rwanda from the outside and wish to impose the level of democracy that they want, irrespective of the wishes of the people of Rwanda. The recent referendum on an extension of presidential terms is an example. The United States and

[Graham Jones]

European Union warned that the move undermined democratic principles. The US Department of State said in a statement that Washington was “deeply disappointed”, and the US ambassador, Samantha Power stated :

“We expect President Kagame to step down at the end of his term in 2017”.

Sections of the international press followed suit and viewed the referendum as a

“manipulation of democracy to breed a dictatorship.”

All of this threatens to undermine development and stability in Rwanda. This strategy risks emboldening terrorist organisations such as the FDLR militia, which is hiding out on Rwanda’s border and still seeks Hutu power. Its sympathisers, including in Europe, are given credence as a result of these statements. Also, policies on aid are shifted for political purposes, not for a beneficial purposes. It is acknowledged through UK aid’s general budget support that the Rwandan Government have long been one of the best conduits for efficient aid spending. UK aid’s primary purpose is to spend UK taxpayers’ money in a way that is most effective in meeting millennium development targets and reducing long-term poverty.

For Britain, there is a third consequence: our friendship with Rwanda is becoming unnecessarily frayed. International election observers described the referendum as “free and fair”. In my time there, it was abundantly clear to me that Kagame had phenomenal support, in public and in private. He emphasised Africa’s biggest problem as

“a lack of good governance”

and posed the question,

“Why has Africa remained the poorest continent, meaning its people are the poorest, yet the continent is the richest?”

The west is in the paradoxical position of criticising free and fair elections yet denouncing the will of the Rwandan people, 3.7 million of whom—more than 60% of voters—signed the petition to change the part of the constitution limiting the President to two terms. In that vote, 98.3% were in favour of the change. That sounds like a phoney figure, but when I went there and spoke with taxi drivers and ordinary people in private, I found that the level of support for the Government was immense. It is easy to see why: growing incomes and living standards; free education; free healthcare; phenomenal development across the country, often targeting the poorest; and streets that are safe at night. It was also easy to see the fear of a return to Hutu Power. Speaking to recent FDLR militia soldiers, it is worrying that the FDLR seems able to recruit new members and, importantly, that they share the arguments and tone of the opposition against Kagame.

It does the west no good in east Africa, or indeed anywhere, to make over-the-top statements about Rwanda, and I am pleased that the UK Government refrained from such statements on the recent referendum. I was pleased that France and Belgium, as far as I could see, also refrained from direct criticism. For too long their former colonial interests have trumped their international responsibilities in the region. The effect of this 20-year dispute has been not only to strain relations—although I am concerned that the wider European Union was allowed to repeat the criticisms of Rwanda by the United States on the recent referendum—but to destabilise

the politics of the region and the international community and to promote the causes of those who wish to see the current Rwandan Administration fall.

Rwanda has real concerns with Belgium and France, particularly in relation to the genocide, leading to its acceptance within the British-led Commonwealth in 2009. Rwanda has adopted English as the first language in place of French as a result of these tensions. It is important that these politics do not influence or shape our aid commitments through the international media or institutions that wish to influence us. Speaking to officials both in UK aid and in Rwanda, it is clear that this flexibility has helped them achieve remarkable developmental and economic achievements. Sadly, that has now changed due to the politics that comes with aid.

Following the UN report, which I have read, of Rwanda’s involvement in illegal military support in the Democratic Republic of the Congo, supporting the M23 militia, our aid programme was changed away from general budget support towards direct budget support or targeted programmes, reducing the Rwandan Government’s ability to function and deliver services that it had previously delivered. The UN report is considerable and provides plentiful anecdotal evidence against Rwanda, but it lacks documentary evidence—guns, munitions, photos, attributable quotes, dates and times of events are all missing. I have no doubt that Rwanda has engaged against the supporters of Hutu Power in neighbouring countries; they are fearful even today, 20 years on. The threats from the militia still exist, and they see a west that has long had a policy of liberal interventionism in self-defence in its own interests, but that seems to have a hypocritical position.

As a result of the UN report and growing criticism by opponents of Rwanda, in 2012 the UK Government held back £21 million in aid, reversing a decision by the then Secretary of State, the right hon. Member for Sutton Coldfield, who part-authorised the aid payment. It is no surprise that this aid change caused consternation in Kigali. Central Government budget programmes supported by UK aid were put in jeopardy and the trust in donors was eroded. It is seen as an intrusion into sovereignty. UK and western donors would be wise to consider fully the consequences of such changes in aid provision.

Rwanda has been at the forefront of poverty reduction in Africa. It is unusual in that it has a popular and stable Government, which is something we should be mindful of. It is also a close ally of the UK—a special relationship—and we should value that friendship as well as the progress Rwanda has made.

The reason we should value that relationship can be seen in Burundi, which is another country I have had the opportunity to see at first hand. Crossing the border, we noticed the differences immediately. In Rwanda we saw well-dressed people going about their business, walking freely along the road, but that gave way to impoverished Burundians, lacking substantial clothes, often barefoot and hanging about aimlessly along roadsides. Half the population are under the age of 16. Per capita income has fallen to a quarter of that in Rwanda over the past 20 years. Burundi is the fourth poorest country in the world, and the UK and the European Union have stopped providing aid because we cannot guarantee that it will not be lost to corruption. Such instability makes it difficult to find structures to deliver aid.

Burundi has elections that we consider, on paper, to be more democratic than those in Rwanda, but is that a meaningful comparison? Outside of the capital, Bujumbura, it is a country without much structure and with endemic poverty. With the collapse of presidential support, the country is once again on the verge of widespread violence. Hundreds of Burundians have died so far in the disturbances. It is a democracy led by patronage and corruption. Magazine sellers in Kigali can sell anti-Kagame magazines—they do so outside the Milles Collines hotel—and the country has a universal healthcare system, a low level of crime, and free education. By contrast, the people of Burundi have to live in poverty, with little state support and under the dark cloud of sectarian violence and killing.

However noble the aim, Burundi is an example of the west's failure to support or uphold a healthy democracy, despite much effort, and the casualties are some of the poorest people in the world. The comparator with Rwanda should teach us that we should be far more careful in our criticism, for the forces of terror and Hutu Power seek solace and support from our easy criticisms.

8.8 pm

Craig Tracey (North Warwickshire) (Con): I intend to speak well within the time that you have given us as a guideline, Madam Deputy Speaker. It is a pleasure to follow the hon. Member for Hyndburn (Graham Jones). I am very pleased to speak in this important debate, which has been sponsored by the Backbench Business Committee. I congratulate my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) on securing it. He has a deserved reputation for taking a detailed interest in, and having a deep concern for, the situation in central and east Africa.

I will confine my remarks today to one country. It is a country with which our country has an equally deep connection and that, despite its many opportunities, has suffered a troubled history. That country is Kenya. To many British people, Kenya meant safari, “Born Free” and Elsa the lioness. For the older generation, perhaps it means the Mau Mau and the dark episode of the Hola camp. But today it means terrorism and kidnap, al-Shabaab and the terrible attack on a Nairobi shopping mall. Even as recently as 15 January, the Kenyan Government warned that, because of their involvement in attacking terrorists in Somalia, the likelihood of further attacks has only increased.

The battle against terrorism in Kenya has been costly. In a single attack in 2015 on a university college, 140 people were killed. That is why I welcome the steps taken by our own Government to help Kenya to tackle the threat to its stability and realise its potential for future prosperity.

In September 2015, the United Kingdom and Kenya committed themselves to a new defence co-operation agreement, which will significantly boost the defence relationship between our countries. It will enable the United Kingdom to give additional support to Kenya's maritime security, and will ensure the continuation of British military training in the country. That is important to the fitness and readiness of our own servicemen and women to tackle problems on foreign terrain that may threaten us on the streets of our constituencies. The agreement will result in improved military capabilities on both sides, and I congratulate the Foreign Office and the Ministry of Defence on their successful efforts to secure it.

Kevin Foster (Torbay) (Con): My hon. Friend is making some very interesting points. Does he agree that, as I have said a few times myself, international development aims and military capability are not mutually exclusive but work together and complement each other, and that this agreement is a perfect example of that process?

Craig Tracey: I could not agree more. My hon. Friend has put it very well.

A stable Kenya can be a prosperous Kenya. The country has the largest, most diversified and most innovative economy in East Africa. However, that potential is currently not being fulfilled. The number of poor people in Kenya is thought to be constant or growing, owing to low growth and rising inequality. In 2005, 43% of the population were living on under £1 a day. I believe that, while we must of course help Kenya militarily, we must also play our part—because of our long and shared history—in supporting its development economically, as well as in terms of education and training. I am pleased that the Department for International Development has recognised that and is promoting broad-based, sustainable economic development and job creation by improving the investment climate, market development, trade, and access to finance. I am also reassured by the fact that DFID aid is strengthening systems for the delivery of health, education and social protection services.

However, British help must ensure that no one is left behind in the development processes. That includes women and girls, as well as the extreme poor who live in Kenya's arid and semi-arid lands, and refugees from neighbouring countries. If we do not help to stabilise the economy, improve education and offer hope to the most marginalised, we cannot hope that some of them—perhaps many—will not become radicalised, and fall under the spell of Kenya's enemies and ours.

Crucial to winning my constituents' support for these initiatives is a determined effort to stamp out corruption. We cannot expect British taxpayers to support the funding of international projects if they fear that the money they advance will fall not into the hands of those who need it or know how to use it, but into the bank accounts of corrupt officials. Kenya is ranked 136 out of 177 countries on Transparency International's Corruption Perception Index, and impunity remains a key challenge. No significant convictions have arisen for economic crimes, criminal violence or terrorism, despite several corruption scandals, large-scale organised political violence following the 2007 elections, and numerous terrorist attacks. Both the President and the Deputy President have been indicted by the International Criminal Court. While I support the help that we give to Kenya, I ask Ministers to make it absolutely clear to the recipients of aid—and to my constituents in North Warwickshire and Bedfordshire who are helping to pay for it—that we will accept no hint of corruption or money laundering, and that any individual or organisation who is responsible for it will be strongly held to account.

Despite its troubled past and difficult present, Kenya has the opportunity to secure a bright future. Our own Government recognise that, which is why our aid support for Kenya has increased by nearly 50% over the last six years. I hope that we, as Members of Parliament, will recognise it as well, and will ask our Government to continue their work—with the authorities in Nairobi—to bring about stability, transparency and an end to the

[Craig Tracey]

dual threats of poverty and corruption that bedevil Kenya in particular and, sadly, so many central and east African countries in general.

8.14 pm

Stuart Blair Donaldson (West Aberdeenshire and Kincardine) (SNP): I congratulate the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) on securing the debate.

I, too, want to focus on Kenya, a country that I had the privilege of visiting for the first time last year. During my visit, I went to see a number of projects supported by DFID in collaboration with other organisations. They included—please excuse my Swahili—Utu Wema primary school, a school in the middle of one of Nairobi's informal settlements which is funded jointly by DFID and the United States Agency for International Development. Although the school was barely a quarter of the size of the Chamber, there were more than 300 children in attendance. Despite the lack of space, the children seemed to be happy and enjoying their education.

We were also shown an education tool, funded by DFID, called Tusome, which means “Let's read” in Kiswahili. It is an early-grade reading resource for English and Kiswahili, and it provides teachers with real-time resources and teaching tools which they use to support and monitor children's early development. It was good to see at first hand what international development spending can achieve. However, I was acutely aware that what I saw during my visits were good examples, and that not everywhere could be like that.

While I was in Kenya, I also visited a wellness centre in Nakuru. It was run by Hope Worldwide, with support from the Kenyan Red Cross and the Global Fund, and was set up to provide services for Kenya's most at-risk populations, including commercial sex workers, MSM—men who have sex with men—and intravenous drug users. The centre primarily offers HIV prevention services, but we were able to sit in on an MSM peer counselling group session.

As Members may know, existing Kenyan law criminalises same-sex conduct with up to 14 years' imprisonment, so it was with some anxiety for our hosts—the men who were attending the session—that I sat in on that informal session with at least 10 Kenyan Government officials while the men discussed the causes and disadvantages of erectile dysfunction. I commend the bravery of those young men in, first, admitting to being gay—people must refer to themselves as being MSM—and, secondly, taking the opportunity provided by our visit to lecture the Government officials on what more they could be doing to assist the local lesbian, gay, bisexual, transgender and intersex population.

As many Members will know, criminal sanctions against same-sex conduct exacerbate abuse by police and other state agents who subject LGBTI persons to harassment, extortion, arbitrary arrest and detention without charge on trumped-up charges of denial of services, sexual assault, and even rape. Along with members of the all-party parliamentary group on global LGBTI rights, I recently met a Kenyan man who campaigns for justice for LGBTI persons in Kenya. He told us that,

because of the work that he did, he was subject to phone-tapping, interception of mail, and general harassment and intimidation. Given the security concerns outlined by the hon. Member for North Warwickshire (Craig Tracey), one would think that those agencies would have better spending priorities. That demonstrates that, although the hon. Gentleman described Kenya as one of the more stable countries, it still has some distance to travel to protect some of its most vulnerable people.

The 10th of the global goals for sustainable development is the reduction of inequalities. One of its aims is, by 2030, to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic status. That is why it is so important for us to support LGBTI communities in central and east Africa. In their policy paper “Leaving no one behind”, published by DFID on 24 November 2015, the Government pledged to ensure that every person had a fair opportunity in life, no matter who or where they were. People who are the furthest behind, who have the least opportunity and who are the most excluded will be prioritised. Every person counts. Specifically, the Under-Secretary of State for International Development, Baroness Verma, said in a written answer that the Government

“will prioritise the interests of the world's most vulnerable and disadvantaged people including lesbian, gay, bisexual, transgender and intersex (LGBTI) people.”

Along with, I am sure, many Members on both sides of the House, I shall wait with interest to see what support and protection the Government will give LGBTI people in Kenya, in Africa as a whole, and around the world.

8.19 pm

Victoria Prentis (Banbury) (Con): It is a pleasure to follow so many interesting and wide-ranging speeches and to take part in this debate secured by my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips), who ranged widely both geographically and over the issues in central and east Africa. I look forward to other opportunities for him to tell us about the countries he was not able to reach in his speech this evening.

Westminster Group, a British-based but internationally focused security group, has its headquarters in my constituency. The company is active in many parts of east Africa in providing security and safety services and solutions: its aim is to protect people, assets and infrastructure. It tells me that east Africa is a paradox. It is a region that has experienced impressive economic growth over the past decade, and yet one of the most high-conflict areas in the world. There is fighting across the region, with no-go areas for travellers, particularly westerners, in large areas of Sudan, South Sudan, Somalia, Eritrea, and Ethiopia. Piracy is a major worry in the Gulf of Aden and the Indian ocean. Widespread corruption and poor governance hold these countries and their people in a state of poverty, and, as we have heard, this fuels insurgency.

I would like, if I may, to focus on just one country in the region that nobody has yet touched on—South Sudan. It is a country with which Britain has old connections, but is also one of the very newest countries on our maps. It faces some of the oldest problems that have afflicted

Africa. Since independence from Sudan, which it was given on 9 July 2011, South Sudan has struggled with enormous developmental challenges. Decades of war have left a legacy of chronic poverty, inequality, and limited capacity in infrastructure.

The first part of 2013 saw some initial progress, but this was soon reversed by the outbreak of yet more conflict. Since the start of the violence, thousands of people have been killed. Over 1 million have fled their homes, including to neighbouring countries. Despite the signing of a ceasefire, fighting has continued, and by April 2014, 4.9 million people were in urgent need of humanitarian aid. Despite the internationally mediated peace deal signed by President Salva Kiir in August last year, under which another rebel leader was returned as his vice-president, there have been continued delays in the formation of the transitional Government of national unity. My predecessor as Member for Banbury, who knows the area very well, spoke at length about this almost two years ago. It is very sad that so little progress has been made in the intervening period. There continue to be breaches of the ceasefire in the states of Unity and Upper Nile.

Just before I came into the Chamber to speak, I was told that the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Rochford and Southend East (James Duddridge), has today landed in Juba where, we hope, he will assist in the production of a new peace deal. I am sure that all Members of this House join me in wishing him and the people he is working with all the best in the next few days. [HON. MEMBERS: "Hear, hear."]

One issue for humanitarian relief is that access is poor in many areas of South Sudan. As a result, almost 4 million people are facing severe food shortages—an 80% increase on this time last year. South Sudan is one area of the world where, because of instability, food production has actually fallen in the past 50 years. Starvation is endemic across the country, especially in the beleaguered Unity state. Like many Members, I am proud that the United Kingdom is playing a leading role in the humanitarian response to the current instability in South Sudan. We are the second largest bilateral donor. In 2014, we were one of the largest donors to the UN humanitarian appeal, which helped to avert famine and ensured that 3.5 million of the South Sudanese people were reached with life-saving assistance. We are obviously determined to do our bit to meet the challenge, but limited access for humanitarian workers, particularly in Unity state, has increased the problem of famine.

I hope that despite these challenges the Department for International Development, along with other parts of Government, will continue to look for ways in which we can help this area. If we do not, I fear that radicalisation and terrorism will grow, increasing the threat to the entire region and ultimately to us all. To secure long-term stability, it is important that South Sudan develops its infrastructure. Last year, the Prime Minister offered military engineering expertise to the South Sudanese Government to help with building bridges, roads and other key pieces of infrastructure.

This is also an opportunity for British businesses to link trade to aid to help stabilise the country. I would welcome assurances from the Minister that he will encourage UK Trade & Investment, our trade Ministers

and our diplomatic teams to pay a great deal of attention to South Sudan. I wonder whether there might be some benefit to liaising closely with Africa House in London to see how British employers can better do business in the region. My hon. Friend the Member for Tewkesbury (Mr Robertson) runs Westminster Africa Business Group, which looks at how closer links could be forged. Let us hope that the new chapter in the history of South Sudan is a more productive one.

8.25 pm

Wendy Morton (Aldridge-Brownhills) (Con): I congratulate my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) on securing this important debate, as well as my hon. Friend the Member for Stafford (Jeremy Lefroy), who is sadly unable to join us, and I welcome the opportunity to speak in it.

Many Members have spoken about various countries in the African region. My hon. Friend the Member for North Warwickshire (Craig Tracey) made some interesting points about Kenya and the need to tackle corruption—something that is important to us all, and to our constituents. I want to touch on the two countries that I have visited most in Africa—there are hon. Friends in the House with whom I have visited them—which are Rwanda and Burundi. I first travelled to Rwanda about 10 years ago, on my first ever trip to central Africa. Over the years, I have gone back regularly, and I have been incredibly impressed and moved by two things. The first is the friendships that I have developed there and the way that people have shared with me their experiences of the terrible genocide 20 years ago. With that memory, we must ensure that we never let that happen again.

Secondly, I have noticed the huge steps forward that have been made in Rwanda in infrastructure development. On my first visit, travelling down towards the border with Burundi was incredibly difficult. The route was literally a red dirt track, which, over the years, has developed. Economic development has gone at a tremendous pace, as has education, as other Members have said. I have seen many examples of the work that DFID has done there, as well as the FCO and the many NGOs and civil society groups. I have seen how people have expanded the country's economic development way beyond gorilla tourism, tea and coffee. I have been fortunate to have the opportunity to meet many small entrepreneurs—people who have been given a chance, a hope, and a lot of support. The British Government and DFID have a very long and proud history of working not just in Rwanda, but in many other countries.

More recently, I was able to travel to Burundi, which has also been deeply affected by conflict. As the hon. Member for Hyndburn (Graham Jones) said, there is a huge contrast between Burundi and Rwanda in terms of development. I, too, took that away from my visit. For me, the main message is the reminder that stability and peace really matter—not only for the countries I have visited and about which I am speaking tonight, but for the whole region and indeed way beyond it.

The region has a history of instability and fighting. We have heard many examples of the ongoing issues. I find it particularly worrying to hear reports of the deepening political, humanitarian and security crisis unfolding in Burundi. I believe that more than 200,000 have fled the country to the neighbouring countries of

[Wendy Morton]

Tanzania, Rwanda, Uganda and the Democratic Republic of the Congo. Not only is there a deepening political crisis, but a deepening refugee crisis.

Graham Jones: The hon. Lady makes a very good point. Will she respond to this point, which I nearly mentioned, but wanted to raise? The stability in Rwanda enables it to supply forces to the African Union—I believe its forces are operating in four other countries with the African Union—and bringing such stability must be welcome.

Wendy Morton: When it comes to the region, the role of the African Union must be recognised, as should the strength that comes from countries working together. It is not only about Rwanda. To take the example of Burundi, its peacekeeping force has been doing worthy work in Somalia. This is about working with the region for the benefit of the region and way beyond it.

Mr Mitchell: It is worth adding to my hon. Friend's point, in connection with the intervention by the hon. Member for Hyndburn (Graham Jones), that when what George Bush described as genocide was taking place in Darfur, the first country to offer troops for an AU force was Rwanda, because those living there knew what had happened to them and they wanted to stop that happening to those living in Darfur.

Wendy Morton: I am grateful to my right hon. Friend, who always speaks with such knowledge on matters concerning Rwanda and, indeed, Africa. Conflict rarely stops at international borders—refugees do not stop at a border—so when there is instability and insecurity, the worry is that that will spill over into a much wider area.

Kevin Foster: My hon. Friend is making an interesting point. As we regularly see on our TV screens, the focus is on the issues in the Mediterranean, but does she agree that the long-term solution is about tackling the causes of poverty and conflict in sub-Saharan and central Africa? That is what prompts people to start on the journey through the Sahara, where many of them die even before getting to the Libyan coast.

Wendy Morton: My hon. Friend makes a very interesting and valid point. I was about to move on to the issue of migration and to talk a little about refugees. We are hearing and seeing—as well as holding such discussions in the Chamber—many debates about economic migrants, asylum seekers and refugees, and about the movement of people across Europe. It is even more important that we tackle the root causes and do what we can to maintain stability in the home country. That means that democracy is a crucial element in development. Strengthening global security also matters, as does corruption, which we have already discussed this evening.

To bring my short contribution to a conclusion, I want to thank my hon. and learned Friend the Member for Sleaford and North Hykeham for bringing this debate to the Chamber because it is important to remember and keep in our minds Burundi, Rwanda and the whole of the region. It is sometimes very easy to think about different parts of the world, which are also important, but there are ongoing issues in many such countries and

the countries of the region need us to keep them in mind. We must ensure that the Government's diplomatic and humanitarian actions continue, and that we keep the focus on such countries. I will listen carefully to what I am sure will be an interesting update from the Minister.

8.33 pm

Bob Blackman (Harrow East) (Con): It is a pleasure to follow such a knowledgeable and thoughtful speech by my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton). I am deeply grateful to my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) not only for securing this debate, but for ensuring that he arrived to lead it. I had several contacts from his office today desperately asking me to take his place if he did not make it in time. His presence allows me to concentrate on the areas that I want to speak about, rather than speaking generally about the whole of central and east Africa.

One of the beauties of representing a constituency such as mine is that we have diasporas from every country in the world. We have one very strong diaspora that emanates from east Africa. I refer, of course, to the so-called Ugandan Asians, who were forced out of their homes in the 1970s by the evil dictator Idi Amin. Of the 45,000 people who were given literally two days' notice to leave, 28,000 settled here, some in Leicester, but most in Harrow and Wembley in north-west London.

Stephen Doughty: I want briefly to make the point that a significant part of that community settled in my constituency in Grangetown in south Cardiff. They have made a huge contribution, as I am sure they have to the hon. Gentleman's community.

Bob Blackman: I note the contribution that the diaspora has made right across the UK, but it settled predominantly in Leicester and north-west London.

Uganda's loss was Britain's gain. We have gained tremendously in the fields of politics and business, and every other field one can imagine. The people who ran the economy in Uganda came here and built a life and built businesses. The benefits that that section of the community has brought are testimony to its hard work.

People have come to this country not just from Uganda, but from Kenya and Tanzania. That gives us a tremendous advantage, because people who not only lived in those countries but worked in them now live in this country. They want to give something back to the countries where they were born, where their families grew up and where they have deep roots. Across those nations, there are various different issues.

Uganda seems to be progressing quite well under President Museveni. He has provided stability, helped spread prosperity and given Uganda an increased role in regional affairs. The economy in Uganda is growing by about 5% a year. There is an opportunity to diversify the economy, expand education and invest in infrastructure. The forthcoming elections on 18 February will show how the Ugandan people are participating in democracy and how they feel the country is progressing.

In Kenya, the situation is much more of a mixed bag. There will be elections next year in about 18 months. President Kenyatta won in 2013 in an alliance with

William Ruto, who has since been arraigned at the International Criminal Court for instigating violence in 2007. There are concerns about corruption. President Kenyatta recently said that corruption posed a threat to national security after the main Opposition party claimed that the Government could not account for almost half of last year's eurobond sale. There are pressures on the public finances and I understand that the fiscal deficit is at 9% of GDP. The Government recently secured a syndicated loan for infrastructure projects in November and a loan from China for the extension of the standard gauge railway in December. However, the Government remain relatively popular. We recently had a delegation of Kenyan MPs here in Parliament who were very upbeat about their future, while making clear the need to tackle corruption.

In Tanzania, following the presidential elections in October 2015, the new President, John "The Bulldozer" Magufuli, has proved popular domestically, but is causing tensions in the region. In 2014, many donors suspended aid to Tanzania following a scandal in which \$100 million went missing. I would be grateful for an update from the Minister on the current position. Tanzania languishes in the bottom third of Transparency International's corruption index. Despite Tanzania having abundant natural resources and being the second largest aid recipient in sub-Saharan Africa, poverty remains endemic, with 70% of the population living on less than \$2 a day. The new President has undertaken a war on corruption and wasteful government spending.

Stuart Blair Donaldson: Does the hon. Gentleman agree that one way to tackle corruption is through transparency of data? For example, if communities know how much money they are supposed to be getting and what it is supposed to be paying for, that is one way to put pressure on those who are guilty of corruption to stop engaging in it.

Bob Blackman: The UK has been a champion in that regard, with DFID leading the way. One thing that Members from all parts of the House have done is to ensure on all visits that DFID funding is spent in the best way possible, so that it is clear that the 0.7% of GDP that we are spending is ensuring improvements to people's lives.

If I may continue on the problems that Tanzania is facing, the country intends to become a major gas exporter, but that has been disrupted by the announcement of a 12.5% royalty for onshore oil and gas production. Echoes of the Idi Amin regime have resurfaced with Operation Timua Wageni, a Government directive that foreigners working illegally should leave their jobs with immediate effect to make way for local workers. This has been particularly poorly received in Kenya and threatens previously strong East Africa Community co-operation, as Kenyan residents make up the majority of foreign workers in Tanzania. Co-operation has been further hampered by the cancellation of a regional conference for port managers in eastern and southern African in Dar es Salaam, following a shake-up of the management of the Tanzanian ports authority by President Magufuli. However, Tanzania's growth prospects are robust, with GDP predicted to expand by 6.8% this year.

We have an opportunity not just to provide aid but to trade with Africa, which will clearly be the route out of poverty for many of the African states. Although some

of the economic boom in Africa is slowing down, parts of east and central Africa have among the fastest growth rates in the world. If we are to increase our exports and reduce our balance of payments deficit, it is vital that we build Britain's presence in these emerging economies, and in east Africa we have a built-in advantage. Not only is English the language of choice, but our reputation as traders and the high-quality image of our goods and services help us to gain an advantage over our competitors. Yet for decades our approach to Africa has been driven by aid rather than trade. We need to change that, both in business and in Government. We have failed to acknowledge the huge strides that Africa has made. Our competitors have not been so slow. We are losing out to rivals such as China because of our failure to recognise the change.

I am therefore delighted that my good friend and colleague in the other place, Lord Popat, has this week been appointed as our trade envoy to Uganda and Rwanda. This is part of the Prime Minister's new approach to exports, and it is a very welcome development. Trade envoys can play a vital part in bringing together different Departments and should be encouraged, particularly when, like Lord Popat, they have strong connections to the Governments and businesses in a region. I urge my right hon. Friend the Minister to lay out a policy and a strategy to increase UKTI's presence to include every African country in the lifetime of this Parliament, so that we can emphasise the importance of trading with countries that are developing and open up the opportunities for British industry and British people to export, but also enable those countries to trade and grow their economies, rather than being dependent on foreign aid.

8.44 pm

Patrick Grady (Glasgow North) (SNP): I congratulate the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) on securing this debate. The wide range of contributions that we have heard today may have stretched the definition of the region of east and central Africa, but the United Nations' definition—I looked this up in advance—of sub-regions of eastern and middle Africa encompass more than 20 countries—from Chad, Cameroon and South Sudan in the north to Malawi, Zambia and Zimbabwe in the south—and between us we have covered just about everywhere in between. I shall focus on a couple of countries in particular and reflect on some of the themes that we have heard from the Members who have spoken.

Eritrea was mentioned. It has one of the worst human rights records on the continent. It has been described as the North Korea of Africa. As has been said, the hon. Member for Greenwich and Woolwich (Matthew Pennycook) led a very useful Adjournment debate before Christmas on the situation in Eritrea, and I know that there are ongoing efforts to establish an all-party parliamentary group, so it would be useful to hear from the Minister what recent representations have been made to the Eritrean Government about their continued use of indefinite conscription and the detention without trial of human rights campaigners, and what discussions he has had with the Home Office about the treatment of refugees from Eritrea here in the United Kingdom. I have heard from constituents and campaign groups that the current Home Office assessment guidance is totally unsuitable. People are being returned to a country where

[Patrick Grady]

the Foreign and Commonwealth Office itself advises against travel to areas within 25 km of the Ethiopian border.

Irrespective of UK citizens travelling to Africa, many citizens from central Africa wish to travel here, not to stay, claim asylum or soak up benefits, but simply to visit family and friends, to promote business or to promote human rights and good governance. Too often, we hear stories of visa applications being knocked back, or application processes being beyond the reach of many citizens in countries with poor infrastructure. What discussions has the Minister had with the Home Office on that matter?

The broader issue of population movement and displacement has been a theme of this debate. It demonstrates how very few crises are contained within one set of borders, particularly when the borders are the result of a colonial or post-colonial dividing up of the map, rather than any democratic or consultative process. This is particularly true of the discussions that have been held about the situation in Burundi and the close link that exists with the previous situation in Rwanda. Hon. Members have emphasised the contrast that now exists between the two.

I declare an interest, as Members might have heard me do before. I worked for SCIAF, the Scottish Catholic International Aid Fund, which has projects in Burundi. I have heard stories of beneficiaries and partners who are subject to fear, restricted freedom of movement and of the economic impact of the violence on them. SCIAF is part of the global Caritas Internationalis family, which estimates that at least 400 people and probably more have been killed since April, 3,500 have been arrested and 220,000 have fled to neighbouring countries which, as we have heard throughout the debate, increases pressure within those societies. In addition, there are many internally displaced people.

The warnings about Burundi from Zeid Ra'ad Al Hussein, the UN High Commissioner for Human Rights, are stark: "all alarm signals flashing red," he has said. Hundreds are dead as a result of political violence in recent months, and there have been reports of sexual and gender-based violence and, most worryingly of all, reports of systemic ethnic targeting that are far too reminiscent of the genocide in Rwanda and the previous civil war in Burundi. We cannot, and must not, stand by and allow this to happen again. Later this week we mark Holocaust Memorial Day, and this year's theme is exactly that—not to stand by, but rather to learn the lessons of the past, speak out and never again permit genocide to happen.

The Government of Burundi have international obligations to protect their citizens, and the international community has a role in preventing violence and any degeneration of the situation. It would be interesting to know what role the Minister sees the UK Government playing to support international efforts to end the cycle of violence in Burundi. What steps are the Government taking to support a humanitarian response and the protection of humanitarian organisations already on the ground? In particular, what role do the Government see for the African Union? The hon. Members for Aldridge-Brownhills (Wendy Morton) and for Hyndburn (Graham Jones) both touched on this. Are the Government,

for example, prepared to back the African Union diplomatically if it decides to send in peacekeepers, even without the invitation of the Burundian Government? This is an important moment for the African Union to demonstrate its authority and mandate, and not only to try to resolve the situation in Burundi, but to send a message to the rest of continent about the role it intends to play in supporting development, peace and stability.

Civil society has a hugely important role to play in Burundi and across the region. Strong civil societies that can hold Governments to account ought to be—and must become—an alternative to violent protests that can spin out of control. Front-line civil society organisations play an important role protecting or supporting some of the poorest and most vulnerable people in their societies.

One of the poorest and most vulnerable societies not only in the region but in the entire world is the Democratic Republic of the Congo. As the right hon. Member for Sutton Coldfield (Mr Mitchell) mentioned, the greatest irony is that, in fact, the DRC should be one of the richest countries in the world. We all carry around with us in our pockets a little bit of the DRC in the form of either coltan or cobalt, which are essential ingredients in mobile phone devices. Instead of being one of the richest countries in the world, the DRC is one of the poorest—it is 176th out of 188 on the UN human development index. To me, that sums up everything that is not just wrong but perverse about the systems we have in place to regulate global trade and protect human rights. How can it be that something so valuable that we take for granted in this part of the world can be so cheapened?

Graham Jones: The hon. Gentleman makes a valuable point about the connection between some of the mining companies, which are in essence the wealth of Africa and eastern DRC, and some of the Administrations in Africa, particularly South Africa, that benefit from the mining interests in eastern DRC and across the Congo. Nothing seems to be done about that relationship and there is an ongoing problem. The wealth of eastern DRC and Africa is taken and nothing is done about it by those who could do more in terms of the ethics of that mining.

Patrick Grady: That is a very valuable exposition of the point I am trying to make on the regulation of multinationals. It is hugely important that they are able to report on their supply chains and who their suppliers are; the relationships they have with the producers of the minerals they use; and the tax they raise and profits they make—so-called country-by-country reporting. There is a role for the UK Government as part of the European Union and the broader global community to place those issues front and centre. As I have said, Amnesty International and others regularly produce, including recently, evidence of the use of child labour in mines. Those mines go on to supply major electronic brands, including Apple, Samsung and Sony, with the kind of things that we carry around and interact with every single day. It would be useful to know how the Government will take steps on many of those issues, and what steps they will take to work with NGOs on the ground that are trying to extend protections for artisanal miners and to end the worst forms of child labour.

As we have also heard, the DRC is, like much of the region, experiencing climate change. Climate change exacerbates the problems of food and security, access to

water, and population displacement. In many ways, it ultimately fuels the kind of instability that leads to the conflicts we have heard about. The Government have a responsibility to live up to their commitments on climate change. It will be interesting to hear what steps they have taken, for example, to promote the adoption of renewable energy on the continent rather than tying developing countries into fossil fuel infrastructure that will quickly become redundant.

Hon. Members have mentioned other countries. My hon. Friend the Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) and the hon. Member for North Warwickshire (Craig Tracey) mentioned Kenya, which is experiencing instability—there are worrying reports of human rights abuses. The Scottish National party manifesto called for a special envoy in the Foreign and Commonwealth Office on global lesbian, gay, bisexual, transgender and intersex issues to show leadership on discrimination, which is all too prevalent in many of those countries. It would be useful to hear what consideration the Minister will give to that proposal.

Respect for human rights is at the core of much of what we have heard and debated today. If Government and non-state actors alike were to show more respect for basic human rights—both rights to material needs such as food, clothing and shelter, and political rights to freedom of thought, speech and assembly—perhaps the humanitarian need would not be so great.

Today, of course, we mark one of Scotland's great humanitarians, Robert Burns. Perhaps in our approach to central and eastern Africa, like so many other areas, we should be guided by his great anthem to solidarity and egalitarianism:

“Then let us pray that come it may,
(As come it will for a' that,)
 That Sense and Worth, o'er a' the earth,
Shall bear the gree, an' a' that.
For a' that, an' a' that,
It's coming yet for a' that,
That Man to Man, the world o'er,
Shall brothers be for a' that.”

8.54 pm

Fabian Hamilton (Leeds North East) (Lab): I will not attempt to compete with the eloquent poetry of Robbie Burns on this Burns night.

The Minister of State, Department for International Development (Mr Desmond Swayne): Hallelujah.

Fabian Hamilton: Yes, I thought you would be pleased.

I, too, congratulate the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) on obtaining this debate from the Backbench Business Committee. It is very appropriate that we are discussing these issues today. I am sorry that the hon. Member for Stafford (Jeremy Lefroy)—the hon. and learned Gentleman's co-applicant for the debate—is not with us for this evening's debate. He is extremely knowledgeable on these issues and always adds a lot to any debate on the subject of east Africa.

It is good that the hon. and learned Member for Sleaford and North Hykeham was able to get back promptly this morning, and I expect that he is feeling the effects of his long journey from Rwanda via Addis Ababa. I thank him for returning and enlightening us

with the eloquent points that he made, which have set the tone for our whole debate this evening.

The Library's introduction to the debate identified eight countries as the ones we would talk about this evening—the Central African Republic, the Democratic Republic of the Congo, Chad, Burundi, Rwanda, Kenya, Tanzania and Uganda. Indeed, those are the countries that we have discussed at some length. As we have heard this evening, the Department for International Development currently has bilateral aid programmes in five of those eight countries—DRC, Rwanda, Kenya, Tanzania and Uganda. As has been said, the bilateral programme in Burundi—which has slipped back into political violence and crisis over the last year—was closed during the last Parliament, a decision criticised not only by the former Secretary of State for International Development but the International Development Committee, of which I was a member until last week. There are now many calls for the programme to resume once the current crisis is over, but even in 2014 £6.1 million was spent in bilateral aid from the United Kingdom. That compares with a total of £587.4 million for those other five countries in 2014—a considerable sum of taxpayers' money.

The hon. and learned Member for Sleaford and North Hykeham spoke eloquently about the lack of stability in many of the countries we have discussed this evening. He mentioned the estimated growth in population—the United Nations estimates that it will double by the end of the century, with 4.4 billion people living in Africa by 2100. He also said that stable economies allow stable Governments, but I would perhaps argue that stable government often flows from economic development and wealth creation. Is stable government a prerequisite for economic progress? That is a question that we need to discuss and decide, and I wonder whether the Minister would care to comment on which comes first.

The hon. and learned Gentleman also mentioned several other countries, and sadly we do not have time to go through them in detail this evening. He made the point about DRC, a country that has been in the news over the last 10 years or so, following the appalling civil war and strife there. Its current situation was summed up in a book called “Blood River”, written about eight years ago by the former *Daily Telegraph* journalist, now author, Tim Butcher. I recommend the book to anyone who wishes to know more about the origins and current state of DRC.

The hon. and learned Gentleman also mentioned the Rwanda genocide, which other right hon. and hon. Members have mentioned this evening. In this week in which we remember the holocaust—remembrance services happened up and down the country yesterday and will continue this week—the genocide of 1994, which I remember all too clearly, must also be remembered, although it must never be repeated.

My hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty), who was my immediate predecessor in this role on the shadow Foreign Office team, talked eloquently about Somaliland. It is interesting that he supports recognition, Somaliland being part of a former United Kingdom colony. He said that, de facto, it is already a separate, democratic, plural and stable region within the benighted country of Somalia. Somaliland has seen many positive developments in trade and investment, and made huge progress.

[*Fabian Hamilton*]

My hon. Friend mentioned that Cardiff, Sheffield and Tower Hamlets recognise Somaliland. I was not aware that they were able to recognise other countries. Of course, that beacon of stability, as he so eloquently put it, in the horn of Africa is subject to serious threats from al-Shabaab and other extreme organisations that would destroy all the progress that has been made. Elections in Somaliland have been postponed but, as the right hon. Member for Sutton Coldfield (Mr Mitchell), the former Secretary of State, mentioned in his very important contribution, we should not be too worried. Somaliland has proved it has a democratic tradition and will abide by the will of the people expressed through the ballot box, even if the election is won or lost by just a few thousand votes. That is very important indeed.

Tonight's debate has fused political and Foreign and Commonwealth Office interests with issues of governance, which come under the FCO and DFID. Of the "10 International Development Priorities for the UK" in the Overseas Development Institute's excellent document, we have discussed at least seven this evening: leave no one behind; support for women and girls; a focus on transformative economic growth, which many Members raised; support for conflict-affected countries; support of the private sector in helping to develop economies; and bringing trade and development together. I just want to mention one of those extremely important aims, on which the International Development Committee and DFID have concentrated over the years.

When I joined the Select Committee in 2013, it was producing an excellent report on violence against women and girls. The Committee visited villages in Ethiopia and looked at the work being done to educate women and girls. It found what many right hon. and hon. Members have mentioned this evening: where there is more equality between men and women, and where girls are educated and able to make an economic contribution to their communities, societies are more prosperous and peaceful, and violence abates. There is an interesting statistic from the ODI report: every day 800 women still die from preventable diseases and causes related to pregnancy and childbirth. It remains the leading cause of adolescent deaths for 15 to 19-year-olds. The report compares the risk of dying in childbirth in Europe, one in 3,300, with the risk of dying in the regions of Africa we are discussing: one in 40. We should be ashamed of that statistic. It is beginning to change, but not fast enough.

My hon. Friend the Member for Hyndburn (Graham Jones) has a huge interest in, and knowledge of, Rwanda. He talked about the extraordinary progress it has made since the terrible genocide in 1994. He rightly pointed out that it has lower levels of crime and corruption, and an average growth in GDP of 8% over the past 10 years. Efforts to eliminate corruption have come from the very top. Rwanda is perhaps also a beacon to other countries in the region.

I recently met the chief commissioner of the Independent Commission on Aid Impact, an organisation set up by the right hon. Member for Sutton Coldfield when he was Secretary of State for International Development. Indeed, I had the privilege to chair the International Development Sub-Committee on ICAI. The new chief commissioner, Alison Evans, called Rwanda the Switzerland

of Africa. In many ways, that is very true. As my hon. Friend the Member for Hyndburn pointed out, there are concerns with perhaps the increasingly authoritarian nature that some say Paul Kagame has shown, but that has to be balanced against the enormous progress that has been made in Rwanda.

I pay tribute to the many Members, on both sides of the House, including my friend—I hope she does not mind me calling her that—the hon. Member for Aldridge-Brownhills (Wendy Morton), with whom I served on the International Development Committee, who have spent a lot of time and effort visiting and upholding the cause of countries such as Rwanda. It is the reason relations are so good between our two nations and the reason much progress can be made. Let us hope that Rwanda can be an example to other parts of Africa, so that violence and conflict may end and prosperity, economic growth and peace may break out. We continue to hope.

9.5 pm

The Minister of State, Foreign and Commonwealth Office (Mr Hugo Swire): I join in the general congratulations to my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) on having secured this excellent debate. As has been said, my hon. Friend the Minister for Africa is in South Sudan discussing many of the issues that hon. Members have raised. My hon. Friend the Member for Stafford (Jeremy Lefroy) was also unable to attend because he is travelling in the region with the International Development Committee, although I am sure the House will join me in wishing him every success in his new role as the Prime Minister's trade envoy to Ethiopia.

The UK has strong ties with the countries of east and central Africa. Building stability and security in the region matters as much to us now as it always has. Members on both sides of the House have demonstrated a great understanding and affection for Africa. Indeed, I got the distinct impression that had we had the time, they would have like to have covered Africa from the top to the bottom and from west to east. As they have eloquently set out, achieving greater stability across this part of the continent requires a broad and multifaceted approach that works with African partners. In the words of my right hon. Friend the Prime Minister, that approach is linked by a golden thread of the rule of law, good governance and economic success.

I wish to respond to the key themes raised by hon. Members: peacebuilding and security, development, governance and corruption. If I cannot address each question in the time available, I will ensure that hon. Members get a reply either from my hon. Friend the Minister for Africa, when he returns, or from my good friend, the Minister of State, Department for International Development, my right hon. Friend the Member for New Forest West (Mr Swayne), who has sat in for most of this excellent debate.

I turn first to peacebuilding and security. As elsewhere on the continent, too many of the countries in the region have too often been blighted by violence. That is why, last year, the Government's conflict, stability and security fund allocated £80 million to Africa—the second-largest regional fund, behind that for the middle east and north Africa. We are leading stabilisation, security and justice programmes that deliver results. For example,

security in Burundi is on a downward trajectory; there is a real risk of civil war, as was pointed out by the hon. Member for Glasgow North (Patrick Grady) and others. During his visit last month, my hon. Friend the Minister for Africa pressed for dialogue without preconditions between the parties. We also led efforts to put in place EU sanctions against four human rights offenders. Should Burundi continue to refuse to come to the negotiating table, we will push for further sanctions against those blocking progress towards peace. If an African Union protection mission is deployed, the UK will provide financial and logistical support.

Stephen Doughty: Importantly, the Minister is talking about the situation in Burundi, and he mentioned EU sanctions. Does he accept that Britain plays an important role in many of these countries as part of the EU in tackling these challenges, not just in terms of sanctions but through our development aid and co-operation with other European countries?

Mr Swire: Indeed. We play a role both through the EU and bilaterally, and we should never forget that 16% of any EU spend is British taxpayers' money.

The UN Security Council visited Burundi at the weekend and left its Government in no doubt that the international community was united in its desire for a swift end to the violence in the country.

In South Sudan, we strongly supported the regionally-led peace process that resulted in the peace agreement signed in August 2015. As I explained in my introduction, my hon. Friend the Minister with responsibility for Africa is in South Sudan this week, urging the parties to implement that agreement in full and to form the transitional Government of national unity. We will deploy up to 300 troops to support the UN mission in maintaining the fragile peace.

Recent attacks in Mogadishu and on African Union forces in Gedo show that al-Shabaab remains a threat to the stability of Somalia and the wider region. Despite recent events, it is more stable and secure now than it has been for many years. We have helped build the capacity of the Somali authorities to fight al-Shabaab, and we will continue to deploy UK military expertise to provide essential logistical support and training. In parallel, DFID is helping to widen access to justice and security for Somali citizens, providing over 20,000 Somalis—not least some 8,000 women—with legal assistance. It is helping to tackle corruption through its work on public financial management.

The hon. Member for Cardiff South and Penarth (Stephen Doughty) asked about the political process in Somalia. Important progress has been made over the last four years on the political track towards a federal Somalia. Stability now depends on holding a peaceful, legitimate and transparent electoral process in August 2016. A decision must now be made by Somali political leaders on the electoral model.

Stephen Doughty *rose*—

Mr Swire: How can I resist?

Stephen Doughty: The Minister is generous. I wanted to say gently that I was asking specifically about the electoral process in Somaliland rather than in Somalia, important though progress there south-centrally is. What are we doing to support the electoral process in Somaliland?

Mr Swire: I will write to the hon. Gentleman on that subject; I was aware that he had made that distinction at the beginning.

Through the work of our British peace support teams in eastern Africa, we are developing capability and accountable leadership for the long term. In November, my right hon. Friend the Prime Minister announced £5 million to establish and support a new Commonwealth unit to counter extremism.

A number of hon. Members mentioned the Central African Republic. Indeed, it remains fragile, but the first round of presidential elections in December passed off largely peacefully and with high voter participation. The second round of the election, scheduled for 31 January, will be the next test. It is vital that whoever is elected then forms an inclusive Government, so that the country can move on from the divisions of the past.

Let me deal with the theme of development. As hon. Members have said, building stability is not just a task for security forces. Development plays an equally vital role. Stability requires respect for human rights, fundamental freedoms and democratic values. People need to feel part of a vibrant domestic economy, with access to education, jobs and a predictable business environment—a future that any of us would want for ourselves.

That is why in the last financial year, bilateral UK official development assistance to Africa totalled £2.64 billion. That represents some 58% of our bilateral ODA spend. We provide a further £2 billion to Africa through multilateral partners such as the UN and the World Bank. This is helping to transform lives. Because of British aid, an additional 7 million children a year are in primary and lower secondary education across Africa. We have helped 30 million people with water, sanitation and hygiene prevention interventions.

In Ethiopia, our aid is helping millions of people lift themselves out of poverty. Right hon. and hon. Members also mentioned the protests in its Oromia region. Let me reassure them that we have repeatedly raised with the Government of Ethiopia our concerns about the handling of these protests and the use of force. We believe there should be a credible and independent investigation into these allegations. If evidence emerges that members of the security services have used excessive force, they should be held accountable.

Beyond humanitarian support we are helping African countries strengthen basic service delivery, create economic opportunities and build their resilience to cope with shocks and disasters. In Kenya, for example, our aid has supported economic development by creating jobs, giving people access to financial services and markets and making Mombasa port more efficient. My hon. Friend the Member for Gainsborough (Sir Edward Leigh), who is not in his place, raised the question of his constituent Nicholas Monson's son. I am aware of that case and we will give him an update, although I understand the inquest is under way; I will ensure the high commissioner in Nairobi gives us and him an update on that. To support that drive for economic growth the Prime Minister has appointed four trade envoys to countries of eastern and central Africa, echoing the calls so to do of my hon. Friend the Member for Harrow East (Bob Blackman).

Promoting education is a key part of this. As Minister with responsibility for the Chevening scholarship programme, I am proud that last year we tripled the

[Mr Swire]

number of Chevening scholarships for Africa to 454, and the British Council is active across the region, supporting teachers and schools in countries such as Rwanda.

The hon. Member for Leeds North East (Fabian Hamilton), who speaks for the Opposition, posed the question of whether stable government gives rise to economic development or it is economic development that leads to political stability. I would argue that stable government can give rise to economic development. Indeed, it is difficult to have economic development without stable government. It is a chicken and egg situation, but certainly we need to have stable government and the right environment for countries to thrive and come out of poverty.

Governance is also a factor. Alongside peace, security and development, good governance is crucial to Africa's success. That is why, with our international partners in the EU and UN, we are working to strengthen the rules-based system in Africa. That is why we regularly make clear the importance of free and fair elections, and that constitutions should not be altered on the whim of a leader. That is also why we will continue to work closely with the noble Baroness Scotland, the incoming secretary-general of the Commonwealth, and our partners across the Commonwealth to uphold member states' commitment to equality and respect for the protection and promotion of civil, political, economic, social and cultural rights, including LGBT rights, which we have been raising time and again and which are embedded in the Commonwealth charter signed by all Commonwealth countries.

My hon. and learned Friend the Member for Sleaford and North Hykeham and others are correct to draw attention to the fact that progress on all of this needs action on corruption. Corruption corrodes the fabric of society, deters private-sector investment and creates barriers to doing business. Corruption facilitates organised crime and terrorist activity. It costs Africa over £100 billion a year. The key point about corruption is that it is the richest who get away with it and the very poorest who end up paying for it. The given figure for additional costs in terms of procurement is about 10%.

That is why I am pleased to say the UK is leading the way in tackling corruption. My right hon. Friend the Prime Minister will host an anti-corruption summit in May, which will include many African partners. Our goal is to put fighting corruption at the heart of our international institutions, to support the investigators and prosecutors who can help bring the perpetrators to justice, and to maximise the way we use aid to drive better governance and to fight against corruption.

Perhaps the migration crisis is the best example of why all of this matters. Last year over 40,000 people from the horn of Africa risked the dangerous journey across the Mediterranean. No one in the House can fail to be moved by their harrowing experiences. If this does anything, it underlines the importance for people to have opportunities in their own countries, without feeling the need to risk their lives and those of their loved ones.

That relates to all that I have talked about this evening: insecurity, poor governance and a lack of opportunity. With our EU partners, we are taking a comprehensive approach to this new challenge. At the Valletta summit last November before the Commonwealth Heads of

Government meeting we agreed a new €1.8 billion trust fund that will help deal with the reasons people leave their homes in the first place.

My right hon. Friend the Department for International Development Minister, has sat throughout this debate, and I am sure he has been listening and will be prepared to answer Members' questions in greater detail.

In conclusion, let me reassure right hon. and hon. Friends across the Chamber that the Government share their sense of urgency. Together with our international partners, we must work towards a future in which the people of eastern and central Africa will all be able to live dignified lives free from violence and extremism and to build prosperous futures from the bottom up for themselves and their communities. That is precisely what we will continue to do.

9.20 pm

Stephen Phillips: It is almost impossible in two minutes to do credit to the contributions that have been made not only by Back Benchers but by the Minister of State, Foreign and Commonwealth Office, my right hon. Friend the Member for East Devon (Mr Swire) and the hon. Member for Leeds North East (Fabian Hamilton) on the Front Benches. This has been one of the most powerful debates on foreign affairs in which I have ever participated in this Chamber.

A number of themes have arisen, the first of which is one of hope and success. Britain is engaged in the world, not only through the Foreign and Commonwealth Office but through the Department for International Development, in a way which is not at all party political and which crosses the boundaries of the Floor of the House. There is general support among those here this evening, even though it is not always understood by our constituents, for hitting that 0.7% target, not only because it is the right thing to do and the moral thing to do but because it actually matters to them.

The other messages that have gone out loud and clear to the world from the House this evening are that Britain is still engaged in the region and that we care about what happens in eastern and central Africa, and indeed across the continent as a whole. That is why the House will, I hope, return to this issue in the future and why I have been so grateful for, and moved by, the contributions that we have heard tonight.

In closing, I want to echo a point that was made by my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell). We are privileged to have the ability to stand in this Chamber and give our views on this matter, but it is the workers on the frontline in the Foreign and Commonwealth Office, in DFID and—as we saw during the Ebola crisis—in the military who deliver what we advocate in this House in support for Africa and the developing world. As parliamentarians, we send out our thanks to those people this evening. I commend the motion to the House.

Question put and agreed to.

Resolved,

That this House recognises the importance of stability in Central and East Africa to the security of the United Kingdom; welcomes the Government's continued engagement in the region and commitment to the spending of development aid to ensure good governance and the eradication of corruption and extreme poverty; deplors the use of violence or terror by any party to

secure political aims; and calls on the Government to adopt further measures, together with the international community, to prevent civil war and ensure that the rule of law is maintained.

Business without Debate

DELEGATED LEGISLATION (COMMITTEES)

Ordered,

That the draft Warrington (Electoral Changes) Order 2016 be referred to a Delegated Legislation Committee.—(*George Hollingbery.*)

Financial Ombudsman Service: Strathclyde Mining Group Pensions

Motion made, and Question proposed, That this House do now adjourn.—(*George Hollingbery.*)

9.22 pm

Marion Fellows (Motherwell and Wishaw) (SNP): I am a girl from Ayr, and on a night like this I cannot help but quote Burns. This is a short extract from a poem for all the Right Honourable and Honourable Scotch Representatives in the House of Commons, and I am taking it to heart.

“Some o’ you nicely ken the laws,
To round the period, an’ pause,
An’ wi’ rhetoric clause on clause
To mak harangues;
Then echo thro’ Saint Stephen’s wa’s
Auld Scotland’s wrangs.”

I applied for this Adjournment debate having been approached by a number of former employees of the Anderson Mining Group who are still seeking justice following a mis-selling of pensions. In 1996, Godwins, the insurance company—now part of the Aon group—persuaded almost 400 employees of the Scottish-based company to transfer their excellent final salary pension scheme to a section 32 personal pension scheme, a move that would never be allowed today.

There was a suggestion at the time that the existing pension scheme was under threat due to a deficit. This proved not to be the case and, interestingly, none of the senior executives of the company transferred their pensions. In fact, the former personnel manager of the group has since written an open letter outlining the concerns that he raised with the senior management at the time. He was instructed by the new owners of the company not to interfere with the process.

In September 1997, Godwins confirmed that the Personal Investment Authority had found errors in its procedures—namely, that it did not confirm the contents of the discussion of the options available to its clients and did not write to confirm the discussion, that it contravened the rules of the regulator and, significantly, that the two members of its staff who provided the advice were no longer authorised to give advice to clients.

Godwins did not advise that it was recalculating the transfer values for retirement to age 60; it had used 65. Despite its assurances that its clients had no cause for concern, almost 50% of the claims to the Financial Ombudsman Service were successful. I understand that at least one claim resulted in compensation of around £200,000. The client checklist or agreement the employees then received with the letter was a three-page document, not the one-page document used at the time of transfer. That is when the employees realised that the independent financial advisers had, at the time of transfer, used only page 3, allowing them to reduce the time spent at each one-to-one interview to less than 10 minutes.

It was not until 2000 that some employees began to realise that the pensions they were to receive fell well short of the final salary scheme from which they had been removed. They formed a committee and started investigating various avenues, including requesting a transfer report from another well-known financial investment company, Jardine Lloyd Thompson, which confirmed that the

[Marion Fellows]

calculations used by Godwins were wrong and would not yield the amount of pensions they were expecting based on what they had been told.

Jardine Lloyd Thompson told the employees that the ombudsman's decision on mis-selling cases was usually based on two things: critical yield and the attitude to risk. This committee started examining critical yield—the investment rate of return required to provide the selected level of income. Although each individual's original transfer report gave their critical yield for age 65, which they now know to be wrong, they were not given the new calculated figure at that time. Had they been, they would have noticed that the new figure was not high enough to return the same investment for a pension that would be paid out five years earlier, with five years less contributions and investment.

The employees calculated that the five-year age difference would require the critical yield to be 2% to 3% higher at a retiring age of 60, making the transfer unsafe, even under the guidelines enforced at the time. These calculations were confirmed by JLT and Scottish Mutual—the original company used by Godwins. The employees also traced four ex-employees who were given transfer reports for age 60 and 65, clearly showing a difference in the critical yields of 2% to 3%. Many employees launched a mis-selling claim to the ombudsman including all that information, believing that their claim was an open and shut case for everyone.

A number of these claims were based on that of my constituent, Mr John Aitken. The initial claims were mostly rejected. Within the rejection letters, claimants then saw, for the first time, their new critical yield calculations, which were well below what they believed to be correct—for example, a difference of only 0.4 of 1% rather than 2% to 3%.

In the meantime, Godwins had been taken over by Aon, which had previously refused individual requests for these figures. In subsequent communications with the ombudsman's office, the employees learned that Aon had employed another company to do the recalculation of the critical yield—the original company used being Scottish Mutual. The employees contacted Scottish Mutual and asked whether the new critical yield figures could be correct. Its reply was, "Generally speaking, based on the length of time the investments were set up for, I believe that it is highly unlikely that a difference of five years—that is between aged 60 and 65—would only require an increase of yield of 0.3% to 0.4% to achieve the same pension." That confirmed that Aon's figures were wrong.

During each claim, the ombudsman requested that the employee complete the ombudsman's multi-page document on attitude to risk. However, evaluating the claims, the ombudsman rejected that document, finding in favour of the simple answer given to the independent financial adviser's question at the transfer meeting:

"What is your attitude to risk?"

During the 16 years in which the employees have fought this injustice, almost 200 claims to the ombudsman have been launched. Fortunately, almost 50% have been successful. That fact alone highlights a severe problem, as the average success rate is 3% to 4%. Having heard a summary of this fiasco of financial transfer, which has

seriously affected almost 300 people, one can only conclude that the ombudsman's office did not act with due diligence in dealing with those cases.

To confirm that conclusion, I wish to ask the following questions: why were the independent financial advisers allowed drastically to shorten the transfer interview, omitting much of the company's checklist? Godwins made a serious error in the transfer report, so why were the employees not given the opportunity to review their transfer decision based on an updated transfer report, as that was a significant change? Having given ample information that the critical deal calculations were wrong, why did the ombudsman not check the figures or use an independent source? Why did the ombudsman not react to Aon's suspicious decisions, which I have described? Why was the ombudsman's multi-page attitude to risk analysis ignored in favour of Aon's?

Although those questions were raised in the claims, none of those points was mentioned in the ombudsman's rejection letters; they were simply ignored. Why did the almost 50% success rate of the complainants not flag up the fact that something was seriously wrong in the transfer? All those employees transferred on the same day to the same scheme plan, but only half the claims were upheld. My constituents firmly believe that the ombudsman did not act with due diligence in this case, and failed properly to investigate their claims. Employees who have lost out on millions of pounds in total of their hard-earned pensions must be compensated. Not only have they been mis-sold pensions, but they have been mistreated by a Government body that was set up to be fair and impartial.

As the Minister is aware, the Financial Ombudsman Service was set up to resolve individual cases and, indeed, it wrote to my constituent, Mr John Aitken, saying exactly that. It pointed out that if there was a systemic problem it would be a matter for the Financial Services Authority to consider. However, when the FSA was approached by my predecessor, Mr Frank Roy, it responded that it did not have the power to investigate individual disputes between consumers and regulated firms. At what point do individual complaints become a matter for the FSA? A previous complaint to the ombudsman was rejected, because too much time had elapsed, and the documentation was not available. That is not an acceptable response, as all documents that the ombudsman creates are archived, and the employees have sufficient documentation to prove every claim that I have made today.

I provided the Minister with documentation before the debate, and I am happy to provide anything further if necessary. These workers have fought the mis-selling for 16 years, and they will continue to do so until they get justice and compensation. This is a blatant case of mis-selling by an insurance company such that those who transferred their pensions did so in the belief that they would receive a pension comparable to the one they expected under the original scheme.

The Financial Ombudsman Service met Aon, but did not meet the individuals concerned, who were let down badly by the regulatory authorities, who appear to have taken no action against Godwins or Aon.

I could speak at much greater length, as I am sure the Minister is aware, but I have decided not to go into the minute detail because much of it is technical, and much

of it I would have to spend some time trying to understand. However, I have set out what I believe is a very just case on behalf of my constituents.

9.35 pm

The Economic Secretary to the Treasury (Harriett Baldwin): Despite my Scottish grandmother, I will not be able to quote Burns quite as beautifully as the hon. Member for Motherwell and Wishaw (Marion Fellows) did tonight—[*Interruption.*] But I did have the haggis in the Tea Room. I congratulate the hon. Lady on securing the debate. She has expressed powerfully the issues surrounding the Strathclyde Mining Group pensions and the Financial Ombudsman Service.

As Economic Secretary, my key priority is to ensure that financial services firms are on the side of people who work hard, do the right thing and get on in life. Financial services should be there to help them achieve their aspirations at every stage of their lives, whether that is saving for their first home, taking out a mortgage, buying a car or, as in this case, saving and investing for their retirement. It is only by displaying and upholding the highest standards of behaviour that the financial services industry can regain the public trust it lost following the financial crisis.

I am therefore very sorry to hear about the problems that the hon. Lady's constituents have been facing in this case. Understandably, given the importance we all attach to having savings to provide for our retirement, her constituents are very concerned about the issue. I would like to reassure her, and all other Members, that the Financial Ombudsman Service also takes the matter extremely seriously.

As the hon. Lady has set out, a number of Anderson Mining Group employees have raised concerns that they were not made aware in 1995 and 1996 that a transfer to a buy-out scheme could result in a loss of benefits, and that the advice provided used an assumed retirement age of 65, whereas benefits could have been taken from their occupational pension schemes at age 60. They have therefore complained to the Financial Ombudsman Service about the financial advice they received from Godwins Ltd between 1995 and 1996 to transfer their occupational pension schemes into buy-out policies. I understand that in many of these cases, but not all—she mentioned 50%—the ombudsman found in favour of the complainants.

I know that both the hon. Lady and her predecessor have been in contact with the Financial Ombudsman Service to ask it to re-examine some of the complaints that were not upheld. We all recognise that it is of the utmost importance that people are given suitable advice about their retirement savings and that, when things go wrong, they have access to a swift and low-cost means of redress. It is important to recognise that since these events occurred in the 1990s the Government have made changes to introduce a tough new financial regulator,

the Financial Conduct Authority, to protect consumers and promote competition. We took that action because we were not prepared to tolerate the level of consumer detriment we have witnessed in the past.

The hon. Lady will understand that I am unable to comment on specific circumstances relating to the individual cases she has raised today, but I am able to explain the Financial Ombudsman Service model and what she can do when she is not happy with the outcome of that model. The model includes what routes there are to complain about the level of service in dealing with a complaint, as well as the further routes that may be available for seeking redress. The Financial Ombudsman Service was set up by Parliament in 2000—its duties were enshrined in law under the Financial Services and Markets Act 2000—to provide a proportionate, prompt and informal means of resolving disputes between a consumer and a financial service firm. It plays a valuable role in providing consumers with a swift and effective means of resolving disputes, and some of the hon. Lady's constituents have benefited from that service.

Importantly, once the consumer accepts an ombudsman's final decision, that decision becomes binding on the firm. As I have said, the Financial Ombudsman Service was specifically designed to provide a swift and relatively low-cost alternative to the courts, which is provided free of charge to consumers. There are many stages in its determination process, providing both parties the opportunities to make further representations before the complaint reaches the final stage of an ombudsman's decision.

Adding another level of appeal would make the process costlier and lengthier, which could deter consumers from using the service and would generate additional costs for firms. However, it is possible for parties to challenge the way in which an ombudsman has reached a decision by means of judicial review. It is also possible for them to take complaints about the level of service provided to the independent assessor. When a consumer does not accept the ombudsman's decision, that consumer's right to pursue redress through the courts remains unaffected.

The individuals who are affected in this particular case have concerns that need to be addressed. I shall be meeting the chief executive of the Financial Ombudsman Service later this week, and I will ask her to write to the hon. Lady responding to the concerns that she has rightly expressed this evening.

Let me thank the hon. Lady again for raising these issues, and stress that both the Government and the Financial Ombudsman Service understand their importance to her constituents.

Question put and agreed to.

9.41 pm

House adjourned.

Westminster Hall

Monday 25 January 2016

[PHILIP DAVIES *in the Chair*]

Small Businesses: Tax Reporting

4.30 pm

Oliver Dowden (Hertsmere) (Con): I beg to move,

That this House has considered e-petition 115895 relating to tax reporting for small businesses and the self-employed.

Members may be aware that it was announced less than two hours ago that, sadly, my predecessor but one as the Member for Hertsmere, Lord Parkinson—Cecil Parkinson—has died aged 84 after a long battle with cancer. He was a towering figure nationally, playing a central role in the great reforming Thatcher Governments of the 1980s, but he was also a brilliant local MP. He served Hertsmere from the constituency's creation until 1992. Time and again, local residents would recall him with tremendous warmth and fondness—something I experienced myself after I was selected as the candidate in 2014. My thoughts and prayers are with his wife, Ann, and the rest of their family. [HON. MEMBERS: “Hear, hear.”]

I thank you, Mr Davies, for chairing the debate, which I am introducing on behalf of the Petitions Committee, of which I am a member. I declare that I am an adviser to IPSE, the Association of Independent Professionals and the Self-Employed—details are in the Register of Members' Financial Interests.

The petition calls on the Government to “Scrap plans forcing self employed & small business to do 4 tax returns yearly”.

As of this morning, it had attracted 110,000 signatures.

As we all know from our constituencies, small businesses are the backbone of our local economies, employing thousands of people and generating wealth and prosperity for our communities. That was demonstrated to me last week when I had the pleasure of speaking to more than 50 small businessmen and women in Borehamwood. Their businesses ranged from financial services, through recruitment and solicitors, to digital markets. They were hard-working people from Bushey, Radlett and Potters Bar—I am sure Members have similar places in their constituency—and they all demonstrate tremendous energy and creativity. They are willing to put their careers and income on the line to build thriving businesses, and the national statistics bear that out.

According to the latest figures from the Federation of Small Businesses, small business accounts for 99% of all private sector business, with total employment of more than 15 million—more than 60% of all private sector employment in the UK—and turnover of almost £2 trillion. There is therefore understandable concern about any measures the Government might introduce that could distract small businesspeople from their already extremely demanding day-to-day work with additional new regulations or costs.

The wording of the petition and related press coverage reflect the worry that measures outlined in last year's autumn statement might require small businesses to

complete four tax returns annually. Understandably, given the time, effort and almost inevitable cost of employing an accountant to do the job, that is a cause for great concern.

I note from the Government's response to the petition that they propose quarterly updates rather than full returns. Will the Minister, when he responds to the debate, expand on that point and put on the record unambiguously that the Government's proposals do not amount to quarterly tax returns?

Mrs Maria Miller (Basingstoke) (Con): I welcome the debate and the Minister's commitment to modernising the tax system—that is important to my constituents. Does my hon. Friend agree that the Government could get rid of some of the concerns being expressed by our constituents were they to make the guiding principle of any change in the reporting of tax that it should reduce administration and red tape for business?

Oliver Dowden: I completely agree with the sentiments expressed by my right hon. Friend. I will come on to that point shortly—

Caroline Lucas (Brighton, Pavilion) (Green): Will the hon. Gentleman give way?

Oliver Dowden: If the hon. Lady will give me one moment, I will finish answering the previous intervention.

When we seek to change the taxation of small businesses, it is vital that we should do so in a way that reduces the net impact on business.

Caroline Lucas: I thank the hon. Gentleman for giving way and I congratulate him on securing the debate. On the burden on small businesses, does he agree that there appears to be no evidence that all small businesses or self-employed people already keep track of their affairs digitally? Will the Minister tell us what his evidence base is for asserting that any change to the requirements will not be cumbersome for them? The assumption is that they are already keeping track of things digitally, but many constituents tell me that they are not. Therefore, the change will be a burden.

Oliver Dowden: I will come on to such points, but full consultation on any measures is important to inform exactly the situation faced by small businesses. The Chair of the Treasury Committee, my right hon. Friend the Member for Chichester (Mr Tyrie), has pointed out the specific problem of those without access to computers and IT altogether.

Sammy Wilson (East Antrim) (DUP): Is the hon. Gentleman concerned about that point? In parts of my constituency especially, many small businesses do not have access to the internet at all, because the speeds are so low. To expect those businesses to exchange all that data with Her Majesty's Revenue and Customs quarterly is unrealistic.

Oliver Dowden: There is an issue, but the Government have said in their response to the petition that they will consider it. I hope for clarification on the question of the speed of broadband connection—businesses in my and many other constituencies rely on fast broadband,

[*Oliver Dowden*]

so for it not to be in place makes things difficult—and on the broader point about ensuring that small businesspeople who fill out tax returns have sufficient skills to do so. I also hope for reassurance from the Minister about a training programme and other online resources to enable small businesses to have those skills.

Despite what the Government have said in their response to the petition, the proposals announced in the autumn statement raise a number of issues, some of which have already been mentioned in the debate. I, too, will address such matters before other Members have the opportunity to examine them in more detail.

The Petitions Committee recently undertook a public consultation via Twitter, and I thank the Clerks for their hard work, which made it possible. Unbelievably, in 24 hours we received 1,285 tweets from 565 contributors, all of which can be seen by searching #HOCpetitions. The responses reflect concerns also expressed to me by the Federation of Small Businesses. I will briefly address some of those concerns.

The proposed measures, as I understand the situation, form part of the Government's "Making tax digital" proposals, which most people agree is the right direction of travel. An end to bureaucratic form filling and associated unnecessary complications, and full access to digital accounts, all of which are promised in "Making tax digital", would certainly be welcome. I commend the Government for their commitment to that agenda.

As we all know, however, the path to new Government initiatives, in particular those involving new IT, rarely runs smoothly, and we only have to think back to the introduction of tax credits or to the Rural Payments Agency under the previous Government for the evidence. I therefore urge the Minister to proceed with caution.

I note from the Government response to the petition that there will be consultation throughout 2016 and voluntary introduction before full phasing in by 2020. Many people are concerned that users should be fully consulted and systems properly tested before full roll-out. Furthermore, the system should be properly secure.

Mr Alan Mak (Havant) (Con): I thank my hon. Friend for securing the debate. I draw the House's attention to my entry in the Register of Members' Financial Interests: I am the founder of two small businesses. He rightly said that the Government should ensure positive digital competency in respect of businesses being asked to participate in the scheme, but is he also aware that more than 99% of VAT returns are filed online? A high percentage of HMRC documents are already filed online, which should give the Government great confidence when they roll out the reforms.

Oliver Dowden: That is an important point. While there are questions to raise, it is important not to get carried away. The overall direction of Government travel is towards having a digital system for tax returns, and I hope that Members agree that that is the right thing to do. The questions are about the speed and pace of roll-out and appropriate consultation.

The difference between VAT and what is contemplated here is that VAT returns have a threshold, so the very smallest businesses do not fill them out, but they will do

so in this case. That is an argument for caution. Another concern raised by petitioners is the nature and financial cost of digital reporting. It would therefore be helpful if the Government gave greater clarity on the scale, cost and nature of the information to be provided. Estimates suggest that businesses already pay on average £3,600 a year to ensure that they are compliant with their tax and regulatory obligations and we, as a Government, must take away from that, not add to it. Surely, that is the measure of any successful tax reform. It is therefore vital that the net effect of the measure is to reduce, not add to, that regulatory burden.

Rachael Maskell (York Central) (Lab/Co-op): Is it not right that, before the Government proceed any further with their proposals, they make a full analysis of not only the financial cost and burden they will put on small businesses, but the cost in time and infrastructure?

Oliver Dowden: I hope that all that will be considered in the consultation that the Government have committed to undertake.

James Cleverly (Braintree) (Con): Much of the correspondence I have received on this from small businesses and those who write about small business is based on what seems to be a misunderstanding, but concern may go a long way to either hampering or aiding implementation. Do not the Government need to give almost as much thought to the communication about implementation as to the implementation itself to give small businesses confidence that they have thought through the regulatory burden that this requirement might be perceived to bring?

Oliver Dowden: My hon. Friend makes an important point. As I alluded to earlier, a lot of press coverage has suggested that this requirement amounts to quarterly tax returns. Whatever reservations we may have, it is pretty clear that it does not amount to that. I would welcome the Minister's explicit assurance about that.

Another concern raised by petitioners was that they would not have the software or skills to produce the required information. I would welcome a commitment to proper availability of information, software and, where necessary, training for small businesses. We all know the difficulties of getting in contact with HMRC by telephone, so I ask the Government to look at ways to ensure that such information is readily and easily available.

Fiona Mactaggart (Slough) (Lab): I am struck that among those who are self-employed, the greatest growth has been in the over-50s. About a year ago, Saga produced a report that said that they were something like 25% of the growth, but it did not point out that those people are overwhelmingly women who have built a microbusiness and many of them do not have the skills to follow up on such requirements. Indeed, earlier this morning, I was talking to a self-employed woman—a physical trainer—in her 30s who said, "What? Do we have to do this every time? I can't possibly afford an accountant. My business isn't big enough to do that." Many women do not have the skills needed to do that effectively, so will the hon. Gentleman press the Minister to ensure that they get the training that they need?

Oliver Dowden: The right hon. Lady makes an important point about the contribution of women to the economy. One of the Government's great success stories is the rise in female labour participation. Many of those women are involved in small businesses or are self-employed. I hope that the consultation considers all those points carefully and looks at the impact on women who seek to enter the labour market through that route as well as those who have been in the labour market for a long time. As I said, I do not disagree with the direction of the Government's reforms, but it is important that the consultation addresses those matters properly.

The Treasury Committee raised specific issues about how businesses that do not use computers will be able to adapt. It would be good to have more detail on that.

In conclusion, it is welcome that the Government are committed to digitising our tax service, as that should reduce costs and administrative burdens for business, but I look forward to the debate providing an opportunity to address and allay concerns that, in the process of introducing a digital tax system, the Government do not add to the burdens on business. As I said at the beginning of my remarks, small businesses are the lifeblood of our national economy, and I hope that these measures will aid the circulation of that blood rather than clog arteries.

4.45 pm

George Kerevan (East Lothian) (SNP): I commend the hon. Member for Hertsmere (Oliver Dowden) for bringing the matter to our attention. As is usually the case with Petitions Committee debates, we come here to speak on behalf of not ourselves or our parties, but the 100,000-plus individuals and small businesses who have expressed their concern.

I heard the Minister's words in the Chamber about the Google issue and I take his point that small businesses are not being asked to commit to quarterly full tax returns. That is understood, but the very fact that so many people have signed the petition—every Member will be able to cite examples of constituents and local businesses who have expressed their worries—shows how worried people are, and that indicates clearly that the Government need to consult further.

This is not about whether we should implement a fully electronic, real-time tax system on the internet, as all that would provide benefits. The issue is not the technology, but bringing that technology into play and taking small businesses and the electorate with us. The charge against the Minister and the Government, which is not new or made in a cavalier way, is that there is a rush to judgment.

The Minister simply has to tell us that there could be a delay in implementing the quarterly information updates and that, rather than setting a band at £10,000, there could be a variation as to when small businesses of various sizes are brought into the system. He could tell us about checks and balances with regard to the delivery and effectiveness of HMRC's system that must be addressed before activities such as updating quarterly are triggered. He could provide all sorts of safeguards so that we could reassure our constituents and give all-party support to the introduction of the new technology.

Bill Esterson (Sefton Central) (Lab): Like the hon. Gentleman, I and, more importantly, my constituents would be fascinated to learn how increasing the rate of

reporting to quarterly—whether that involves a full report or an update—reduces the amount of administration faced by businesses. That is a crucial point. Did he hear the estimates at the time of the Chancellor's announcement that HMRC would collect an additional £600 million as a result of the policy? Is the purpose of the change really to increase tax returns from small businesses? Deals such as that with Google, which was the subject of today's urgent question, have caused great unease and real anger not just in my constituency, but right across the country.

Philip Davies (in the Chair): Order. Before Mr Kerevan resumes his speech, may I say that interventions should be somewhat shorter than they have been?

George Kerevan: I am happy to reinforce the hon. Gentleman's point. Indeed, various Treasury papers suggest that the shift towards a paperless tax system will increase receipts by about £600 million. That is not a bad thing, and no one would oppose it if it happened, but the issue is that the Minister and HMRC are rushing to judgment in introducing the proposed system. They think that moves to put it in place will be so advanced by 2020 that they will be able to start instructing small businesses to update quarterly.

Buried in the small print of last November's Treasury press notice is a suggestion as to one of the advantages that will come from the proposal:

"HMRC expects the number of calls"

to its various call centres

"to reduce from 38 million in 2015-16"

to a mere 15 million by 2020. Magically, as a result of the electronic vision being presented to us, about 23 million phone calls will no longer be made to HMRC. Does anyone here, the Minister included, actually believe those numbers?

In the run-up to introducing a new system, the likelihood is that things will go wrong. If we are lucky, we might make something like the proposed saving in calls 10 years from now, but I doubt that that will happen between now and 2020. I have great respect for the Minister, but I would like to hear him swear on his heart that he actually thinks we will deliver 23 million fewer calls.

David Morris (Morecambe and Lunesdale) (Con): From what I can gather, the whole point of having a trial period from 2018 is to iron out that anomaly in the system. Would the hon. Gentleman not agree that it is welcome that we are using small and medium-sized enterprises and self-employed people as a test bed, rather than putting through some sort of virtual reality programme?

George Kerevan: I could not agree more. At the risk of repeating myself, I stress that the Scottish National party—I think this goes for all parties—agrees that this is the road to take and that we need to consult, but there is a question over the speed at which this is being done. I understand why the Treasury and HMRC have to sell things and to make promises about what they can deliver but, as the hon. Member for Hertsmere said, experience proves that the introduction of major IT systems rarely works out, particularly when they are on this scale. We are talking about getting 50 million taxpayers and small businesses on this system between now and 2020, but that will not happen.

[George Kerevan]

The Government need to slow down and consult more. The Minister has to stop putting in place arbitrary timetables for when the consultation will work itself out. In particular, he has to stop telling us that he can implement the system in 2020 and impose quarterly returns, which is the thing that is worrying small businesses. Instead, he should concentrate on bringing the consultation to a point where everyone is on board, and then the system will come into play.

I want to reinforce an important point that other Members have made in interventions: we do not have full digital coverage in this country. When Culture, Media and Sport Ministers get up in the main Chamber and talk about getting to nearly 100% coverage, what is the target date? It is 2020, but that may slip. If the new system needs 100% broadband coverage, it makes much more sense to wait until that coverage is in place before switching over the entire British tax system, including the system on which small businesses depend, to a new one. That is another argument for delaying full implementation until 2025 or 2030.

I worry that there is a hidden agenda. Clearly, the Government are attempting to make cost savings. The very Treasury press statement that introduced the idea of moving quickly to a new electronic tax system by 2020 told us that HMRC seeks to make

“£717 million of sustainable resource savings”

by 2020. The system is being put in place at the same time that HMRC is being expected to make major cuts. Again, that does not all stack up.

My real point to the Minister is that no one opposes the introduction of this system, but clearly there has been a catastrophic failure in how the Government have presented it to small businesses. We hear constantly from Ministers that they are pro-small business, so now is the time for them to honour those words. If they simply consult more, delay the introduction of the new system until they are sure that they have everyone on board and set aside the requirement for quarterly reporting until they are sure that the system is actually working, they will achieve success.

4.55 pm

Seema Kennedy (South Ribble) (Con): It is a pleasure to serve under your chairmanship, Mr Davies, and to follow the hon. Member for East Lothian (George Kerevan)—I made my maiden speech after he made his. I thank my hon. Friend the Member for Hertsmere (Oliver Dowden) for raising this important issue. I have had representations about it from many constituents. As somebody who has run a small business, I am happy to take part in the debate. I draw Members’ attention to my entry in the Register of Members’ Financial Interests.

The “Fixing the foundations” report by my right hon. Friends the Chancellor and the Business Secretary, which came out last July, focused on creating an even more competitive tax system. The aim is to cut corporation tax to make sure that we have the lowest rate in the G20 and attract inward investment, as well as to make paying tax simpler. The aim is that that

“will dramatically cut the cost of paying tax for business.”

As we all know, a record number of people—millions more of our constituents—are now self-employed and

running small businesses. It is a generational shift, and this growing phenomenon will have an impact on many of our constituents.

As other hon. Members have said, the direction of travel—going digital—is laudable, and if the proposed system is properly implemented, it will increase the tax take, which is of course to be applauded. However, the stated aim is simplification, not only for the Revenue but for business, so I tentatively suggest that the Minister does not rush to make any changes. It is better that the switch takes places slightly later, but with fewer glitches. That would increase buy-in from the business community and reduce the frustration for constituents who are involved in making these quarterly reports—however we want to describe them. There are few more frustrating activities for small businesses, particularly sole traders without admin support, than being kept hanging on HMRC’s helpline.

Dr Rupa Huq (Ealing Central and Acton) (Lab): The hon. Lady’s point reminds me of a comment made by Richard Morse, the FSB’s representative in my area, who said that HMRC did not seem to realise that a lot of businesses in my constituency were sole traders and that the person doing the accounts—there is no separate accounts department—was also generating the business and doing the work. He fears that the proposed system will eat into profits and lead to less taxable income, and I hope the consultation can address his fears.

Seema Kennedy: The FSB has made submissions, and it will carry on doing so. Ministers will also be listening to all our representations, which is why it is important that we are here to speak on behalf of our constituents. I welcome HMRC’s commitment to make more use of digital help, such as webinars, webchat and YouTube videos, and I hope it will increase the use of those.

I am sure that the consultation went through this, but I have concerns about when tax would be payable and when penalties would be incurred. I understand that three months does not seem like a very long time, but a four-week or six-week penalty period could pass quickly for a sole trader in busy periods, such as the summer if they are involved in seasonal business. Will the Minister address that point?

My hon. Friend the Member for Morecambe and Lunesdale (David Morris) referred to test runs. Perhaps I missed this information, but I would like to know exactly who did those test runs and over what period. It is essential that the tests are done over an extensive period, with different sizes of business, so that glitches are eliminated and the system runs really well when it is in place.

I have a particular concern about adjustments for capital allowances. I am thinking particularly of my own business, which is in the building trade, as we have had to make large capital investments in the following year, and there are also issues such as amortisation. I know that the impact on working capital came up in the digital consultation carried out by the Petitions Committee.

In conclusion, the move to digital taxation is the right direction of travel if we are to meet business challenges of the 21st century, but it needs to be done after a thorough consultation, of which this debate is only one part, even if that means the current timescales are missed by a few months.

5.1 pm

Peter Kyle (Hove) (Lab): May I thank the hon. Member for Hertsmeire (Oliver Dowden) for securing the debate? I share his condolences for the family of his predecessor, who passed away today. Even though his predecessor was not a Labour Member, he certainly made a big impact on politics in his day, and that legacy will be remembered for a great deal of time.

I am the Member of Parliament for Hove, in the city of Brighton and Hove, which is one of the most entrepreneurial cities in the whole country. It also has one of the highest rates of self-employment in the country. The self-employment rate for 16 to 64-year-olds in work is 13.5%, against a national average of 10%, with 55% of those people working in construction and 36% in professional, scientific or technical trades. That shows the nature of self-employment in the south, and self-employment is often a gateway to entrepreneurialism. Many of those self-employed people will go on to set up limited companies and become creators of wealth and employment, which drives the economy in Brighton and Hove.

Statistics, however, do not cover the nature and challenges of making the move to self-employment or setting up a microbusiness. I became self-employed early in my career and then moved on to set up a limited company and a microbusiness. I co-founded a local business, which, looking back, was the most educative experience of my life. We learn a huge amount when we decide to jump in with both feet and set up a business, as an enormous breadth of understanding and skills goes into setting up an enterprise and becoming an entrepreneur.

One key thing I learned from that experience was the nature of the risk involved in becoming self-employed or running a microbusiness. When we talk about people who are self-employed or run small businesses—sometimes as their friends, but particularly as policy makers—there is often an assumption that growth is linear, and that money increases and risk diminishes each year, as they get used to growing business and to the sector they are involved in.

My experience was very different. Growth came on the back of extreme risk and extreme vulnerability, followed by a period of comfort. I then had to make a decision: should I stay in my comfort zone or take the decision to move out of it, back into extreme risk and vulnerability? The business jumped into periods of growth, with each jump and each improvement in annual figures coming on the back of a period of risk. As the business employed more people and its growth increased, the risk did not diminish; it got greater and greater, because more depended on the business's success. I have a huge appreciation for entrepreneurs who are growing businesses, because there is no inevitability about the success of any business. It comes only on the back of extreme hard work and the ability to take risk on behalf of a business and the people who depend on it.

Few people enter self-employment or set up small businesses with all the skills they need to do so. They sometimes lack skills in sales, admin, accounting, marketing, social media and product development. No one inherently possesses all those skills—particularly accounting—when they go into business or become self-employed. It is very unlikely that all of the 55% of self-employed people in the city I live in who work in construction

have all the administrative and accounting skills they need. Talk of changes to accounting and reporting can therefore be extremely intimidating to them.

Gaps in people's skills can be not just intimidating but terrifying. While people are learning skills, or worrying about lacking them, they are not doing. They are not out there selling, building the relationships that every business and self-employed person needs or winning new business. We must be mindful of that when we heap new regulation, and changes in accounting and reporting, on people who are self-employed or run small businesses. Talk of regulatory change can be intensely worrying for those who lack accounting skills. People who are worried become risk-averse and do not have the boldness of character we need in our entrepreneurs, particularly in the small business sector.

The self-employed have a lot to worry about. One third of them will earn less than the minimum wage for two or three periods in a year. They have no statutory holiday, and the working time directive does not cover their work. All of us will have heard stories from knocking on doors and talking to constituents at community events or reading their correspondence. I was struck by one particular story when I was campaigning during the general election. I knocked on the door of a tradesman who was self-employed and always worrying about the next contract. He told me, as he held his young baby in his arms, that he had never once been on a full week's holiday with his wife and children. Instead, his wife takes the children away for a week once a year and he goes to meet them for the weekend, because he cannot take the risk of not completing a contract. That type of experience is repeated throughout the self-employed sector and the microbusiness sector. People in those sectors make a lot of personal sacrifices in order to drive the economy, particularly in the south of England.

Caroline Lucas: The hon. Gentleman is making a powerful speech, and he tells a strong story about the constituency of Hove, which is relevant to my constituency next door. Does he agree that the pressures on small businesses are made even worse by the fact that they often struggle to get hold of HMRC advice right now, whether on the phone or by other means, because tax offices are closing? As well as having a bigger consultation on the issue, the Government should look again at the resources going to HMRC.

Peter Kyle: The hon. Lady makes an incredibly important point. We have both been involved in local government issues and campaigned on national issues. Every moment that a self-employed person spends on the phone to the local council, HMRC or any other Government Department is a moment they are not spending getting new business, delivering new contracts and earning the money that will give them the security they need in the long term.

We know that HMRC has a lamentable record on customer service, which the Minister graciously acknowledged in answering questions in the main Chamber recently. I know that he will focus on that issue, and people such as myself and the hon. Member for Brighton, Pavilion (Caroline Lucas) will continue campaigning on it, because it is extremely important. In the interests of fairness, I will also carry on campaigning against my council in Brighton and Hove, which is a Labour-run

[Peter Kyle]

council, to ensure that it offers better services for, and better contact with, its local businesses and self-employed people.

I am well aware that people who run big businesses in the city that I represent, whether American Express in Brighton, Kemptown or EDF in my constituency of Hove, have a named contact in the local authority. That contact is called the chief executive. If the chief executive of one of those big businesses wants to get the council on the phone, they call the council's chief executive. However, the drivers of our local economy—people who run companies that employ fewer than eight people, which make up 90% of the businesses in our city—do not have a named contact in the local authority. There are no consequences if a phone is not picked up, or if a message is not returned. That symbolises how power is distributed in the wrong direction.

It would be wrong if we designed and implemented policies that put people off wanting to become self-employed. The calls that Members from all parties have made in this debate, imploring the Minister to ensure that there is a period of consultation, have been extremely well put.

James Cleverly: I thank the hon. Gentleman for sharing his experiences as an entrepreneur. As someone who has run a small business, I completely understand the point that he is making about fear of change. Does he therefore agree that if the Government showed that the new policy could be intuitive and easy to understand and implement, many of the potential hurdles that he has highlighted could be put to one side? If some of the tech entrepreneurs who I know are prevalent in his constituency could be involved in designing the implementation and roll-out of the measure with the Government, that would go a long way to addressing the issues that he has raised.

Peter Kyle: I am extremely grateful for that thoughtful intervention, and I have some sympathy with the hon. Gentleman's points. However, when policies are thoughtful, intuitive and in the interests of business, businesses usually flock to take them up. In this case something has clearly gone wrong in one of two ways: either it is being communicated in the wrong way, but it is a great policy; or it is a poor policy that is being communicated in the right way but is not managing to hit home. The purpose of the debate is to decide which it is.

The policy needs to be tested and communicated better. We need to ensure that people who run businesses—smart people who want to do the right thing by paying their taxes and ensuring that their businesses are not disproportionately burdened—are fully involved as the policy is implemented in the long run. In my view it certainly should happen in the long run, because at the moment, people are being put off going into self-employment or setting up their own business.

Interestingly, on the train up here today, when I was speaking to my brother, who works as a postman in the Brighton, Pavilion constituency, he told me that one of his colleagues had seen on the news that this debate was coming up and had talked about self-employment. His colleague was self-employed for a number of years—more than a decade—but moved

away from it because of the fear of the accounting, bureaucracy and regulation that was being heaped on to self-employed people.

The freedom that is associated with self-employment has diminished. As well as the burden of regulation, people fear not having the skills that they need, and they fear the unknown. Because they are not a trained accountant or an experienced administrator—rather, they are a skilled labourer—they fear that they might step outside regulatory measures without being aware of it. That was enough to drive my brother's colleague away from self-employment and back into paid employment. We should be wary of that, because it would be a huge shame if entrepreneurship were to become the preserve of the middle classes. I do not believe that entrepreneurial spirit is class-based or education-based; it is evenly distributed, even though it is not evenly expressed in our economy.

Public policy on the self-employed needs to be got right, particularly for people who run small businesses or microbusinesses. At the moment, I do not believe that Government policy across the board is on their side. Let us take one example—the much vaunted, much hyped productivity plan, which I know the Minister is keen to refer to often in the Chamber and in the media. It is interesting that in the Government's flagship productivity plan there is not one single mention of the self-employed, who make up 15% of the workforce and number 4.5 million people. The fastest-growing employment trend in our country does not warrant a single mention in the productivity plan.

In my constituency there is a fantastic business called Crunch, which has been set up specifically to supply accountancy services to people who are self-employed or running microbusinesses. I know that the hon. Member for Brighton, Pavilion, went to visit a couple of weeks ago, which was absolutely fantastic. It now provides services not only right across our city but right across the south of England, and it is great that people are starting to notice just how fantastic the business is and how important its services are. It provides light-touch, fast, responsive support to people setting up businesses. The great thing about being able to visit it is that because it has thousands of customers, it can harness insight into real-time trends in self-employment and see the impact of public policy on the small business and self-employed sector. I know that quite often, HMRC and Government Departments struggle to get real-time data on the impact of Government policy.

One prediction that Crunch makes about the negative impacts of policy is that the leap from 0% to 7.5% in basic rate dividend tax will hit lower-earning company directors the hardest. Those are probably self-employed people who are moving their company to limited status, have a very small number of employees and pay themselves through dividends. Everyone wants to make sure that the right people are paying tax, but the proposal could have the most negative impact on people on lower incomes who run microbusinesses. For example, a limited company director paying themselves primarily through dividends would pay £1,528 more tax a year on pre-tax profits of £48,000, whereas a director with £78,000 of pre-tax profits would pay only £1,343 more.

We can also see from the statistics that the change in income tax for a microbusiness from 2015-16 to 2016-17 will have a negative impact of 21% on somebody earning

about £40,000. The equivalent impact on somebody earning £58,000 will be minus 1%. There is something regressive, not progressive, about the changes to dividend tax, and we need to shift the tax burden so that it is progressive, not regressive. If the Minister does so, I know that he will be met with support from both sides of the House. I would very much welcome his comments on that point.

Dr Huq: My hon. Friend's point reminds me of something that Andrew Dakers, who is from West London Business in my constituency, has said:

"One can only assume the measure is being planned to speed up tax receipts, which is a duff basis for policy-making in this area."

Will my hon. Friend comment on that?

Peter Kyle: I am extremely grateful for that intervention, and I have a lot of sympathy with my hon. Friend's comments and the example that she has given. It is definitely worth mentioning that, and I am sure the Minister will respond to it.

Crunch, the company in my constituency that I mentioned, has a proposal for the Minister. I hope he will take it away with him, because Crunch represents a large number of self-employed people and microbusinesses. It says that the transition will be most challenging for microbusiness owners,

"as it leads to a steep hike in tax overnight."

It proposes

"either deferring the introduction of these changes for at least 2 years",

which would enable businesses to have time to adapt,

"or introducing a 3 year credit to keep dividend taxes at 0% for those business owners on the basic rate."

I support those proposals, and I hope that the Minister will consider them in the same spirit.

It is difficult to devise policies that support self-employed people, because many people go into self-employment because they enjoy the freedom. Increasingly, however, we see a trend whereby larger employers are restructuring and people are being forced into becoming self-employed at a time when they would otherwise not have done so. This area of policy is not dissimilar to youth unemployment in the challenges it provides for policy makers. Self-employed people, like young unemployed people, are hidden away behind front doors in neighbourhoods and communities. They often work from home, so there are problems of connectivity and how they network as a group. It is certainly easy to overlook them. The fact that they are hidden and dispersed in neighbourhoods makes it difficult to target them as one group.

It would be welcome if the Government examined professional development, which would not be burdensome and would link directly with the policy that the Minister is considering. Self-employed people as a sector underinvest in their own professional development, and other spending trends among self-employed people include a fall in pension contributions every year for the past five years. The key measures of their long-term strategic thinking about their own professional development show that there are challenges that are intrinsic to the self-employed.

Anyone who goes into full-time employment with a company looks at the professional development that it offers. That is a key magnet for talent. Self-employed

people are so worried about month-to-month living that they do not invest as they should. We must tackle the productivity challenge among the self-employed and microbusinesses. The Government should launch a consultation into that so that we can work cross-party to get deep into what trends are emerging and how we can support the sector. The challenge of professional development would then be won.

5.21 pm

David Morris (Morecambe and Lunesdale) (Con): May I declare an interest and refer hon. Members to my declaration in the Register of Members' Financial Interests? I am the Government's self-employment ambassador and as such it is my task to engage with people in the self-employment sector to find out exactly what concerns them and exactly what they would like from the Government on all matters of self-employment.

I was a small businessman for the better part of 30 years before entering Parliament. I know that I do not look old enough but, believe you me, I spent every year building my business up, just as the hon. Member for Hove (Peter Kyle) outlined. It was a steep learning curve of trepidation and fear most of the time, but when one gets a hand on the roller coaster, one begins to make a success of it.

It has just been made clear that this is not going to be a new form of taxation every quarter, but the self-employed sector is frightened that it could become the new VAT. The sector could be given a bill over a period of, perhaps, 10 years from the date when the new policy comes in and becomes law, and HMRC could mutate that to become a collective every quarter. Rightly, the self-employment sector is very worried that that might happen with this policy. From my research and what I have just been given from the Treasury, I am sure that will not happen, and I am sure the Minister can assure me of that at the end of the debate.

The sector is concerned that the proposal could be a predictor of turnover. As I outlined, when I was self-employed, I worked year on year, until I started to be comfortable. Some years were good and some were extraordinarily bad. As the hon. Member for Hove eloquently said, this is not a matter of one size fits all. Self-employment differs across the sphere. Some business may be seasonal, a classic example being a man who grows Christmas trees. He should have a good December, but during the rest of the year he will have to have other self-employment.

We do not want online registration to become a yardstick with which to beat the self-employed. I know from my experience of being self-employed that turnover can fluctuate. We have just been through a deep depression and we have seen its effects on small businesses as well as large businesses. We do not want HMRC to start saying that business X did better in quarter one four years ago than it is doing now. Self-employment does not work that way. Businesses evolve and sometimes they become smaller and sometimes they enlarge. One size does not fit all.

Not all self-employed people are computer-savvy. Some 20% are not online, especially in rural areas. That may include the farming community and its business models, up to 40% of whom are not computer literate and cannot get their heads around online formulations.

[David Morris]

The hon. Member for Hove, who spoke eloquently and forcefully, said we do not want it to become more complicated for the self-employed to get in touch with HMRC to sort out their problems.

It is welcome that, to introduce the policy by 2020, a voluntary scheme will be looked at. That would be pivotal in the success of the policy. What should also be looked at is wider consultation across the whole self-employment sector. The Federation of Small Businesses should be consulted at length, as should British Chambers of Commerce, the Association of Independent Professionals and the Self-Employed and a whole host of other self-employment bodies with a firm stakehold in the self-employment sector and society.

Some business anomalies come and go and HMRC should recognise that and help. I referred to the chap who grows Christmas trees once a year. I was in the retail and service industry, which fluctuates between holiday periods and between periods when there is more spending on the high street and recessions. That should not be used as a sort of dashboard for small businesses in particular towns or regions or even across the country because they vary from someone running an IT business on the internet and selling small goods all the way to a big business on the verge of going multinational. Such businesses cannot be predicted.

HMRC has estimated

“that £6.5 billion in tax goes unpaid every year because of mistakes made when filing tax returns.”

We do not want that to become £12 billion, which may be a stretch of the imagination, but when any new system comes in, there are new challenges. We must make sure we get this right from the start. We do not want the self-employment sector to feel that Big Brother is on to them with a turnover predictor that becomes the new form of VAT. I do not think that will happen, but it must be said. Will the policy eventually lead to quarterly payments? From what I have seen from the Treasury, I do not think it will and I am sure the Minister will reassure us on that.

What must also be taken into account is that cash flow can be very unpredictable and many businesses are paid on a 90-day cycle, which is one quarter. That could skew and distort the figure that comes across a business's dashboard with HMRC if it goes online.

To sum up, I hope this will not become the new VAT. I was a self-employed businessman for the better part of 30 years and I have seen all sorts of changes over that period from successive Governments of all political parties that had an effect on the way my business and others in my area ran. HMRC should set up special classes. The change should not be something that is just learned online. There should be a dedicated centre where self-employed people can be told what to do, so that they are not pressured into becoming semi-accountants, instead of earning money and being an entrepreneur and creative.

One part of the “Making tax digital” myth-buster that concerns me is where it says that people

“who genuinely can't use digital tools... will be offered alternatives, like nominating someone else to update their information for them, or giving information by phone.”

In plain English, that reads to me like using an accountant. That should be taken into due consideration with these classes to ensure that people do not spend more and more of their time and money on employing more accountants to deal with quarterly returns.

It must also be asked what the penalties are if a quarterly return is not filed on time. Again, that concerns the self-employed sector. Those people want to know what the new system will look like, what it will involve and how, in reality, it will affect their business. We must get this right. We cannot let the estimated £6.5 billion of losses get any larger. It is good that the Government are grasping this nettle. It is a fact, whether we like it or not—everyone in this Chamber knows—that this kind of taxation filing will be done online eventually, because that is the way things are going. It is inevitable; that is the way of life. We all, from whichever side of the political divide, accept that. However, we must ensure that we do not place extra burdens on businesses and that they remain productive and creative, as we have one of the largest sectors for self-employment not in Europe, but in the world.

5.31 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I commend all the speeches that we have heard so far, from across the party political divide, but particularly that from my hon. Friend the Member for Hove (Peter Kyle), who touched on the spirit of entrepreneurialism that many hon. Members speaking in the debate care about and has motivated them to take part. I think that it was the hon. Member for East Lothian (George Kerevan) who correctly said or implied that no one should turn their face against employing new technology to simplify or streamline what might otherwise be bureaucratic, wasteful paper-based systems. I do not think that that is really at the heart of the debate. I am less concerned about the shift from paper to digital than I am about the potentially even more seismic change from annual to quarterly reporting, updates, summaries, returns—call them what you will, there is definitely something that a small business will have to produce. In fact, I was wondering what the difference is between a return, a summary and an update. Perhaps the Minister was updated at the last general election rather than returned. I do not know, but it is on that specific point that we will want some answers.

My apologies, by the way, Mr Davies, if I am not able to remain in the Chamber until the end of the debate. I should also say that possibly we should all declare an interest—I point to my entry in the Register of Members' Financial Interests—as individuals, because this proposal will not just affect businesses. In the Treasury's update in the autumn statement and spending review, it was clear that the proposal will take in very many businesses and self-employed people, down to levels well below the VAT thresholds and others. I do not think, even though there are 110,000 signatures on this e-petition, that most people have quite realised the ramifications that the proposal could have for them as individuals submitting an individual tax return, as well as for those businesses that are affected.

This is not just about the move to doing things online; it is very much about the process of lodging the tax return or even update, because that is the thing that many people find particularly laborious. This is not

about how things are written down; the issue is the process that takes up so much time and soaks up so much effort when a company is taking stock of the income that has been generated gross, of the expenditure that has gone out and of any gains or losses that have been incurred. When the Government say that in four years' time there will be "at least quarterly" requirements to file "summaries" with HMRC, the Minister should not be too surprised if people hear that and feel that there will be at least a quadrupling of the administrative effort and exertions and the sweat and tears that sometimes go into that process.

My hon. Friend the Member for Hove has articulated sufficiently the broad points about why we should support SMEs; I have just a few specific questions about the Government's proposals so far. Will the option of an annual tax return be abolished? Will companies still be able to make the return annually? Will this quarterly—or perhaps more frequently—arrangement be supplementing that? What exactly is proposed? The Minister says "at least quarterly". Will he elaborate on how often he means by that?

Many small businesses and individuals will liaise with their accountants annually. They will collect together all the receipts or invoices and hand them over en bloc to their accountant, who will of course help with the recording of income, business expenses and so on. The accountant will examine those, perhaps audit them and agree a verified and checked final figure; and that is the point at which information is dispatched to HMRC. I want to drill down into whether the Minister is now saying that businesses and individuals will in effect be asked to submit raw, unaudited, almost "real-time" income and expenditure data directly to HMRC—disintermediated, if I can use that term, by taking the accountant out of the picture?

Will the Minister say a little more about where the accountancy and audit stage will fit into this process? That is a crucial thing for many businesses. They want to ensure that they are submitting information about their business activities in full, so that it is accurate. They will be anxious about what will happen if they make mistakes in those data, because they are going in on a real-time or near-real-time basis. They will be anxious about how that could ever be disentangled should administrative mistakes be made. Will not businesses now feel that they ought to incur even more accountancy costs, perhaps four times a year instead of annually, just to be on the safe side? The Minister can say, "There's no need to do this. Just let us have access to your books and we'll press send on Sage," or whatever software the Minister envisages. However, I think that many businesses will want to take a precautionary approach. I can understand why they would do that, so will the Minister elaborate on that point?

What happens to the actual payment of tax owed? When will that be forthcoming? I think that the hon. Member for South Ribble (Seema Kennedy) touched on this point. Will an annual sum still be required, or are we in effect moving to some sort of pay-as-you-earn for small businesses? I have often found it a bit of an anomaly that many people who are employed have the tax deducted—dripping out as monthly payments—at source, but others have the option of making their tax payment sometimes 18 months further down the line. There is no particular incentive in that respect. There was,

when interest rates were higher, the opportunity for people to forestall the payment of their tax and perhaps gain the benefit of holding on to that cash before parting with it and giving it to the Treasury. In this case, if we are moving to a sort of PAYE for small firms, it would be better if the Minister was honest and straightforward about it, because that would be a big change in the way business accounting works.

The hon. Member for Morecambe and Lunesdale (David Morris) made the point about seasonal businesses. He mentioned Christmas tree growers. There are many seasonal companies, which will do well in the summer months and perhaps less well in the winter or vice versa. Examples include window cleaners, sports coaches and people involved in holiday lettings. Of course, quarterly reporting arrangements will therefore be quite volatile over an annual period. Taking snapshots at a particular point in time will not necessarily give the final, smoothed, annual, true report of what the business may or may not owe in tax terms. There is a real question about peaks and troughs across the year and how that can be taken into account in a quarterly reporting arrangement.

David Morris: One thing that concerns me from what the hon. Gentleman is saying is that, if quarters are compared to relative years and HMRC thinks that something is amiss, it could enforce an investigation. Would the powers of investigation for HMRC be doubled overnight because it would have more of a dashboard—for want of a better word—on the computer to look between years and sectors and also types of businesses?

Chris Leslie: Many hon. Members will have filled in all sorts of electronic forms when purchasing goods and services. I can envisage an HMRC drop-down menu saying, "Pick the type of business that you are." My concern is that not all businesses fit neatly into the categorisations provided by the computer. Whether the computer says yes or the computer says no, that does not always tally with the realities of those businesses' needs. There is some virtue in the annual tax return arrangement, because it provides a smoother, more strategic overview of the tax liabilities of a business that is complex, even if it is small or micro.

There are bigger concerns about the design of the Minister's proposal. For me, it is a bit of a distraction to get bogged down in the question of online versus paper. The core question is what is involved in moving to the quarterly summary and update arrangement. There are administrative issues, too, which people will worry about. HMRC has not exactly covered itself in glory in recent years in terms of customer responsiveness. I think 18 million phone calls went unanswered last year, and only 50% were picked up in the first half of 2015. Given that track record, I do not think the Minister should be surprised if people are a little bit wary about another big transformation coming, when they may want some help and support.

The Public Accounts Committee looked into HMRC customer responsiveness, and it was not exactly satisfied with some of the answers that it got. We need full assurance about HMRC's competence on that matter. Principally, we need assurance about whether the Government are carefully thinking through this significant change, which could affect not only businesses and the self-employed, but many other individuals—perhaps

[Chris Leslie]

tens of millions. The debate has been a worthwhile opportunity to pause and urge the Minister to think more carefully about the proposal.

5.41 pm

Andrew Bingham (High Peak) (Con): I apologise for the fact that I cannot stay for the end of the debate, because I am needed elsewhere at about 6 or 6.30 pm. It is a pleasure to serve under your chairmanship, Mr Davies.

I am broadly supportive of the propositions. A lot of the points that I wanted to make have already been made, but I do not apologise for making them again, because I know that the Financial Secretary is in listening mode. I am particularly pleased to see that the Minister for Small Business, Industry and Enterprise is in the Chamber, because we know that she is very committed to small businesses.

When I had a proper job, as I often say to people, I had my own small business. We use the term “small business” quite loosely in this place. I was interested to hear the hon. Member for Hove (Peter Kyle) talk about small businesses that made a profit of £70,000 a year, and I must admit that I wish that mine had made that sort of money. I want to focus on the microbusinesses—those very small companies. My business employed only four or five people. The hon. Gentleman, whose predecessor I remember well—he was a great friend of mine—made some good points. As he said, as a small business grows, its burdens are not alleviated but increased. Someone who employs five people has to worry about not one mortgage but five, and about five people’s futures.

I am concerned, as are some of my constituents, that the proposals may place further administrative burdens on small business owners. Some people think that a small business owner sits there in a big, expensive coat, smoking cigars and counting the money that comes in, but I and many Members who have outlined their experiences know that that is not the case. The small business owner or microbusiness owner has to be the salesman one day and the buyer another day. They are the credit controller in the morning, the HR manager in the afternoon and also the accountant. They have to do all those jobs at once.

I am pleased to hear the reassurance that we are not talking about making tax returns every three months. I hope that the Financial Secretary will give us more reassurances, because we need to get those out to our small business community. The quarterly update is fine, if that is where it stays, but I worry about regulation creep. I am slightly nervous that this is the thin end of the wedge and that, if we are not careful, the process will become one of quarterly tax returns. The implementation will be the key, and I would hate for the Sir Humphreys to pick this up by the scruff of the neck and turn it into something that we do not want.

I have heard that the proposal promotes savings to business, but I am slightly nervous about that. From my time running our business, I know that if there is a saving to be had, a small business owner will grab it by the scruff of the neck pretty sharpish. My business used to distribute engineering equipment. If I was selling an

item of machinery, the market would dictate what I could sell it for, and my profit was dependent on how much I could buy it for and how much it would cost me to distribute it. If there are savings to be had, most small businesses that I know will already have grabbed them with both hands, so I am slightly nervous about that suggestion.

I flag up the point made by my hon. Friend the Member for Morecambe and Lunesdale (David Morris) about businesses that are not online or computer literate. This proposal will put them online, so will they be forced to buy such things as computers, and will their overheads and administrative burden increase? I leave that question hanging for the Minister to deal with.

My High Peak constituency is rural. Although the Government have put a lot of money into broadband coverage and the situation is getting better quickly, it is still a problem, particularly in some of the most remote areas. We have not talked a great deal about the farming community, but we must remember that farmers are small business owners by virtue of what they do. In High Peak—the clue is in the name; it is high, and there are peaks and hills, with very remote farms—farmers are struggling with their broadband, as are those in a lot of areas in my constituency. Only 64% have superfast broadband, which is another problem.

I was recently approached by three businesses, all on the same trading estate. Bells Shoes sells hundreds and hundreds of pairs of shoes on the internet. Interestingly, the company has always had a retail outlet in Buxton—I think I bought my first pair of work shoes there many years ago—but its business is now very much online. What used to be a retail outlet is now more of an online outlet, with the retail supplementing it, but the business struggles because its broadband is not fast enough.

Many in the Chamber will not have heard of Otter Controls, but I promise them that they will have used a product produced by Otter Controls, which makes thermostats. Every time we switch on a kettle and it trips off at boiling point, we can bet our bottom dollar that there is an Otter Controls thermostat inside. I could talk at great length about the history of the company, because it is fascinating. Again, it employs a lot of people, but the nature of its broadband is getting in its way. I realise that this is not a debate about broadband, but I think that it is a key aspect of what we are talking about and how we move things forward.

I understand and agree that we have to move things online. We have to progress because we need to remain competitive. However, I worry that bringing in this change so quickly might be a bit previous and that we could be a little ahead of the game. I am nervous about it, as are some of our small businesses. I speak regularly at the Glossop Business Network, and I am sure that the next time I visit the network, the matter will be raised with me.

The proposal sounds simple, as it should be, but I worry that it might get overcomplicated and that the process will not be as straightforward as it should be. If that happens, who will pick up the tab for the cost? It will not be us here or the good people at HMRC; it will be the business owners, the employers and the wealth creators of the economy. I cannot remember what my hon. Friend the Member for Hertsmere (Oliver Dowden) called small businesses, but I call them the engine room of the economy. I worry that if we are not careful, we might seize that engine up.

I apologise again for the fact that I probably will not be here for the Minister's closing remarks, but I promise to read them avidly in *Hansard* in the morning. If my small business owners do not sell, they do not eat. If they do not make a profit, they put in jeopardy not only their own future, but that of their staff. All I ask of the Minister is that he assures them that the proposal will not be a big stick that HMRC will wield over them and smack them over the head with when they are already working incredibly hard to make a living for themselves, their employees and my constituents.

5.49 pm

Sammy Wilson (East Antrim) (DUP): Unlike some hon. Members who have spoken, I have difficulties with the concept of digitising tax returns. I have some experience from when Northern Ireland introduced digitisation and a need for internet access for planning applications and a whole range of civil service functions. Anyone who looks at the Government's record, regardless of which Department is involved, will see that none of this ever goes smoothly and that the initial costs never turn out to be as low as predicted. The process of moving towards the objective is never smooth and, inevitably, many of those affected find it hugely frustrating. Sometimes the ironing-out period is short, but it can often last for a long time.

As hon. Members have pointed out, the issue of tax returns is not just a cause of frustration as, in some instances, it can be a matter of whether a business survives. Although the Minister has outlined some of the benefits and the reductions in administrative costs, we therefore have to ask ourselves whether we are sure that the transition period will not be so disruptive that it has an impact on many of the businesses in the United Kingdom that the Government are keen to expand.

One of the fastest-growing sectors of the economy in my constituency is people moving into self-employment—they are encouraged to do so. However, it would be detrimental to push those people into a situation in which it is difficult for them to do business because the Government have made it hard for them to carry out one of the most basic things—their tax transactions. The Government will undertake a consultation, and they have the 2020 deadline and so on, but we underestimate the trauma that some people might experience along the way because these things never work out easily.

I have read through the missive that the Minister has sent us all to sell this wonderful idea and, like others, I am still not clear what the Government are trying to achieve. The document cites headline figures, and says that the change will cut administrative costs and make things easier, and that people

“will be required to keep track of their tax affairs digitally”—

that is the kind of language that is used. It says that people will not have to

“wait until the end of the year, or even longer, before knowing where they stand with their taxes”

and that

“updates will be generated from existing digital business records”.

As some Members have asked, what does that actually mean for a business? Will a business know exactly how much tax it is due to pay every quarter? Will it pay that tax every quarter? Will the digitised records simply be a reflection of the information that is already gathered?

Will they need to reflect the information that would be required at the end of the year? If so, that is radically different from simply saying, “Give us a lot of data about your business.”

There is significant work involved in getting some end-of-year records that businesses submit in their annual tax return. Those records might cover stock taking, work in progress, accruals, bad debts and one-off payments. Will all those things be required for every quarterly return? Is that what is meant by

“updates will be generated from existing digital business records”?

If that is the case, there is absolutely no way that the Government can argue that generating the accounts will not involve substantial extra work for businesses. If there is a quarterly requirement to pay tax, will businesses find themselves overpaying tax at the beginning of the year and then having to get a rebate at the end if end-of-year adjustments have reduced the tax burden? What does that do to a business's cash flow? What do the Government intend?

Once the records go in, presumably the data will be looked at. If that is the case, will queries be raised, or will the data simply be ignored? If we are going to ignore the data, why provide them? If we are not going to ignore the data, will there be queries from HMRC not at the end of the year, when one tax return would have gone in, but on a quarterly basis? That would, of course, create additional work for businesses. The change will play an important part in how businesses generate the information. If it is simply a case of passing on digitally-generated information, will the process involve more or less information than a business would usually gather during the year?

Seema Kennedy: Does the hon. Gentleman agree that the transition will be complicated for businesses that are paid in cash and with cheques, as well as online? I am thinking of a self-employed hairdresser, for example.

Sammy Wilson: That is exactly the kind of question that any reasonable business would want answered when deciding whether the change is good or bad. It is easy to hide everything behind a term such as “quarterly, digitally-gathered business records” but the detail, as the hon. Lady says, is significant for businesses.

If the information is to be looked at in detail, that will affect how businesses go about collecting and verifying it. Most businesses do not want to make mistakes. They are not all treated—unfortunately, Minister—like the Googles of this world. Many businesses fear HMRC—they fear the taxman. They are afraid of making a mistake and of that being interpreted as them somehow trying to pull the wool over people's eyes. Inevitably, instead of one visit to the accountant or auditor, there will be three or four visits. I do not think that this is just speculation, because one only has to look at what happened when VAT filing started. That was sold on the same kind of basis, because we were told, “You just fill in all the stuff,” but that was not what happened. People started going to accountants to get them to verify that they were sending in the proper information.

Will more queries be raised with businesses and will more time be tied up dealing with those queries? As businesses see the quarterly returns as something of great significance that have an impact on the tax they pay and how that might be scrutinised, will they face

[*Sammy Wilson*]

more compliance costs due to their asking professionals to do their returns? Alternatively, as some Members have described it, is it simply that they will have all the information on one spreadsheet, and that they can click a button to send it to HMRC, with that being the end of it? I doubt very much that that is how businesses will regard this, and HMRC has already accepted that there will be set-up and hardware costs.

David Morris: Does the hon. Gentleman agree that the best way to sort out such hardware and software costs will probably be to look at examples elsewhere? The Estonian Government, for instance, do not use paper at all; everything is done online. We have imported the car tax system from Estonia, and perhaps it would be good to look at how other countries manage similar taxation programmes.

[*MR DAVID HANSON in the Chair*]

Sammy Wilson: If we have long enough consultation and lead-in periods, there will be opportunities to find out where similar changes have been made and what lessons can be learned from them. I hope that that elementary step is taken so that we iron out some of those things. If the software is free, it does not mean that there will be no disruption to businesses because they will have to adapt to a universal form of data collection, which might be different from what they use at present. Of course, that requires training and changes to how things are done.

Many people in my constituency who have set up small businesses or become self-employed did so because they are good plumbers, carpenters, builders, mechanics or whatever, but they are not into the administrative stuff. Even if there is help and this standard software is provided free of charge, they will pay somebody to carry out the process, and if they have to pay that person four times a year, it will add to their costs.

As several hon. Members have said, while we talk about all this information being supplied online, that is not an option for many businesses throughout the United Kingdom. A report that was published on Friday by a group of hon. Members stated that it was accepted that the internet programme has not been rolled out as well as the Government had hoped. The report made substantial recommendations and asked whether we could implement them without breaking up BT's monopoly.

One thing we know is that HMRC has accepted that 19% of businesses have no digital contact, and that 42% need assistance, so a substantial number of businesses will not find the transition easy. Connections in this part of the United Kingdom are much better than those in Scotland, Northern Ireland or other areas of England and Wales where the population is perhaps more dispersed, so the burden of not being able to comply with digital returns will be felt much more heavily in some constituencies than others, and that needs to be taken into consideration. I do not want to make a point that others have made, but if the system needs to involve other ways for people to contact HMRC, we already know that there will be difficulties. I do not want to go through all the statistics about phone calls not being answered—

Rob Marris (Wolverhampton South West) (Lab): Go on.

Sammy Wilson: I am sure that the shadow Minister will make that point very effectively. We already know that there is a problem with communications other than those involving computers, so that is an important consideration when introducing a system in which people have to make contact four times a year.

6.4 pm

Sitting suspended for Divisions in the House.

6.30 pm

On resuming—

Mr David Hanson (in the Chair): As there were two Divisions in the House, the debate may continue until 8 pm. When we divided, Sammy Wilson was at his peroration.

Sammy Wilson: I have three points to make in conclusion. First, although more than 100,000 people have signed the petition, I believe, despite what the Government have said, that that is probably an indication that many businesses are not even aware of the changes. If the policy announcement has not percolated down to those who will be affected, how can we be sure that they will be fully aware of the substantive changes to come until they are hit by them? There is a lesson to be learned about just how effective the announcement and the consultation have been. Secondly, although the Government argue that they want to reduce the regulatory burden on businesses, I cannot for the life of me, for the reasons I have given, understand how the approach will reduce that regulatory burden.

My third point is about political perception, but it is important, and I would have thought that the Minister's party would have been particularly concerned about this. There is increasing cynicism that somehow big business gets away with things that small business does not. The measure will apply to small businesses but not to large ones, yet all the time the headline news is about how the latter—whether it is the Googles or the Starbucks—seem to walk away from their tax responsibilities. People will find it difficult to understand why there should be a greater onus on small businesses to declare their earnings and business details when some of the larger ones can get away without paying tax for 10 years and then get a slap on the wrist. As we discussed earlier in the main Chamber, they seem to get away with paying very little.

David Morris: I would like the hon. Gentleman to try to look at the matter this way: self-employment is the largest growing sector in the country, and that has to be taken into account when considering how taxation should be simplified. As my hon. Friend the Member for High Peak (Andrew Bingham) said, the sector is the powerhouse—the engine room—of our economy. I hope that the hon. Gentleman agrees that two different styles and sorts of businesses are being discussed in parallel. Our earlier proceedings in the Chamber were about the Googles of this world, and this debate is about the self-employed and small and up-to-medium-sized enterprises.

Sammy Wilson: I take the hon. Gentleman's point, but I think that I made it clear that a lot of this is about perception. Businesses that are struggling and already feel a heavy regulatory burden sense that further requirements are being imposed on them. It may well be that we are talking about different kinds of business, but we all know that perception is important in politics. There is cynicism and scepticism, and people take the view that somehow the big players get away with things that the small players do not.

The Government ought to be concerned to ensure that we are not seen to be imposing further regulation on the small, usually labour-intensive businesses that generate a lot of employment across the United Kingdom and which the Government seek to encourage. Many of the responses to the consultation have been from organisations that represent small businesses, and they have been negative. As several hon. Members have said, those organisations do not know what the Government hope to achieve, or what businesses will have to do, what information they will have to give and what the impact on them will be. Those points need to be cleared up, and that is one of the reasons why today's debate has been good. The Minister's response will be noted by hon. Members who have participated, but during the ongoing consultation and the roll-out of the policy, we need to bear in mind all the points that have been raised today.

6.35 pm

Hannah Bardell (Livingston) (SNP): It is a pleasure to serve under your chairmanship, Mr Hanson. I hope that hon. Members agree that we have seen a coming together across the political divides on a number of issues today. There are many shared views about the concerns that are out there.

I pay tribute to Paul Johnson, who created the petition, which, when I last looked before leaving the office today, had nearly 110,000 signatures. That is a sign of the strength of feeling to which hon. Members have referred. It is also important to pay tribute to the work of the Petitions Committee in ensuring that there are opportunities for the public to respond to and feed into Government policy. The hon. Member for Hertsmere (Oliver Dowden) mentioned the engagement on Twitter; the more we can open up our politics, the better.

It will not have escaped anyone's notice that it is Burns night tonight and, for those hon. Members who did not know, Robert Burns worked in the Excise—

Rob Marris: He was a socialist.

Hannah Bardell: Yes. What we have heard today is a call for the Government to reflect on the plans and on the pace of development. I am able to find a Robert Burns quote for every situation, and he once said:

"Dare to be honest and fear no labour."

I commend those comments to the Government.

The contributions to the debate, across all political parties, have been insightful and thought-provoking, but while the Scottish National party supports digital transformation and recognises that it is absolutely key in all aspects of our society, we believe that it must be done in parallel with a simplification of tax policy. We feel that the Government's lack of consideration about

how the changes will work in practice flies in the face of the commitments they have made to simplify tax for small businesses. I believe that the Chancellor said that his "dream" was

"that people might actually understand the tax laws which they were being asked to comply with."

Some time ago, the Government also said:

"We need to reduce the complexities in our tax system and the coalition is committed to delivering that goal."

I hope, and assume, that the Government are still committed to that goal, but I think we have heard from hon. Members across the House today that people are not convinced about that.

I highlight again that a key concern across rural parts of Scotland and, I am sure, the rest of the UK, is weak digital infrastructure and connectivity. We appreciate that there has been significant investment by the UK Government, and we commend them for that. In Scotland we have also made a significant investment—£115 million, to be spent in the next year—against a challenging financial backdrop. The overarching issue for us is that we want small and medium-sized businesses to thrive and develop in rural parts of Scotland, but connectivity and infrastructure are not developing apace with that potential and with the proposed changes. Along with people from across the political divides, I urge the Minister and the Government to include that issue in the consultation and map out the weak areas of connectivity.

My hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford), who is not here today, recently highlighted a grave concern in his constituency. Thousands of houses and premises there lost connectivity over Christmas, which affected their businesses. If that were to happen regularly, one can only imagine how the changes might affect people. To give an example, a good friend of mine owns a bed and breakfast in the port town and fishing village of Mallaig. For some time he had a satellite on the side of his house—I do not know whether he still does—which provided mobile coverage to Rum, which is one of the Small Isles. There happened to be a storm one winter, and the satellite was knocked off. The whole island lost connectivity for a number of weeks. That is a small but important example of how connectivity is delivered in some of the rural parts of our United Kingdom and across the isles.

Many businesses and groups have argued that the proposals for digital accounts and quarterly reporting will make the requirements on small businesses more complex. The Federation of Small Businesses has condemned the UK Government's failure to publish initial options for the form that the quarterly return will take, which has not been defined. A number of Members have mentioned that. The FSB has said:

"As such, the announcement runs completely contrary to evidence-based policy making, which only serves to undermine businesses' confidence that Government is determined to tackle the administrative burdens of small business."

Additional research has shown that on average, businesses pay £3,600 a year to comply with tax arrangements. The additional burden could have a significant impact.

The FSB has provided us with comments that its members made between 15 and 17 December last year in response to the proposals. One said that instead of making the lives of small business owners as simple as possible,

"HMRC should be pursuing the large businesses that do so very well out of not paying the taxes they are due!"

[*Hannah Bardell*]

That is particularly resonant given the urgent question earlier today. Another member said:

“This is my worst nightmare come true. I am going to be spending more time filling out tax returns than actually running the business. I fear it may be the straw that breaks the camel’s back.”

An accountant said:

“I totally disagree with your comment that ‘it’s good for accountants’. As a professional accountant nagging those late clients to bring in their records and other information to beat the January deadline, having to do this now 4 times a year would be our worst nightmare come true. It would be January four times a year with no doubt penalties and interest for those that are late in filing the quarterly returns.”

I hope the Minister will take those comments on board and think carefully about them.

Many bodies have echoed the concern about the additional workload that the new reporting requirements will place on businesses. Chris Jones, the president of the Chartered Institute of Taxation, said of the quarterly reporting requirement that he was

“struggling to reconcile this with the announcement by the Chancellor...that the annual cost to business of tax administration will be reduced by £400m”.

Similarly, Anthony Thomas, chairman of the Low Incomes Tax Reform Group, has said:

“We gave a cautious welcome to the new digital tax accounts on the basis they might simplify matters for some low income taxpayers, although we remained very concerned that a significant proportion of the population, often the most vulnerable, remain digitally excluded.”

That applies for a number of reasons. People on lower incomes who start businesses, particularly women, may well be excluded and unable to navigate the new system. A number of Members have referred to the roll-out and cost of training and development. I hope the Minister will refer to how that will be done and assessed, because that is important.

Business for Scotland surveyed 278 of its members, and 92% of them felt that the changes would cost them significantly more and said that they already had enough to deal with. The majority are concerned about increased stress and fear that accountancy fees will be increased and that they will be constantly preparing for the next tax return. I appreciate that some of those fears may be allayed, but there is an issue of public perception, as we have heard today. It is about how the Government communicate and consult with business, which is key.

The SNP has significant concerns about HMRC’s ability to implement the changes in light of budget cuts and the closure of HMRC offices. It is predicted that many small businesses will need to seek advice on how to meet the extra requirements of quarterly reporting. James Hoare of PricewaterhouseCoopers has said:

“Digitising the relationship between business and HMRC is desirable and inevitable, but the scope and timescale of the proposed changes raise important questions, such as whether training and support will be provided for those less familiar with digital reporting.”

HMRC has had its budget cut. Its departmental expenditure limit will fall from £3.8 billion in 2016-17 to £3.1 billion in 2019-20, which is a cut of more than £700 million across three financial years.

We are all aware of the proposed closures and the devastating impact that they will have, particularly in Scotland, where offices are going to be centralised to the central belt in Edinburgh and Glasgow. Much has been said about how that will be a positive move, and it has been said that minimal numbers of jobs will be lost, but that is not what we are hearing on the ground, where there is a real fear that we will lose much of the expertise of offices and their staff, and that there will be an inability to collect tax efficiently.

The centralisation of offices has led to other issues being raised, include travel, particularly in my constituency of Livingston. One of the offices there was purpose-built for HMRC. It is not old or dilapidated in any way, and the local workforce have impressed on me the number of areas of expertise that they feel will be lost, and the real-terms cut in salary that will result from increased travel costs. Livingston, as most Members will know, is placed right between Edinburgh and Glasgow, and connectivity is very good. I cannot imagine what things will be like for those who are considered to within one hour’s travel.

The key themes are public and business confidence, and the development of broadband infrastructure and connectivity at pace. The burden must not fall largely on small businesses, because, as a number of Members have said, entrepreneurship and the people’s desire to start their own business may be reduced if the administrative burden is put on them. As we have heard, HMRC is already struggling to answer calls and deal with the current workload, so we need to understand the effect of the various changes and cuts coming down the line. In some respects, it seems like a perfect storm of service closures, reduced budgets and a greater burden on the service.

I hope the Minister and the Government will think carefully about all the issues that have been raised, and that they will extend the time for consultation and roll-out, as Members from all parties have asked for. Otherwise, there is significant fear, not only in the House but in small businesses across the country, that the burden will be greater for small businesses and damage could be done to them.

6.47 pm

Rob Marris (Wolverhampton South West) (Lab): It is a pleasure to appear before you again, Mr Hanson. I give my thanks to the Chartered Institute of Taxation and the Federation of Small Businesses in particular. I also thank the petitioners and those who tweeted in response to the petition.

Broadly, Labour welcomes greater digitalisation, but I think that the Minister—he is an honourable and painstaking Minister—has been a victim of some wooliness in this whole saga. Fears have been expressed that the Government are about to do things that the Government say that they are not in fact about to do. That is always a difficult thing for politicians, and we face that whatever our political party. We are well able to defend our views and those of our party, but it is more difficult to deal with people misunderstanding our views and then attacking those misunderstood positions. We have to go through a double process with them: first, we have to sort out what our position is and then we have to justify it.

The change is a question of timing, software and the assistance that will or will not be available. As I understand it—the Minister will be able to confirm this or say I have got it wrong—a lot of HMRC stuff is already done online: VAT is online; there is real-time information for PAYE returns; and company accounts are being submitted in what is called iXBRL. No doubt, the Minister will know what that stands for; I do not. There is also the digital tax account and the agent online self-service, which is not to be confused with the agent secret service and which is for such people as accountants to deal with HMRC regarding the tax affairs of their clients.

What the Government are doing—it is very understandable; it is happening all over society—is an attempt to externalise costs. That is what it is in economic terms. We see it all over the internet with the use of online services. Many Members will be familiar with this, but years ago people would go to a travel agent, and the travel agent bore the overheads. Now, people go online and book with an airline or a travel company, and they are bearing the overheads, because they are paying for their computer, the heating and lighting in their home and so on.

HMRC is externalising its own costs, which is understandable because HMRC is not a profit-making centre. If its costs of operation are lower, taxpayers benefit. However, we know from other examples that externalising costs does not always go smoothly. I will quote from paragraph 1.5 of the Chartered Institute of Taxation's very helpful briefing:

“Making Tax Digital is a huge project that is going to bring in fundamental changes to the tax system and how both taxpayers and their agents interact with it. It has the potential to create a simpler, more workable tax system if it is developed and implemented in the right way but it must be managed carefully and in consultation with taxpayers, tax professionals and software developers alike.”

That sets the scene quite well in terms of what one ought to aim for in government, whatever one's party: to have an inclusive process that runs smoothly and not too quickly. It is not clear that the other online initiatives in HMRC have gone so well. The CIOT states:

“There is evidence that past changes in reporting obligations have led to an increase in compliance costs for businesses, and that HMRC tend to under-estimate these costs.”

In the spending review, HMRC tells us that the measure will save businesses £400 million a year, which would be very welcome, particularly for small businesses. I hope the Minister will clarify that, because I keep hearing about the effects on small businesses. We absolutely focus on that, about which more later, but I am not sure whether there is a *de minimis* or upper threshold. Perhaps the Minister will elucidate, because I keep reading, “This is an attack on small business; big business does not have to do this, and therefore it is unfair.” That might be the case, but at the moment it is not clear to me that, if the measure were brought in, it would not apply to big businesses; or, to get rid of the double negative, when this comes in, it will apply to big businesses. So we need to know who the policy will apply to.

We all know from the debate today that there is a big risk of increased costs for businesses, and that those increased costs are likely to fall to a greater extent on small and medium-sized enterprises, which do not have accounts departments. So, proportionately, the hit taken by smaller businesses, if this were to go wrong, would be much bigger because of the initial set-up costs. Even if

there is free software from HMRC, it has to be installed on a computer, if the small business has one. There is increased staff time in preparing and checking all the records four times a year and a potential increase in the fees of agents, particularly accountants. Some small businesses might need to engage an accountant, whereas previously they might not have done so.

All that costs money, and if HMRC were to raise queries four times a year, in contradistinction to once a year, the likelihood is that those queries would not be a quarter as many or a quarter as complex and that, when a whole year's worth of quarterly queries is added up, it would take more staff time and cost more for businesses, particularly, but not exclusively, for small businesses.

There is a question of timing. I understand there will be consultation this spring, so the hares are now running. We have a petition of 110,000 signatures. Organisations have considerable concerns, many of them expressed today, particularly on two aspects that are linked. There is the sanctions aspect and whether sanctions would be applied for failing to do a quarterly update. My hon. Friend the Member for Nottingham East (Chris Leslie) was right: we could use a multitude of words for this measure, but we must not use the word “return”. Returns are for taxing, winning elections and birthdays when we get happy ones. Generally, we do not say, “Happy tax returns.”

Chris Leslie: Many happy updates.

Rob Marris: Indeed.

I hope the Minister can elucidate whether the software will be free, as has been indicated in some of the material I have read. If it is to be free, or paid for by the individual, when will it be available? Perhaps it is available now; there is no sense in having the system and no software to deal with it.

Perhaps the Minister will correct me if I am wrong, but I understand there has as yet been no impact assessment, which seems to be a rather large lacuna in what hon. Members and outside organisations engaged in this matter agree—it does not mean it is right if we all agree, but the tendency increases—is a pretty big change and may presage bigger changes on a more widespread basis.

It would be helpful for business if HMRC went about saving money—externalising costs, being more efficient, whatever we want to call it—before cutting staff so much. To cut staff and introduce this new measure is a triumph of hope over experience when it comes to computerisation programmes, whether in government or in the private sector.

I have another question for the Minister on the vexed question—in spite of the agent online self-serve system—whether there will be synchronicity by April 2017. At that point, quarterly updates will have to be filed by businesses and agents will have access to all the information online—not just the information of their clients, but HMRC's—and will interact with HMRC digitally, because otherwise there is a risk that businesses will file updates four times a year, but their agents will not be fully engaged in that process that has happened before, and that is a concern.

As for staffing, there are lots of different ways to count staff. When I have probed this, there has been a difference of opinion between HMRC and the Office

[*Rob Marris*]

for National Statistics. However, if we look at the broad trend, the ONS and HMRC agree that since April 2010, when the Conservative-led Government started, there was a cut of almost 20% in HMRC's staff by April 2015, and there are more cuts in staff to come. On the centralisation of offices, for example, which has been averted to, only 90% of staff will transfer to the centralised regional offices, according to HMRC's own figures. So a greater loss of staff is likely. Loss of staff per se is not a bad thing if an organisation is running more efficiently, but it seems to me to put the cart before the horse to say we will lose staff at the same time or even before we bring in this online stuff. Again, it is a triumph of hope over experience.

Will the Minister tell us about the practicalities and exactly what data will be submitted? My hon. Friend the Member for Nottingham East referred to this key question. The Government are saying to businesses, "We want you to provide some information four times a year," to put it at its most neutral. What information will be required four times a year? The likelihood is that businesses will no longer have a choice about how to keep their records, because, although they may retain that choice in theory, for practical purposes, they will have to keep that information in a way that is compatible with the HMRC model. That may be a good thing, but uniform models in business are always a little suspect, because they can crowd out innovation. So there is a question mark there in terms of that forced uniformity, unless HMRC, for example, comes out with two or three different sets of free software, which I doubt, but perhaps the Minister can tell us more about that.

If, as has been suggested in some of the material—again, perhaps the Minister will clarify—this is a system whereby we press a send button and all the information squirts out the computer, down the broadband, if we have broadband, to the HMRC server, that will leave HMRC with a whole lot more information, and the hon. Member for East Antrim (Sammy Wilson) quite reasonably asked what HMRC will do with that information. He has been around for even longer than I have—he is pulling a face, but I do not mean his age; as an hon. Member of this institution, he has been here longer than I have. So, as he knows, the likelihood is that with any splurge of data from businesses hitting the send button, because they have it in the format provided in the software or whatever, a lot of the information will never be looked at. Businesses will supply all that information, but it will not be looked at; it will only clog up HMRC and potentially the system. That might lead to a lower rate of compliance, and none of us wants that.

Furthermore, experience tells us that if people are submitting information four times a year, the likelihood—not the certainty—of errors creeping in goes up about fourfold. Again, that is not necessarily the case, because the system might be a simple one, understood by businesspeople who are simply running a business and not having to be an accountant on the side, so they might be clearer about what they are supplying and therefore less likely to make errors. To expect that, however, would again be a triumph of hope over experience. The greater likelihood is that, with quarterly updates, there will be a considerable increase in errors—if not fourfold, threefold.

Seema Kennedy: I understand the point that the hon. Gentleman is making, but although there might be an error in the input of records, surely if everything is done electronically, there will be fewer calculation errors at least, or so one would hope.

Rob Marris: I agree with the hon. Lady that that is the theory, but the fact is that input errors are likely to increase in number if more information is being inputted—not necessarily, but likely. She is absolutely right that that is the point at which errors, if there are any, will creep in—garbage in, garbage out, as the saying goes.

Another practicality mentioned today relates to remote areas. I hope that the Minister will say something about that, because I have seen some suggestion that things could be done on a smartphone. I am no techie, but the only ways in which I can see that being possible are on a phablet with a screen of about 7 inches in size, and there are not many of those around, or by people using their smartphone as a modem and submitting information over the mobile telephone network, rather than broadband cables. However, many remote areas do not have 4G, so in theory someone could be dumping the information through the smartphone, which is being used as a tether modem, although that seems unlikely because the speed will not be that great, so there is a problem.

Nevertheless, I support the general idea of getting stuff online to achieve greater efficiencies. We have to be careful about those who are unable to cope with the online stuff, for reasons of disability and so on, but contrary to what some Members have been saying, the Government—whether now, or in four years' time when we in the Labour party are in government—must be careful about going along with everyone who will not engage online. Some people will not engage online even when they can, although it would be more efficient for them to do so and it is more expensive for the rest of us that they do not.

The way business is going—not every business, but an awful lot of them—if a small business does not engage online, the likelihood of it being successful decreases year by year, because of the digitalisation of the world. If an HMRC initiative encourages some small businesses to have more digitalisation than they would have done had the system not come in, that could be a good thing not only for them and how they run their businesses, but for how they interact with HMRC.

The hon. Member for South Ribble (Seema Kennedy) mentioned a hairdresser. A peripatetic hairdresser, for example, with his or her own car does not necessarily have to be online to run a successful hairdressing business. The way the world is going, however, that lack of a digital presence is likely to tell us against the hairdresser. Some hairdressers will now have an automated system to send a text message to tell the client, "Don't forget, I'm coming round to give you a wash and shampoo tomorrow afternoon at 2.30." That is fairly basic stuff, but it is using the digital to enhance business with fewer missed appointments and so on. That is how the world is going, so a nudge—to use one of the Government's favourite words—from HMRC is not at all a bad thing, although we have to be sensitive about those who are unable to get online, for whatever reason, whether in terms of disability or their geographic presence, such as in a remote area.

We have all had our sob stories about running a small business. Years ago, I helped to run a small family business with a few employees, and later I worked for a large and successful firm with 1,000 employees. Before I first came to this place, I spent most of my working life in the private sector. The nudge then was to get computerised. In 1995, although I am not a techie, I was the first partner in my law firm to have a computer on my desk, because I kept saying, “The world’s getting more and more digital.” Now, 20 years later, except perhaps for reasons of disability, no lawyer in the land can be found without a computer on their desk. Any lawyer who did not have one 10 years ago probably went bust, because otherwise the job could not be done. Sometimes, we have to nudge things, and I nudged my partners on that.

Nevertheless, I suggest to the Government that any such nudge must be accompanied by simplification, as most recently referred to by the hon. Member for Livingston (Hannah Bardell). The Federation of Small Businesses states that, while it is “fully supportive” of HMRC’s “digital transformation”, it believes that that should be made “in parallel” with the simplification of tax policy. That is very important.

The Government, in their formal response to the petition, stated:

“Many taxpayers have told HMRC that they want more certainty over their tax bill”.

I can see that, although I am not sure that quarterly reporting will do it, because what bedevils business, small businesses in particular, is the complexity of the tax system.

The Minister and I have been talking about this on and off for about 10 years, so I appreciate that simplification is the holy grail. When the Chancellor was a shadow Treasury Minister, he used to bemoan the fact that under a Labour Government “Tolley’s Tax Guide” had gone up to 1,000 pages—but it is now in round terms 1,500 pages. As I have said before, however, I do not blame the Government or their predecessor coalition Government for that. Tax affairs are complex, because we have a lot of smart people in this country, who are innovative in financial services, and they find loopholes. Then the Government have to write a whole bunch of legislation to plug those loopholes, but that only keeps putting sticking plaster on sticking plaster.

For all the commendable efforts of John Whiting and the Office of Tax Simplification, the Government—true under Labour as well—have not engaged fully in tax simplification; it would be rough and ready and there would be less discretion and more apparent injustices, but there would be much more certainty, which the Government recognise all taxpayers, particularly small businesses, want.

The hon. Member for East Antrim referred to problems with computerisation. They are legion and there have been problems with the ancient online self-service system. Something that happened under the previous Labour Government and, incredibly, was made worse by the coalition Government was the single farm payment scheme for farmers. It was a disgrace under a Labour Government and that disgrace got worse under the coalition Government. Farmers were supposed to file their claims online for the single farm payment—its name has changed now, which is what all Governments

do when they get into difficulties—in a so-called simplified system. What happened? The system collapsed for those who could not get into it. Farmers, because of the nature of their business—I think the hon. Member for High Peak (Andrew Bingham) referred to this—often live in remote places. They, too, might not even be able to use a phone as a tether modem because they do not have 4G.

The Opposition’s plea to the Minister is not to put the cart before the horse. The Government should get the system up and running before they start cutting back on the available assistance. I am not going into all the problems at HMRC, but they are legion, known about and much discussed. The Government are taking them on board and there has been a little improvement in recent months. That is long overdue, but it is good. The Minister should keep it up.

It is no secret that there are big problems in HMRC and the Government accept that, which is why HMRC is moving 3,000 more people to answer telephones and so on, but if the new system is not to involve quarterly tax returns—the Minister was commendably clear about that *ex post facto*, after hares started running and people started getting worried—there is a twofold problem. First—this was referred to by my hon. Friend the Member for Nottingham East—will quarterly updates be a precursor to quarterly tax returns and a kind of PAYE for the self-employed and small businesses? Secondly, will there be short-termism, which affects very large companies now and bedevils British manufacturing? Footsie companies have to make quarterly reports and so on to the stock exchange, but if this system comes in, it has the potential to drive SMEs towards short-termism, and generally there has been cross-party consensus that that has not been good for our economy. It might have been good for a few arbitrageurs and people like that, but it is not good overall.

To finish, I ask the Minister where he thinks we are going beyond quarterly updates, if at all. What the Government said in their response to the petition was either contradictory or a harbinger of where they want to take this:

“At the March 2015 Budget the government committed to transform the tax system by introducing simple, secure and personalised digital tax accounts, removing the need for annual tax returns.”

So that we are all clear, I will repeat that last bit again: “removing the need for annual tax returns.”

If that is what the Government are talking about in secure and personalised digital tax accounts, is that what they have in mind for businesses—to remove the need for annual tax returns? That may be a coherent policy, but I am not aware that they have announced it and it would be the kind of very big change to which my hon. Friend the Member for Nottingham East referred. Will the Minister therefore say a little more about where he thinks the Government are, or are not, going with digitalisation?

7.12 pm

The Financial Secretary to the Treasury (Mr David Gauke): It is a great pleasure to serve under your chairmanship, Mr Hanson. I thank all Members who participated in the debate. I was struck by its measured tone and the many sensible inquiries made. I hope to respond to as many of them as possible.

[Mr David Gauke]

Before I do that, may I add to those words said by my hon. Friend the Member for Hertsmere (Oliver Dowden) my own words of tribute to Lord Parkinson and of condolence to his family, following the announcement of his death today? I was fortunate enough to meet Cecil Parkinson a number of times in my years as a Member of Parliament and I was struck by his warmth and generosity of spirit. He will be greatly missed by both Houses of Parliament.

We have had a useful and helpful debate in which many points were raised. I am grateful for the opportunity to dispel some of the myths that I think exist with regard to the policy and to provide greater clarity where I can. This is an important policy and it is important that we get it right for small businesses. I would particularly like to thank the Minister for Small Business, Industry and Enterprise, my right hon. Friend the Member for Broxtowe (Anna Soubry), who was present for much of the debate.

I would also like to thank all those who took the time to respond to the petition. I hope that as many people engage in the consultations on the reforms that HMRC will launch later this year. The Government have always been on the side of businesses that help to create long-term, sustainable economic growth. That is why we have lowered the rate of corporation tax, increased the investment allowance and helped our companies expand into new markets. We believe in competitive tax, simple tax, and tax that is paid.

Before I say a few words about what is changing and why, I would like to make clear what “Making tax digital” is not and address some of the concerns raised by businesses. First, to respond to the point made by my hon. Friend the Member for Hertsmere at the beginning of the debate some hours ago, this transformation does not—I repeat “not”—mean four tax returns a year, but, by 2020, most businesses will be keeping track of their tax affairs digitally, updating HMRC at least quarterly via their digital tax account.

Quarterly updates will not involve the complexity of a full tax return, where the business, or its agent, has to gather together and manually input data on to an electronic or paper form and then perform various calculations. Instead, updates will be generated from digital records and, in most cases, little or no further entry of information will be needed. It will be much quicker, easier and far less burdensome than the current process. The agony of the annual tax return will be a thing of the past.

Sammy Wilson: If the information required will not be the detail required in the end-of-year tax return, what value will there be in the calculations made? If the aim is to give certainty to taxpayers about what they are likely to owe but the information is not substantial enough to work that out, what value does it have? How will that enable people to keep account of their tax affairs, as the Minister described it?

Mr Gauke: That is a fair question. The hon. Gentleman raised that point in his remarks and there is a distinction between the nature of the information provided. Whereas a full return can be complex, the update will be based on business records that are already being recorded.

There will be one process for both business and tax purposes, which will involve a summary of income and expenses.

The hon. Gentleman asks what is the use of the data and how will they be helpful. First, keeping records digitally will reduce error, partly because that will be done on a more timely basis. Secondly, the data will allow HMRC to focus its attention on the small minority of small businesses that are evading their taxes, and not on those who are trying to get it right. One must also bear it in mind that the software will help taxpayers identify any errors in the information they provide. One of the key benefits permitted by a more digital approach is that errors can be spotted earlier by the taxpayers themselves.

I reassure the House that HMRC does not intend to increase interventions on the basis of quarterly updates. On the contrary: HMRC is seeking to reduce error at source and so reduce the need for interventions. It is the case that by keeping records in real time instead of processing paperwork at the year end, businesses are less likely to lose receipts or make basic accounting errors.

I confirm that the proposal applies to large businesses—it is not exclusively for smaller businesses. On whether the software will work, let me point out that there are already six free products on the market and we expect there to be more as small software firms innovate to meet business needs. Such firms are clearly keen to engage and produce new products and services—we see that in the growth of apps—and already 30,000 small businesses have downloaded free record-keeping apps suited to all varieties of devices, whether tablets or smartphones.

One point that came up repeatedly and which was made by the hon. Member for East Lothian (George Kerevan) was that we are rushing this through. Let me reassure him and others that the Major Projects Authority has examined the plans and that it views them as deliverable. However, neither the Treasury nor HMRC are complacent, and we do understand that there are challenges, and I will pick up on some of them. However, it is worth noting that this is a five-year roll-out. We are engaging in substantial consultation this year. The piloting and testing of the technology and the various processes will then follow.

Phone calls were mentioned on a number of occasions. I said in the main Chamber earlier this afternoon that HMRC's performance in January, which is traditionally a busy month, because of the self-assessment deadline, has been at a very high level. The last number I saw, which was for last week, suggested that 89% of calls were being answered and that the average waiting time is four minutes, which, it would be fair to say, is better than the historic norm for HMRC.

It is worth pointing out that the overall £1.3 billion package of investment for HMRC will allow more of its customers—not just businesses, but individuals—to go online, thus reducing calls. In addition, HMRC gets many calls about information that will in future appear in taxpayers' digital accounts. For example, people call to find out their reference number or to chase a refund, and digital accounts will take out a large number of those calls. As I said, call centre performance is now also much improved.

My hon. Friend the Member for South Ribble (Seema Kennedy) raised the issue of sanctions. We will consult on the sanctions that will be appropriate in a digital environment. Penalties and other sanctions will not be the same as those that apply now to end-of-year returns. We will want the new process to bed in before we turn on any sanctions. There is no plan to penalise those who try to comply. I point hon. Members to HMRC's record on the introduction of real-time information. There was a careful and measured approach to penalising people, and only deliberate non-compliance resulted in sanctions while the system was being introduced.

A couple of hon. Members asked whether quarterly updates will be required to take account of accounting adjustments for stock and work in progress, which are currently made only once a year. Detailed issues such as the allocation of capital allowances and the counting of stock levels will be addressed through consultation. I stress that all allowances, deductions and reliefs that are currently annual will remain so. Of course, for the many businesses that use cash accounting, that is much less of an issue, but I recognise that it is an issue for some businesses. Again, for issues such as work in progress, we are not requiring information quarterly.

Concerns were raised about payment. No decision has yet been made about changing payment dates. In December, alongside the "Making tax digital" road map, we published a discussion paper on options to simplify the payment of taxes. An initial consultation will take place shortly, with a further, full consultation to take place later this year.

My hon. Friend the Member for Morecambe and Lunesdale (David Morris), who does so much for the self-employed in the role he plays for the Government, raised the issue of payments following quarterly updates. Again, I stress that no decision has yet been made about changing payment dates.

Questions about how the changes will affect seasonal businesses will be addressed through this year's consultation. Businesses trading seasonally may be due a tax refund in-year. If they update HMRC more frequently than they do now, that will allow HMRC to assess them for such a refund, so there may be a financial benefit for them. Let me also stress that the quarterly update will be based on actual information, not forecasts. I hope that that provides some reassurance.

In terms of implementation, I reassure hon. Members that we will carry out extensive testing. Roll-out to businesses will take place when the process and the design are known to work.

I touched on cash accounting earlier. About 2 million businesses operate on a cash basis and do not need to account for work in progress, stock and so on. For others, updates will provide an increasingly accurate picture through the year. However, direct taxes will remain annual taxes, so some adjustments will need to be made at the end of the year. That should, however, be less of a task than the traditional annual tax return, because much of the information will already have been pulled together.

Chris Leslie: I am trying to envisage what the Minister is discussing, because there is still quite a lot here that is open to consultation. Data on income and expenses would be supplied through these quarterly updates, but we might not necessarily be able to get rid of the annual

return, which might still be necessary because of tax reliefs and so forth. *[Interruption.]* Yes, people could be doing these things five times a year—there would be one big final return and these updates along the way. Are we getting rid of the annual tax return or not?

Mr Gauke: The traditional annual tax return, we can get rid of. What I am saying is that, rather than starting largely from scratch and pulling all the information together, businesses that need to make adjustments at the end of the year will have already done much of that work. Now, as I say, the tax system remains an annual system, and one needs to be able to look at the year as a whole for things such as capital allowances. However, it is worth bearing in mind that the capital expenditure of the vast majority—something like 98%—of businesses would fall within the annual investment allowance of £200,000, so that is not necessarily too much of an issue for them. However, I understand the point about work in progress.

The hon. Gentleman is absolutely right to make the point that there is still quite a lot to consult on. Sometimes, I fear that we are criticised both for rushing things, charging in and not listening and for things being a bit vague because we are still consulting on them, and there is a certain mutually exclusive element to those criticisms. However, the sense of direction is clear, and it is right that we consult on the details.

Rob Marris: May I gently tell the Minister that the problem, rightly or wrongly, is that it has not been clear to many observers what the Government have been consulting on?

Mr Gauke: I think the information has always been out there, but we are where we are, and I am grateful to have an opportunity to set out where we are consulting. If the hon. Gentleman likes, I can set out some of the communication that has already been done. There are issues we are consulting on, but I believe that the direction is absolutely right.

The hon. Member for Livingston (Hannah Bardell) asked about the cost of the proposal. The hon. Member for Wolverhampton South West (Rob Marris) asked about the cost to business and the publication of an impact assessment. As with any other tax measure, a detailed assessment of the impact on administrative burdens will be published alongside draft legislation, and that is expected to be in December 2016. That assessment will be informed by prior consultation of affected businesses. HMRC anticipates producing an initial draft impact assessment alongside the formal consultation process, which starts in the spring.

Sammy Wilson: Will the Minister give way?

Mr Gauke: I will, although I was about to respond to one of the hon. Gentleman's points. Let us see whether it is the same one.

Sammy Wilson: Perhaps it is this very point. The Minister has told us the kind of information that will be required in the quarterly returns and the calculations that will be done. Will that give taxpayers an indication at the end of each quarter of what tax HMRC expects from them, and will it have to be paid quarterly?

Mr Gauke: As I said a moment ago, we are looking at the issue of payments, which I appreciate is a potentially vexed one. We are not rushing into that. We are consulting on it, but it is not part of the proposal announced at the autumn statement. The new arrangement will provide more information. Indeed, one benefit is that it will give a better indication to businesses of what tax they owe when it is due. That will be an advantage to businesses, which I think they will appreciate. However, we have not made any decisions on payments.

The hon. Member for East Antrim (Sammy Wilson) and other hon. Members raised the subject of broadband. I will come back to the issue of people who cannot make use of digital, but I want to respond on broadband, as it is a key point. Through the Government's £1.7 billion investment programme, we are on track to deliver superfast broadband to 95% of premises by 2017. The Prime Minister announced at the end of last year that we are looking to implement an updated broadband universal service obligation for those not covered by the superfast plans. Industry are also set to roll out 4G mobile connectivity to 98% of UK premises well ahead of the 2017 obligation, through Ofcom's regulatory spectrum licensing conditions.

In every walk of life, people are embracing the digital revolution. From shopping for groceries to making a GP appointment online or paying invoices at any time of day or night, millions of us benefit from digital services daily. Businesses, too, are harnessing the opportunities of the digital age to transform fundamentally their operations and the services they provide, with customers reaping the benefits. It is only right that the Government keep pace with the world around us. That is why we are seeking to transform HMRC into one of the most digitally advanced tax administrations in the world. "Making tax digital" is at the heart of those plans. At the spending review, the Chancellor announced a £1.3 billion investment in HMRC to make that vision a reality. That will see the end of the annual tax return and, in its place, the introduction of simple, secure and personalised digital tax accounts for businesses and individuals.

Importantly, the changes will deliver what businesses and individuals have told us they need. In particular, many businesses have said they want more certainty about their tax bill and do not want to wait until the end of the year, or often longer, to find out how much they have to pay. Businesses have also said they want tax returns to be more integrated into the way they run their business, rather than something done separately and many months later. The use of digital tools—accounting software or smartphone apps—will, for the first time, create that desired integration.

Businesses will be able to see in their digital account what each update means for their tax position as the year goes by. That will also make it easier for businesses to understand how much tax they owe, giving them far more certainty about their tax position and helping them to budget, invest and grow. Beyond helping businesses to get their taxes right, making tax digital will also help them to improve and develop their business. Targeted guidance and alerts will make them aware of relevant entitlements and reliefs or wider Government services to support business growth.

Apart from the modernisation of business practices, there is another important prize that we cannot ignore. Each year, around £6.5 billion of tax goes unpaid because

of mistakes made by small businesses when preparing and filling in their tax returns. These reforms will improve the quality of record-keeping, reducing the likelihood of mistakes and contributing £920 million in additional revenue to the Exchequer by 2020, then £600 million a year thereafter. The alternative would be to stick to a system where taxpayers take out 18-month-old records, stare at them for a while as they try to figure out what they were doing then and tentatively use them to fill in a lengthy HMRC form, or drop on to their accountant's desk a large carrier bag of records—

Rob Marris: Or a shoe box.

Mr Gauke:—or, indeed, a shoe box, and bear the expense of having the accountant do the job. The taxpayer then pays their final tax bill on money made up to 21 months previously. It is a system designed for a world of paper and bookkeeping, in the literal sense, and it is not tenable in the 21st century.

I do not, however, underestimate the scale of changes that making tax digital represents for businesses and their agents, in particular the transition to digital record-keeping. I also make no apologies for the scale of our ambition. With the Government and local authorities investing £1.7 billion to bring superfast broadband to over 95% of the UK by 2017, these changes are possible. As I said, the Prime Minister has announced that we are looking to implement an updated broadband universal service obligation for those not covered by the superfast plans. Equally, I acknowledge the concerns raised about the pace of the reforms. Similar concerns were raised about online filing and real-time information. However, HMRC's impressive track record in implementing those changes speaks for itself. Working with interested parties, we can match that success.

Some have suggested that the reforms should be introduced on a voluntary basis, rather than requiring businesses to make the change. A voluntary approach would cost the same but deliver only a fraction of the benefits for business and the Exchequer. In the current fiscal environment, without the additional revenue generated by closing the tax gap, we could not have provided the £1.3 billion investment required to transform services for all taxpayers.

Some have said that it is overly ambitious to rely on digital as the primary channel. The fact is that we are going with the grain of the way small businesses are already moving. The benefits of digitisation are readily accepted by the majority of small and medium-sized organisations. While there has been plenty of debate—a lot of it online—about the challenges, I am heartened to see that many businesses and their agents are already forging ahead. Already, 2 million small and medium-sized businesses are using software for their payroll and VAT.

I am, however, equally focused on ensuring there is support for those who need it. The Government have already said they will ensure that free software products are available to businesses with the most straightforward tax affairs. Some—a very small minority—will be unable to adopt digital tools due to geography, personal disability or other circumstances. In those cases, help will be provided. There is no question of forcing those who genuinely cannot go digital to do so. We will consult with business and representative bodies to understand

fully who cannot get online and what support they need, and we will ensure we provide alternatives, such as telephone filing.

We want the reforms to provide the maximum benefit for business and the UK. We are already talking to a wide range of businesses, agents, software developers and professional bodies, and a wide-ranging consultation exercise will start in the spring. We are introducing the reforms gradually and not phasing them in fully until 2020 because we know how important it is to give taxpayers time to adapt. We are using volunteers to stress-test new services, so that we can be confident the new services work before they are rolled out.

If we get this right, the benefits will be considerable. We will reduce burdens on business, reduce the tax gap and bring tax administration well and truly into the digital age. These important changes will boost economic growth, so I urge hon. Members to support our reforms to make tax digital.

7.38 pm

Oliver Dowden: Thank you for your chairmanship, Mr Hanson. I will wind up very briefly indeed. I was reminded by Scottish Members that it is Burns night, so I shall not detain people for much longer at all.

I thank all hon. Members for their contributions. We have particularly benefited from the experience of those who are involved in small business, including my hon. Friends the Members for South Ribble (Seema Kennedy),

for Morecambe and Lunesdale (David Morris) and for High Peak (Andrew Bingham). I was particularly struck by what was said by the hon. Member for Hove (Peter Kyle), who gave such a passionate defence of entrepreneurship. I think he managed to convince the hon. Member for Nottingham East (Chris Leslie), but I wish him good luck with the wider leadership of the Labour party; we will see how he gets on with that. I also thank the hon. Member for East Antrim (Sammy Wilson) for his very passionate speech.

Finally, I thank the Minister for his response. I had the pleasure of hearing him speak in the House this afternoon about Google's tax affairs. He rushed straight to this debate and has distinguished himself in both. I am grateful to him for his explicit reassurance that the plans do not amount to quarterly tax returns, for his commitment to further consultation and for the fact that the Government are listening. Certainly, from my perspective, I will scrutinise the plans carefully as they continue to be rolled out, and I am sure that all Members will do so. We agree with the overall direction, but we are very keen to make sure that this is implemented properly.

Question put and agreed to.

Resolved,

That this House has considered e-petition 115895 relating to tax reporting for small businesses and the self-employed.

7.40 pm

Sitting adjourned.

Written Statement

Monday 25 January 2016

TREASURY

Contingencies Fund Advance: Help to Buy ISA

The Economic Secretary to the Treasury (Harriett Baldwin):

The Help to Buy: ISA was announced in the March 2015 Budget. Under the scheme first time buyers purchasing a property in the UK will be able to save up to £200 per month in a Help to Buy: ISA and receive a bonus of up to £3,000. The bonus amount is calculated as 25% of the balance in the buyer's Help to Buy: ISA, (with a minimum of £400 and capped at £3000). The bonus will be paid upon the completion of the purchase of an eligible property.

The Help to Buy: ISA has been available since 1 December 2015 and 200,000 accounts have so far been opened. The first homes to be acquired using the scheme are expected to be purchased in early February 2016.

The resources for the bonus payments will form part of HM Treasury's supplementary estimate 2015-16, which is expected to achieve Royal Assent in the associated Supply and Appropriation Bill in mid to late March. HM Treasury will therefore be utilising the Contingencies Fund to make the initial bonus payments that become payable prior to Royal Assent.

Parliamentary approval for additional resources of £20,000,000 for this new expenditure will be sought in a supplementary estimate for HM Treasury. Pending that approval, urgent expenditure estimated at £20,000,000 will be met by repayable cash advances from the Contingencies Fund.

[HCWS487]

Petition

Monday 25 January 2016

OBSERVATIONS

HEALTH

Merger of NHS Trusts in Nottinghamshire

The petition of residents of Sherwood,

Declares that the petitioners support a full merger of their NHS Trust with a high-performing neighbouring Trust in order to secure the future of high quality healthcare provision in Newark; further that the petitioners support and will work constructively with the new Trust; and further that they support the hard working doctors, nurses and staff of Sherwood Forest Hospitals NHS Trust including at Newark Hospital.

The petitioners therefore request that the House of Commons urges the Government to encourage the full merger of Sherwood Forest Hospitals NHS Trust with a neighbouring high-performing Trust.

And the petitioners remain, etc.—[Presented by Mark Spencer, *Official Report*, 16 December 2015; Vol. 603, c. 1652.]

[P001664]

Observations from the Parliamentary Under-Secretary of State for Health (Ben Gummer): Monitor, the independent regulator of NHS foundation trusts (FTs), advises that Sherwood Forest Hospitals NHS FT is, with the regulator's support, exploring options for creating

a long-term partnership with another trust. It is yet to be decided which organisation will become Sherwood's long-term partner. In the interim, the trust is working hard to improve the quality of care for patients, in response to the Care Quality Commission's report that was published last year.

The petition of residents of Newark,

Declares that the petitioners support a full merger of their NHS Trust with a high-performing neighbouring Trust in order to secure the future of high quality healthcare provision in Newark; further that the petitioners support and will work constructively with the new Trust; and further that they support the hard working doctors, nurses and staff of Sherwood Forest Hospitals NHS Trust including at Newark Hospital.

The petitioners therefore request that the House of Commons urges the Government to encourage the full merger of Sherwood Forest Hospitals NHS Trust with a neighbouring high-performing Trust.

And the petitioners remain, etc.—[Presented by Robert Jenrick, *Official Report*, 16 December 2015; Vol. 603, c. 1652.]

[P001665]

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Monday 25 January 2016

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